



MONTHLY BUSINESS REVIEW

Covering financial, industrial, and agricultural conditions

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Fourth Federal Reserve District

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Industrial operations in the fourth district in January were at a higher rate than in December, even allowing for usual changes, and the volume of trade declined by a less-than-seasonal amount. The upward movement, however, was not so sharp as in December, and in the first half of February there was a slowing-down in some lines, although declines have been slight and not so noticeable in this section as in some parts of the country because operations in the automobile industry continued to expand in the period.

The greater part of the expansion in the past two months was due more to the automobile industry than to any other single factor. Production in January was 292,765 units, the highest for that month since 1929. A further expansion in plant activity was reported in the first three weeks of February, but when allowance is made for the fact that assembly plant operations generally increase at a rapid rate at this time of year, the *Annalist's* weekly index of production showed little change in February and was only slightly under the average for the three years 1927-1929.

Demand for parts and automobile steel has been unusually heavy and orders in mid-February kept local plants operating at much higher levels than prevailed a year ago. Steel finishing and fabricating mills in some cases were **running** at capacity levels and glass factories reported a production increase of about 20 per cent from last year. Tire plants reported a good volume of orders for original equipment, but sales of replacement tires to dealers were down slightly from a year ago.

While operations at steel finishing mills in mid-February continued at approximately the high rate of January, steel ingot production declined in the first three weeks; in the latest weekly period output was estimated to be 50 per cent of capacity. The falling-off was not widespread and raw steel stocks have declined. Makers of agricultural implements rank next to the automobile industry in demand for steel, and miscellaneous users have increased specifications recently. The railroad and construction industries continue to take only limited quantities.

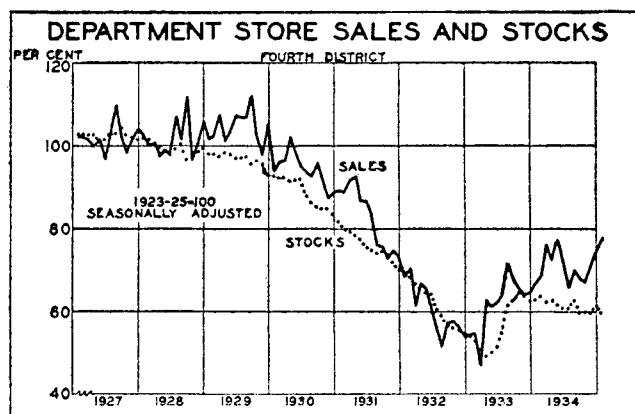
Electric power production in the first half of February was about nine per cent above a year ago in this section and employment in January in Ohio showed a contrary-to-seasonal increase from December. Compared with a year ago there were 9.1 per cent more employes at over 700 factories in this district than a year ago at that time.

Coal production in this district in January exceeded any similar month since 1929, and an increase of eight per cent from last year was reported. Shoe factories in this section were unusually active in January and output was 40 per cent greater than in January 1934, and up 14 per cent from December.

Retail trade in January in Ohio declined less than seasonally from December; buying prior to January 27, the effective date of the three per cent sales tax, particularly of the more expensive types of merchandise, was in considerable volume. Dollar sales at fourth district department stores were 14.5 per cent larger than in January 1934, and the seasonally adjusted index of daily average sales was 77.4 per cent of the 1923-1925 monthly average, compared with 74.1 in December. This was higher than since 1931. Wholesale sales of groceries and dry goods were larger in January than a year ago, but declines were shown in other reporting lines.

Total construction contracts awarded continue in limited volume and in January they were considerably under a year ago. Residential construction, however, showed a little improvement both in January and the first half of February.

The number of commercial failures remains under the corresponding month of the preceding year; there was a seasonal increase from December. New life insurance sales in Ohio and Pennsylvania were up 36 per cent in January from the corresponding month of 1934, and dollar sales were larger than in any similar month since 1931.



FINANCIAL

Little change was evident in the condition of reporting member banks in leading cities of the fourth district in the four weeks ended February 20 or at the Federal Reserve Bank of Cleveland in the same period. Deposits increased slightly, but the volume of credit extended remained at approximately the levels of the past several months.

Although the volume of trade and industrial activity increased in January, debits to individual accounts at banks in principal cities in the four weeks ended February 20 were only ten per cent larger than in the same period of 1934. This compared with a gain of about 25 per cent in the four previous weeks.

Savings deposits at selected banks throughout the district declined slightly in January, but a drop has occurred at this season of several recent years. At the month end, however, savings deposits were 5.6 per cent larger than a year ago.

Reserve Bank Credit. There was a slight increase in the volume of bills discounted for fourth district member banks in late January and the first week of February, but a falling-off occurred in the two following weeks. On the latest date total bills discounted were \$409,000 compared with \$3,595,000 a year previous. Industrial advances to provide working capital showed a slight expansion in the four weeks ended February 20 and commitments to make advances also increased in the period. On the latest date actual advances were \$1,217,000 and commitments were \$1,326,000. The volume of acceptances and Government securities held by this bank was unchanged in the four latest weeks.

There was an increase of \$6,009,000 in the volume of this bank's note circulation between January 23 and February 20, but in most past years some expansion has occurred at this season. This bank's liability for note circulation on the latest date was about \$10,000,000 less than a year ago.

Since the beginning of the year reserve deposits of member banks have increased about \$20,000,000, but the major share of the gain occurred in the first three weeks of February. Part of this reflected a rise in deposits at member banks, but the rest represented excess reserves. In January these excess reserves averaged \$129,445,000, a decrease of \$4,000,000 from the daily average of December. Last year at this time excess reserves of fourth district banks were \$75,000,000. The ratio of total reserves to deposit and note liability combined was 68.2 in late February, compared with 66.1 on the corresponding date in 1934.

Member Bank Credit. At reporting member banks in leading cities of the district time deposits increased quite sharply in the four weeks ended February 20. The \$13,000,000 rise to \$451,000,000 was well distributed throughout the period and these deposits were slightly higher than a year ago. Demand deposits fluctuated in recent weeks, but at \$706,000,000 on the latest reporting date they compared with \$560,000,000 on the corresponding date of 1934. Government deposits at these banks declined in the period and were considerably smaller than a year ago.

Total credit extended by these weekly reporting member banks showed a slight increase in the four latest weeks. Investments in other than Government securities rose \$5,600,000 to \$192,000,000 in the period, but holdings of

Government securities were unchanged. The volume of loans outstanding at these banks continued to show a downward trend, but the decline was almost entirely due to a reduction in loans on securities. Loans on real estate and "all other" (largely commercial) loans were approximately the same in late February as four weeks earlier.

MANUFACTURING, MINING

Iron and Steel

The iron and steel industry appeared to be marking time in mid-February, following the sharp rise in December and January. The rate of steel ingot production slowed down and actually fell off in the two weeks ended February 23, the drop being about five points to approximately 50 per cent of capacity. This decline occurred at a time when in most years the rate of production has advanced.

Changes in operating rates at local steel centers in the past month were as follows: the Cleveland-Lorain district dropped from 82 per cent in the week ended January 19 to 77 per cent in the week ended February 16, but advanced two points in the following week; Wheeling was down from 90 to 85 per cent; Youngstown was unchanged at 60 per cent, while at Pittsburgh the rate increased from 33 to 37 per cent. The increase in the last-named center was significant in that those mills are quite dependent on the heavier industries for orders.

Sheet and strip mills in the Cleveland district have continued operating near capacity, wire mills holding at about 60 per cent, and steel bar mills at 50 per cent. At Youngstown, finishing mill operations were at a higher rate than ingot production.

Steel requirements of automobile and parts manufacturers, agricultural implement makers, and the leading producers of household equipment, such as washing machines and electric refrigerators, continue at high levels judging by recent shipments. New orders, however, have fallen off, mainly because these consumers have contracted for their needs for the remainder of this quarter.

Raw steel production has slowed down moderately, in keeping with a conservative inventory policy, until finished steel makers can obtain a better perspective of second quarter business. Prices on the majority of finished steel products have been extended for that period, and on March 1 books will be opened for actual commitments. It is impossible to say with any accuracy whether the 55 per cent rate of production for the entire industry represented the usual spring peak in operations, but it compared with about 45 per cent a year ago and a high for last year of 62 per cent in May. Contributing to that peak rate of production were sizable railroad orders, and many Government building projects at the outset of the year. This year structural shape awards so far have lacked the stimulus of public construction, and are only about 85 per cent of those in the comparable period last year. Railroad buying has remained at a low ebb, whereas at the beginning of last year heavy orders were placed for cars and rails. Public works' construction is expected to improve somewhat as spring approaches. Nevertheless, these two important consuming interests hold the key to steelworks' activity this year.

Pig iron production in January averaged 47,627 gross tons daily, up 14,466 tons; and total output was 1,476,424 tons, an increase of 448,418 tons over December. Both

these gains were the largest for any January in history. The month's output was the highest since June 1934. The increase in the number of blast furnace stacks in operation to 89 on January 31 was the largest for the month except January 1920, when the net gain was 23, and January 1925, with a net increase of 22.

The supply of iron ore on hand at furnaces and Lake Erie docks on February 1 was only 2.7 per cent less than a year ago despite the fact that consumption this past winter was somewhat above that in the winter of 1933-34.

Steel ingot output in January, 2,834,170 gross tons, was the largest for that month since 1930, and the tonnage was only 15 per cent below last year's peak in May. Daily average output was 104,969 tons, 35 per cent more than in December; 44 per cent more than in January 1934; and 29 per cent over the daily average for all of last year. The operating rate in January was 47.67 per cent of capacity, highest since last June, when it was 52.68 per cent.

Coal Production of bituminous coal mines in the fourth district in January, at 13,311,000 tons, was up 14.4 per cent from December and was eight per cent above the first month of 1934. The increase from December was approximately the same as was reported for the entire country, but it was greater than seasonal. Output of local mines in January was larger than in any similar month since 1931.

According to reports from producers there has been an increase in coal consumption by railroads and public utilities since the first of the year, partly on account of the weather, and industrial demand improved considerably in the period. As a result the supply of steam-size coal, which has been somewhat of a problem to the industry for some time, was reduced. Demand for domestic grades of coal, while irregular, has been fairly heavy, reflecting the fact that many householders bought coal this winter only as it actually was needed.

Stocks of bituminous coal in hands of commercial consumers and retailers on January 1 were reported to be 34,440,000 tons. In terms of day's supply on hand, which is calculated at the rate of consumption for each period of the year, these stocks were 27 per cent less than at the beginning of the winter quarter, but were approximately the same as a year ago. The total supply of coal above ground was actually 4.1 per cent larger than at the beginning of 1934, but more coal is being used currently than at this time last year.

Activity at fourth district mines in the first half of February continued to show an upward trend. The mar-

ket, so far as prices are concerned, was very much confused. Current quotations for bituminous coal and coke are somewhat higher than they were at this time in 1934.

Automobiles Activity in the automobile industry in January was at the highest rate for that month since 1929, and the Federal Reserve Board's index, after allowing for seasonal variations, was 105 per cent of the 1923-1925 monthly average. This was unchanged from December, but compared with 56 per cent in January 1934. Output in the month was 292,765 cars and trucks, according to the Department of Commerce. This was an increase of 86.6 per cent from January 1934 and was 20 per cent larger than the average January production of the preceding ten years. The gain in production from December was 60 per cent. While output of most factories continued to increase in the first three weeks of February the fact that automobile production generally expands quite rapidly at this season of the year offset most of the gain, and the *Annalist's* weekly adjusted index in the first three weeks of February was slightly below the average for January. However, automobile production for the year to date, according to *Cram's* reports, has averaged 50 per cent above the corresponding period of 1934.

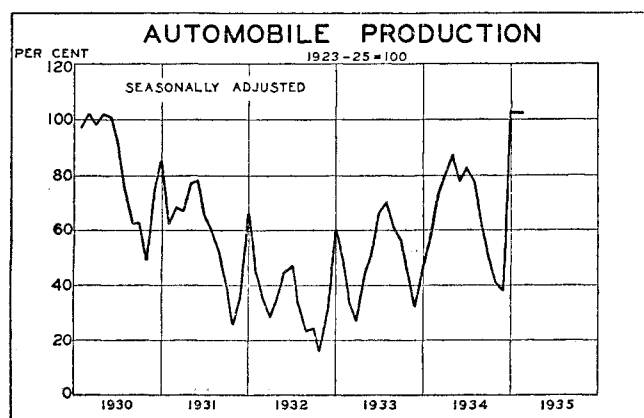
In the third week of February output was reported to be over 82,000 units. This compared with 64,000 units in the corresponding week of 1934 and only three producers were operating at lower rates than in the preceding week; all other companies either maintained or increased schedules.

Passenger car production in January was 229,199 units, a gain of more than 100 per cent from the first month of 1934 and an increase of 79 per cent from December. Truck production, which in the closing months of 1934 showed larger increases from corresponding periods of the preceding year than did passenger car output, was up 47 per cent in January from a year ago. Actual output was 63,566 units, a gain of 15 per cent from December.

Retail sales of cars in January exceeded trade expectations in many cases and a shortage of low-priced cars was reported in many sections. The dollar volume of retail financing of new passenger car sales was 85 per cent larger in January than in the same period of 1934, and 88 per cent larger than in the opening month of 1933; compared with December 1934, an increase of 41 per cent was shown. The increase in financing from a year ago was slightly less than the rise in passenger car production in the period.

In the fourth district, and particularly in Ohio, dealers reported the largest volume of passenger car orders for that month on record. The impending three per cent sales tax was responsible for the placing of a large number of orders, but in many cases buyers were not taking deliveries until later this year. Nevertheless new passenger car registrations in Ohio in January were nearly twice as large as in December and were three times as large as in January 1934. The five-year average December-to-January change in the number of new passenger car registrations was a reduction of 23 per cent.

Rubber and Tires Operations at rubber and tire plants in this district in January were up quite sharply compared with both the preceding month and a year ago and according to reports the



Improvement continued in the first half of February. The increase in activity was considered in the trade to be somewhat abnormal; it was due entirely to the sharp rise in demand for original equipment tires from the automobile industry. Sales of tires for replacement were reported to be slightly under last year at this time.

Employment at 18 factories engaged in the production of rubber products which report regularly to the Ohio State University Bureau of Business Research was three per cent higher than in the closing month of 1934 and five per cent higher than in January last year. The gain in the latest month compared with a five-year average decline for that period of 0.8 per cent.

Crude rubber consumption in January by manufacturers throughout the country amounted to 47,103 tons, compared with 36,662 tons in December. This was an increase of 28.5 per cent and consumption in the latest month was about 20 per cent greater than in January, 1934. According to statistics released by the *Rubber Manufacturers' Association*, more rubber was consumed in January than was imported, but imports, at 42,059 long tons, were up 44 per cent from December; however, they were nine per cent under January, 1934. As a result of these changes, domestic stocks of crude rubber on hand, at 388,150 long tons on January 31, compared with 400,276 tons at the end of 1934 and were 6.7 per cent smaller than on January 31, 1934.

Tire production in December, the latest month for which complete figures are available, was 22.6 per cent greater than in December, 1933, and output was larger than in any month since June. As in October and November, production exceeded shipments, and inventories in hands of manufacturers have increased since September, the gain being approximately 12 per cent. Excluding 1932 and 1933, tire inventories either declined or showed little change in the closing months of the year.

Clothing

A sharp increase in production at clothing factories in this district occurred in January in contrast with little change at this season of recent years. The expansion was due partly to the fact that the delayed delivery of textiles from woolen mills, a result of the strike last fall, prevented operators from starting work on spring models as early as usual. Employment at 34 local concerns increased seven per cent from December and was slightly above a year ago. At men's clothing factories the gain in employment was 15 per cent from December to January and there were 7.6 per cent more employees at these plants than in the first month of 1934. Some manufacturers reported a large enough volume of orders on hand to insure near capacity operations throughout the spring season.

Wholesale prices on spring lines were reported to be slightly higher than last year and a rise in retail prices of men's apparel at department stores throughout the country was evident. Prices of women's apparel, according to *Fairchild's* retail price index, were slightly lower on February 1 than a year previous.

Operations at textile plants, particularly those engaged in the production of woolen materials, continued at a high rate in January and cotton consumption by domestic mills in the entire country in the period was higher than in any similar month since 1930. Raw cotton prices in mid-February were approximately the same as a year ago.

Other Manufacturing

Most of the smaller industries in the district reported increases in operations in late January and the first part of February of somewhat greater than seasonal proportions. Sizeable gains from a year ago were shown in most lines and employment and payrolls have expanded.

Auto Parts, Accessories. The unusual rate of activity in the automobile industry was, of course, reflected in operations at local parts and accessory factories in January and, according to reports, output of these plants in the first half of February was at a higher rate than in the preceding month and compared very favorably with the corresponding period of 1934. Employment in January at 35 plants reporting regularly to the Ohio State University Bureau of Business Research was up approximately seven per cent from December, whereas the five-year average increase for this period was 4.3 per cent. In contrast with a year ago employment showed a gain of 32 per cent and the index in the latest month was 109 per cent of the monthly average of 1926. Increases in January shipments of parts to assembly plants ranged upward from 50 per cent in most cases compared with a year ago.

Brick and Tile. Little change was reported in the brick and tile industry in this district or other parts of the country in the latest month and output continues to be only a fraction of capacity.

China, Pottery. Favorable reports regarding sales, operations, and shipments in January and the first half of February were received from local china and pottery manufacturers. Employment in January compared favorably with a year ago and current prices are up slightly, but raw material costs have increased considerably in the period. Several local concerns have reported sizable plant expansions or rebuilding programs in the past few weeks.

Electrical Supplies. Sales of electrical supplies, particularly household articles, increased in January compared with the preceding year and orders for industrial machinery also improved, but activity in the public utility field continued at a low level. Companies engaged in this general type of work reported an increase of 2.1 per cent in employment in January compared with December and a gain of 6.5 per cent from last year, with an increase of 40 per cent from the monthly average of 1926.

Glass. Demand for plate and safety glass in January was extremely heavy as a result of the high rate of activity at automobile assembly plants. Most plate glass factories consequently were operating at capacity, which was an increase of approximately 20 per cent from last year. Demands from the building trade are at a minimum and contribute very little to the present rate of activity. Sales of containers and molded glassware continued above a year ago and prices are more stabilized than they were at this time last year.

Hardware. Sales of hardware in January increased from the preceding month and last year, and operations at local plants showed a corresponding improvement. While much of the activity has resulted from the increase in automobile production, sales to miscellaneous manufacturers, including makers of farm implements, have improved also.

Machinery, Machine Tools. Machine tool orders received in January from domestic corporations were slightly larger than in December and better than in any corre-

sponding month since 1930. Compared with a year ago the gain was substantial. Inquiries received in the first half of February, according to reports, were numerous, but orders actually placed were somewhat limited. Sales of small tools in January were considerably larger than in the first month of 1934 and employment at local plants showed an increase of from ten to fifteen per cent in most cases. Sales of foundry equipment in January were somewhat larger than in December and a sizable gain from last year was reported.

Paint. Sales of paint in January compared quite favorably with December and a year ago, although considerable variation was reported in the type of sales. The largest gain was shown in sales of industrial paints, with a slight improvement reported in sales of materials used for maintenance purposes and a decline in demand for household paints. The industry as a whole, several important units of which are located in this district, enjoyed a better volume of sales in 1934 than for several years. The accompanying chart shows monthly dollar sales of paints, varnish and lacquer products as reported by about 600 manufacturers to the Department of Commerce for the past three years. Sales in each month of 1934 were larger than in the corresponding month of 1933 and 1932, and the gain in total sales for the entire year was 26.8 per cent from 1933 and 38.9 per cent over 1932. Employment and payrolls have shown sizable increases, although the gains were not so large as in total sales, judging by the indexes of the Bureau of Labor Statistics. Factors which have stimulated demand for paint in recent months and continue to influence activity in the industry have been the various programs of the Federal Housing Administration, which have encouraged home modernization and renovizing, the increased activity in the automobile industry, and the slight improvement in general manufacturing. Prices of raw paint materials, particularly oils, are higher than a year ago, but zinc and lead prices in the latest month were slightly lower than at this time last year.

Paper, Boxboard. Production of fine paper, including stationery, so far this year has been about ten per cent higher than in the corresponding period of 1934. Demand for boxboard and paper containers has been quite satisfactory, although slightly less than was expected by some manufacturers. Prices are little changed from a year ago.

Shoes. Shoe factories in the fourth district in Janu-

ary were very active and production in the month at 24 factories (preliminary) was 41 per cent ahead of the same period of 1934 and larger than in any similar month since 1929. Dollar sales in January in this district at reporting department stores were slightly above a year ago, but reports for other sections of the country indicated a falling-off because of the unfavorable weather prevailing in most areas of the country. Current shoe prices are slightly higher than at this time last year, but the cost of both raw materials and labor was greater in the early part of 1935 than a year ago.

TRADE

Retail

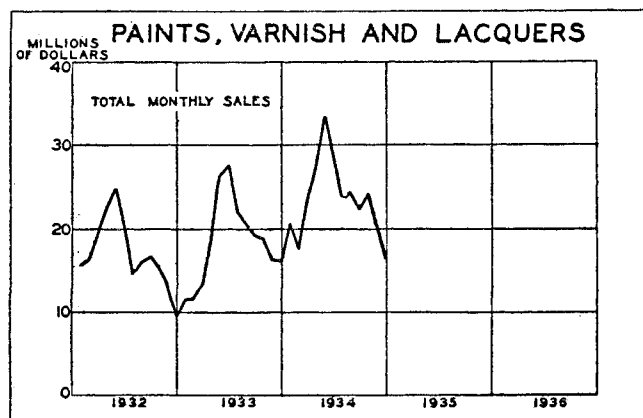
Retail trade in Ohio in January was stimulated by the imminence of the three per cent sales tax which became effective January 27. Buying throughout the state was in larger volume than in other sections of the district or the entire country. Gains at stores in principal Ohio cities ranged from 14 to 31 per cent in January compared with a year ago, the average increase being 21.8 per cent, whereas dollar sales at Pittsburgh stores were approximately the same as in January last year and a decline of four per cent was reported in Wheeling. In the entire country department store sales in January were four per cent larger than in the opening month of 1934.

January dollar sales in the fourth district averaged 14.5 per cent larger than in 1934, and the decline from December was somewhat less than seasonal. The adjusted index of daily average sales rose to 77.4 per cent of the 1923-1925 monthly average compared with 74.1 per cent in December. A rise of eight points in this index has occurred in the two most recent months and in the latest period it was higher than since 1931.

While gains were shown in the majority of the principal departments at reporting stores, increases were most pronounced in the furniture and house furnishings departments. Sales of electrical appliances were 46 per cent larger in January than a year ago; furniture sales were up 42 per cent and other house furnishings 24 per cent. Sales of furs, linens and domestics, and toilet articles were considerably larger in January than a year ago.

There was rather a sharp increase in the volume of credit sales in January, the ratio of all credit to total sales in the month being 58.7 per cent compared with 53.5 per cent in December and 55 per cent in January 1934. All of the increase was in installment sales, 7.9 per cent of total sales made in the month being of this type. Collections in January improved slightly, 37.8 per cent of all accounts receivable on January 1 being paid in the month. This was an increase both from December and January 1934. Collections on both regular and installment accounts improved in the period.

The dollar value of stocks at department stores was reduced more than seasonally from December and on January 31 was 4.9 per cent smaller than on the same date of 1934. The seasonally adjusted index was 59.6 per cent of the 1923-1925 monthly average compared with 61.2 per cent in December. Dollar sales in basement departments of reporting stores were 8.6 per cent larger in January than a year ago and the percentage of



basement sales to total sales was somewhat smaller than in other recent months.

Dollar sales of reporting furniture stores in the district were 33 per cent larger in January than a year previous, and here again the largest increases were shown by Ohio reporting stores. Chain grocery sales, per individual unit operated, were 14 per cent larger in January than in the opening month of 1934 and chain drug sales were up 6.1 per cent in the same period. Reporting wearing apparel stores experienced an increase of 17 per cent in dollar sales in January, while in the fiscal year ended January 31 an increase of 14.5 per cent was reported.

Wholesale

There was a somewhat greater-than-seasonal increase in dollar sales of fourth district reporting wholesale grocery and drug firms in January from the preceding month, but sales of the latter type were down three per cent from January 1934, while wholesale grocery sales were up 14 per cent. Much of this gain, however, represented higher food prices. Dollar sales of reporting hardware firms were slightly smaller in January than in the same month of 1934, and were down seasonally from December. Sales of reporting wholesale dry goods firms in January were 5.6 per cent larger than a year ago, but a reduction of ten per cent in sales was shown from December. The dollar value of stocks at reporting stores was slightly lower on January 31 than on the same date of the preceding month.

Commodity Prices

The general level of wholesale prices in the United States in mid-February was higher than since 1930 and the gain since the first of the year has been quite rapid. Compared with a year ago the Bureau of Labor's index of 784 commodities was up eight per cent, and the rise from the low point in March 1933 has been nearly 33 per cent.

The accompanying chart, however, shows that the rise has not been well distributed; it has been confined chiefly to two main groups, farm products and foods. The lines representing the changes in these two groups rose above all other commodities for the first time since 1931 in the case of foods and since 1930 so far as farm products were concerned.

The price index of farm products was 27 per cent higher than a year ago and the gain from the recent low of early 1933 has been 94 per cent. Food prices, which to a certain extent have paralleled prices of farm products, have

increased nearly ten per cent in the past two months, and are 23 per cent higher than a year ago and 54 per cent above the low of 1933.

On the other hand the average price of all other commodities has shown practically no change in the past year. In fact the current index of these prices was slightly under a year ago and only 18.8 per cent above the low level of early 1933. The fact that this group has shown only a moderate rise from the low point and practically no increase in the past year would seem to indicate that much of the rise in prices has been a result of shortages in the farm products' group, particularly in grains and livestock, which have caused food prices to advance quite sharply.

BUILDING

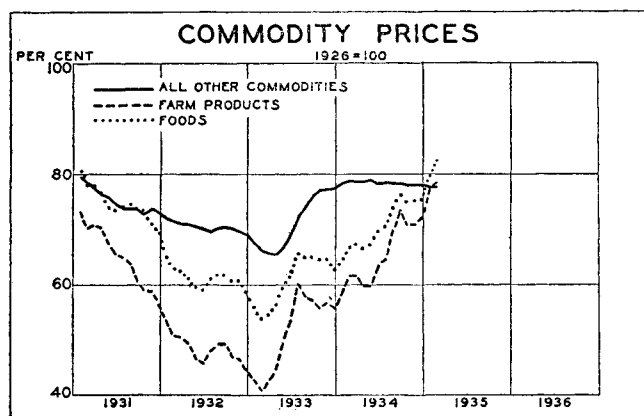
The dollar value of construction contracts awarded in the fourth district in January was up sharply from December, but was 65 per cent smaller than a year ago. The unfavorable comparison with last year was due to the fact that contracts awarded for public works, financed chiefly by Federal funds, were at their peak in that month, whereas in January of this year such contracts had a relatively small value.

Residential contracts awarded in the fourth district in January compared favorably with December and also with January 1934; gains of 71 and 98 per cent, respectively, were shown from those two periods. An increase in residential construction is somewhat unusual for this season of the year, but activity of the Federal Housing Administration and the fact that building funds at lower rates than have prevailed for some time are now available through some banks and also the Federal building and loan associations, has slightly stimulated activity in this field. Despite the improvement, however, total volume of residential construction is still much below the average of former years. There was an increase in commercial building and factory construction contracts awarded in January compared with December and January of last year. The gain in the latter type of building was chiefly a result of the awarding of three contracts for new iron and steel mills, although miscellaneous factory construction also improved.

A further increase in residential building was reported in this section in the first half of February and the daily average dollar value of contracts awarded for non-residential building in the period, other than public works and utilities, was slightly larger than in February 1934.

AGRICULTURE

The annual inventory of livestock on farms made by the crop reporting board of the Department of Agriculture, as of January 1, revealed a decrease in the number and an increase in the value of each species, compared with the preceding year. This was the first time on record when a decline occurred in all types and the composite decrease for the entire country in the number of animal units, which makes allowance for the difference in size and feed requirements of the several species, was approximately 13 per cent. This drop was more than twice as large as has occurred in any of the past 44 years, and the



number of animals on farms throughout the entire country was the smallest since 1900.

Because of an increase in livestock prices in the past year the total value of all livestock on farms on January 1, at \$3,102,136,000, was about eight per cent higher than a year ago and the highest since 1931. In the individual species the increase in the value per head was most marked in the case of hogs and least in the case of sheep.

In the states of this district there was a slight increase in the number of horses on farms in the year 1934, but the value per head and consequently the total value increased quite sharply in the period. In Ohio the average value per horse was reported to be \$111 on January 1, compared with \$100 at the beginning of 1934 and \$87 in 1933. Corresponding increases were shown in other states, although the average value per horse in Kentucky and West Virginia was less than in Ohio, while in Pennsylvania it was greater.

There were slightly fewer cattle on farms in this section on January 1 than a year ago, but the decline was much smaller than in the country as a whole. In Ohio the reduction was three per cent, in West Virginia five per cent, while in Kentucky an increase of two per cent, and in Pennsylvania a gain of one per cent was reported. The total value of these animals at the beginning of the year was somewhat higher than a year previous, but was about the same as at the beginning of 1933.

The number of sheep and lambs on local farms was little changed on January 1 from a year previous, but the total value was somewhat greater.

The reduction in the number of swine on fourth district farms in 1934 was somewhat smaller than in the entire country, partly because the corn-hog reduction program of the AAA was not entered into by local farmers with the enthusiasm shown in some of the other Corn-belt states. Despite the fact that the number of swine was reduced approximately 30 per cent in 1934, the total value of those remaining on farms on January 1 was slightly greater than a year earlier.

Wholesale and Retail Trade

(1935 compared with 1934) Percentage Increase or Decrease

	SALES Jan. 1935	STOCKS Jan. 1935	COLLEC- TIONS Jan. 1935
DEPARTMENT STORES (49)			
Akron.....	+31.3	+ 9.6	+17.5
Cincinnati.....	+27.9	+ 6.3	+22.2
Cleveland.....	+15.5	+ 0.6	+18.6
Columbus.....	+14.0	+ 3.9	+13.8
Pittsburgh.....	+ 0.1	-13.0	+ 7.9
Toledo.....	+19.1	+ 3.1	+ 7.9
Wheeling.....	- 4.1	+ 2.7	+19.9
Other Cities.....	+28.7	+ 6.0	+29.8
District.....	+14.5	- 4.9	+14.4
WEARING APPAREL (12)			
Cincinnati.....	+17.9	- 7.8	+ 2.1
Pittsburgh.....	+ 3.9	+ 3.2	+ 9.0
Other Cities.....	+20.9	+ 7.9	+12.7
District.....	+17.1	+ 1.7	+ 9.3
FURNITURE (42)			
Cincinnati.....	+ 7.0		+27.8
Cleveland.....	+24.0		+ 8.9
Columbus.....	+28.0		+15.0
Dayton.....	+58.2		+ 7.6
Toledo.....	+53.3		+29.8
Other Cities.....	+57.4		+23.3
District.....	+33.4		+15.0
CHAIN STORES*			
Drugs—District (4).....	+ 6.1		+14.3
Groceries—District (5).....	+14.3		
WHOLESALE GROCERIES (32)			
Akron.....	+32.0		
Cleveland.....	+ 6.3		
Erie.....	+24.4		
Pittsburgh.....	+15.7		
Toledo.....	+11.9		
Other Cities.....	+16.8		
District.....	+14.0	+ 4.9	+12.4
WHOLESALE DRY GOODS (10)			
District.....	+ 5.6	+ 0.2	+18.4
WHOLESALE DRUGS (13)			
District.....	- 3.0		-11.1
WHOLESALE HARDWARE (10)			
District.....	- 1.5		- 0.03

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	January 1935	January 1934	% change
Bank Debits—24 cities.....	\$ 1,833,000	1,543,000	+18.8
Savings Deposits—end of month:			
41 Banks, O. and Pa.....	\$ 664,768	629,778	+ 5.6
Life Insurance Sales:			
Ohio and Penna.....	\$ 100,194	73,221	+36.8
Retail Sales:			
Dept. Stores—49 firms.....	\$ 13,581	11,860	+14.5
Wearing Apparel—12 firms.....	699	597	+17.1
Furniture—42 firms.....	627	470	+33.4
Wholesale Sales:			
Drugs—13 firms.....	\$ 1,453	1,499	- 3.1
Dry Goods—10 firms.....	955	904	+ 5.6
Groceries—32 firms.....	3,978	3,490	+14.0
Hardware—14 firms.....	956	971	- 1.5
Building Contracts—Total.....	\$ 11,452	32,645	-64.9
—Residential.....	1,867	944	+97.8
Commercial Failures—Liabilities.....	\$ 1,201	1,998	-40.0
—Number.....	103 ²	104 ²	- 1.0
Production:			
Pig Iron, U. S.....	Tons 1,447	1,215	+19.1
Steel Ingot, U. S.....	2,834	1,997	+41.9
Auto—Pass. Car., U. S.....	229,199 ²	113,652 ²	+101.7
Auto—Trucks, U. S.....	63,566 ²	43,255 ²	+47.0
Bituminous Coal.....	Tons 13,311	12,325	+ 8.0
Cement—O., W. Pa., W. Va.....	Bbls. 54	66	-18.2
Elec. Power—O., Pa., Ky.....	k.w.h. 1,280 ¹	1,165 ¹	+ 9.9
Petroleum—O., Pa., Ky.....	Bbls. 1,964 ¹	1,796 ¹	+ 9.4
Shoes.....	Pairs 8	8	+40.8
Tires, U. S.....	Casings 3,665 ¹	2,990 ¹	+22.6

¹December
²Actual Number
³Confidential

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended Feb. 20, 1935	% change from 1934	Year to date Jan. 2, 1935 to Feb. 20, 1935	Year to date Jan. 3, 1934 to Feb. 21, 1934	% change from 1934
Akron.....	41,753	+12.5	88,222	71,945	+22.6
Butler.....	5,690	+ 3.9	11,827	11,518	+ 2.7
Canton.....	24,141	+ 4.3	48,572	46,804	+ 3.8
Cincinnati.....	237,491	+11.3	485,650	436,675	+11.2
Cleveland.....	349,617	+11.5	755,374	649,407	+16.3
Columbus.....	151,268	+70.0	300,456	180,401	+66.5
Dayton.....	44,959	+42.4	91,331	63,823	+43.1
Erie.....	17,716	+14.8	37,782	31,285	+20.8
Franklin.....	2,209	+ 3.2	4,833	4,395	+10.0
Greensburg.....	4,216	+15.7	10,308	7,569	+36.2
Hamilton.....	7,605	+22.1	15,049	12,692	+18.6
Homestead.....	1,877	+39.2	3,606	2,851	+26.5
Lexington.....	25,719	-11.5	55,973	47,900	+16.9
Lima.....	7,143	+11.0	15,400	13,528	+13.8
Lorain.....	2,668	+25.8	5,243	4,088	+28.3
Middletown.....	5,832	+12.0	12,341	10,528	+17.2
Oil City.....	6,638	+20.7	14,312	11,336	+26.3
Pittsburgh.....	512,922	- 1.1	1,139,448	1,003,238	+13.6
Springfield.....	11,854	+18.3	24,405	20,659	+18.1
Steubenville.....	5,672	+17.6	11,077	9,530	+16.2
Toledo.....	76,227	- 1.0	162,025	145,256	+11.5
Warren.....	5,657	+11.6	10,623	9,621	+10.4
Wheeling.....	22,458	- 2.4	48,706	48,346	+ 0.7
Youngstown.....	29,851	+13.1	58,777	48,156	+22.1
Zanesville.....	5,346	+19.3	11,094	9,618	+15.3
Total.....	1,606,529	+10.1	3,422,434	2,901,169	+18.0

Fourth District Business Indexes

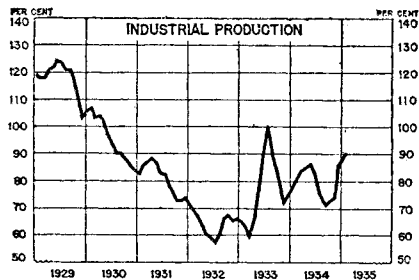
(1923-1925=100)

	Jan. 1935	Jan. 1934	Jan. 1933	Jan. 1932	Jan. 1931
Bank Debits (24 cities).....	68	57	55	77	122
Commercial Failures (Number).....	71	71	172	221	174
(Liabilities).....	27	45	135	218	271
Sales—Life Insurance (O. & Pa.).....	120	88	89	116	109
—Department Stores (47 firms).....	59	52	43	55	72
—Wholesale Drugs (12 firms).....	97	100	75	84	101
—Dry Goods (10 firms).....	39	37	24	29	49
—Groceries (32 firms).....	70	61	48	57	76
—Hardware (14 firms).....	49	50	30	37	49
—All (68 firms)*.....	64	59	43	52	70
—Chain Drugs (4 firms)**.....	77	73	65	77	86
Building Contracts (Total).....	24	69	9	15	38
(Residential).....	11	6	6	11	29
Production—Coal (O., W. Pa., E. Ky.).....	74	68	55	51	83
—Cement (O., W. Pa., W. Va.).....	5	6	18	20	42
—Elec. Power (O., Pa., Ky.)*.....	152	139	129	141	152
—Petroleum (O., Pa., Ky.)*.....	106	97	97	112	106
—Shoes.....	96	68	70	67	61

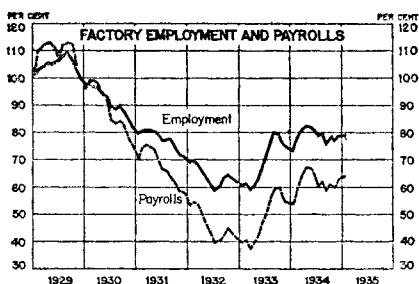
*December.
**Per individual unit operated.

Summary of National Business Conditions

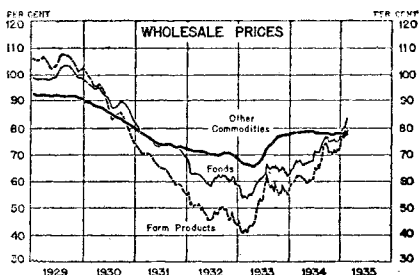
By the Federal Reserve Board



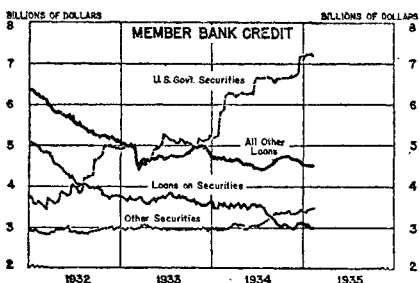
Index of industrial production, adjusted for seasonal variation (1923-1925=100). Latest figure, January, preliminary 90.



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925=100). Latest figures, January, employment 78.6; payrolls 64.1.



Indexes of the United States Bureau of Labor Statistics (1926=100). By months 1929 to 1931, by weeks 1932 to date. Latest figures February 13. Farm products 79.3; foods 83.1; other commodities 77.7.



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

Industrial output, which had shown a rapid growth in December, increased further in January. Activity in the building industry continued at a low level. Wholesale commodity prices advanced considerably during January and the first half of February, reflecting chiefly marked increases in the prices of livestock and livestock products.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 86 per cent of the 1923-25 average in December to 90 per cent in January. Activity in the steel and automobile industries continued to increase rapidly during January and the early part of February; in the middle of the month, however, steel production declined. Output of lumber increased in January but was still at a low level. At cotton and woolen textile mills activity showed a considerable growth while in the meatpacking industry output declined. Output of crude petroleum increased further in January and the first half of February.

Factory employment and payrolls increased somewhat between the middle of December and the middle of January, although a decline is usual at this season. At automobile factories the volume of employment increased further by a large amount and there were substantial increases at steel mills, foundries, and woolen mills. Employment in the meatpacking industry continued to decline and in January was at about the same level as a year ago. Among the non-manufacturing industries, the number employed at retail trade establishments and on construction projects showed declines of a seasonal nature.

Value of construction contracts awarded in January, as reported by the F. W. Dodge Corporation, was slightly larger than in December but considerably smaller than a year ago, when the volume of public projects was exceptionally large. The value of contracts awarded for residential building in the three months from November to January was about the same as in the corresponding periods of the two preceding years.

Distribution

Freight-car loadings showed a seasonal growth in January. At department stores the volume of business declined somewhat more than is usual after the Christmas holidays.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 77.9 per cent of the 1926 average in the week ending January 5 to 79.4 per cent in the week ending February 16. During January prices of cattle and beef showed substantial increases and in February the price of hogs advanced considerably. Prices of cotton, grains, and silk showed a decline in January and the first few days of February, followed by an advance in the middle of the month.

Bank Credit

During the five weeks ended February 20 member bank balances with the Reserve banks increased by \$260,000,000 and their excess reserves rose to about \$2,300,000,000. The principal factors in the increase were an inflow of gold from abroad and disbursements by the Treasury of funds previously held as cash or on deposit with the Federal Reserve banks.

Net demand deposits of weekly reporting member banks in leading cities increased by more than \$200,000,000 in the four weeks ended February 13. Total loans and investments of these banks showed no significant changes during the period. Slight declines occurred in loans on securities and in holdings of direct obligations of the United States Government, while other loans and other securities increased somewhat.

Yields on United States Government securities declined slightly further and other open market money rates continued at a low level.