

# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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## Industrial and Commercial Loans Under the Terms of Section 13b of the Federal Reserve Act

Many industrial and commercial enterprises have depleted their working capital during recent years, and, in order to maintain payrolls and procure materials for their operations, are in need of additional working capital.

Such enterprises find it difficult to obtain their requirements of working capital through the capital market, while commercial banks and other financial institutions, in many cases, are hesitant about undertaking on their single responsibility the risks involved in making relatively long-time loans for working capital purposes.

It was to meet this unusual need of commerce and industry for working capital that Congress last June amended the Federal Reserve Act so as to permit Federal reserve banks to make the necessary credit available through banks or other financing institutions, or direct to borrowers.

The loans are to have maturities not exceeding five years, and are to be made for the purpose of furnishing *working capital* on a reasonable and sound basis to established industrial or commercial businesses.

Loans made thus far differ widely as to security accepted. Any valid pledge of assets of sound value will be considered.

The amendment was intended particularly for the benefit of small units, and, in line with that intention, the Federal Reserve System has encouraged loans to small enterprises.

The Federal reserve banks will cooperate with banks and financing institutions in making industrial loans, or in issuing commitments for definite periods of time. The purpose of the industrial loan amendment is to assist enterprise and encourage employment, and the Federal reserve banks are desirous of making needed credit available wherever it is possible on a sound basis.

General business activity in the fourth district was in smaller volume in late April and the first three weeks of May than in the previous four-week period and in some lines operations were under the corresponding interval of 1934. Labor disturbances in several fields retarded production and the stimulus afforded by seasonal demands in lines such as clothing, tires, automobiles, iron and steel, etc., was no longer present. Nevertheless, the situation was not entirely devoid of favorable developments and considerable resistance to the downward movement was evident.

Increased inquiries for machine tools and a larger volume of orders actually received than in any comparable period since 1930 was reported in April. Manufacturers of electrical equipment of practically every sort indicated that production and sales volume continue well above last year. Electric power consumption in this section in recent weeks showed a larger increase from corresponding periods of 1934 than in several parts of the country, and sales of electrical household equipment, although lagging somewhat in April, were up sharply in the first four months from corresponding periods of 1934.

Residential building in this district in April was more extensive than since 1931, but it still was only one-fifth of the average of the preceding ten years. Improved facilities for obtaining mortgage loans and actual shortages of residences in some sections have stimulated home construction even though building costs remain relatively high.

Retail trade in April was not up to seasonal expectations. Dollar sales of fourth district reporting department stores were 12 per cent larger than in April 1934, but when allowance is made for Easter and seasonal variations, the index was reduced ten points to 69 per cent of the 1923-1925 average. March and April sales combined were one per cent ahead of 1934, but an increase of 3.5 per cent was reported for the first four months. Scattered reports covering the first three weeks of May indicated that sales were in smaller volume than in the same period of 1934, but weather conditions have not been favorable.

Clothing manufacturers reported an improvement in advance fall buying compared with last year, particularly in the smaller towns. Shoe production of fourth district factories in April was greater than since 1927 and an increase

of 20 per cent was shown for the January-April period from the corresponding interval of 1934.

Steel mill activity declined slightly in April and May, although operations at local steel centers, excluding Pittsburgh, were still above the national average. Comparison of operating rates with last year was unfavorable, but at that time there was considerable buying of steel for future needs prior to the date the price increase became effective. This year with second quarter prices being extended, the incentive to buy in excess of current requirements is not present. In April steel ingot production was ten per cent below April 1934, but output so far in 1935 has been 12 per cent ahead of the comparable period of last year.

Automobile production in April was 477,716 units, the highest for any month since 1929 and 35 per cent ahead of April 1934. In the first four months of the year output exceeded that of the entire year 1932. April or May generally is the peak production month of the year and with May schedules sharply reduced, barring unusual developments, it appears that the high point for this year has passed. The Toledo strike curtailed production quite sharply, but manufacturers not affected by the strike also reduced assembly schedules in the period. This falling-off was reflected in operations at many fourth district factories in early May, particularly those supplying materials directly to the assembly plants.

Tire prices which declined sharply in late April have again been stabilized, but operations in the industry have been curtailed, in part due to seasonal influences.

Agricultural conditions in this section were better in early May than a year ago and also than in other parts of the country, although the season has not been favorable to general crop growth. Spring planting has been delayed considerably. Prospects for the crop year, however, are better than they have been in the past two seasons.

### FINANCIAL

The slight expansion in commercial loans at weekly reporting member banks in leading cities of the fourth district which occurred in the first quarter of this year was further extended in the four weeks ended May 22, and the rate of increase was somewhat greater than was evident in earlier periods. Deposits at these banks showed a further sharp upward movement.

Debits to individual accounts at banks in leading cities of the district in the four weeks ended May 22 were 12.6 per cent larger than in the comparable period of 1934, while the gain for the year to date was 15 per cent. Savings deposits at 41 reporting banks throughout the district increased 0.6 per cent in April and at the month end were 5.6 per cent larger than on the same date of 1934.

**Reserve Bank Credit** Except for a slight increase in working capital loans made to industrial concerns in the district in the four weeks ended May 22, and a negligible advance in bills discounted for member banks, changes in the condition of the Federal Reserve Bank of Cleveland in the period were of little consequence. The discount rate on loans and advances to member banks was reduced from 2 to 1½ per cent effective May 11, a new low level, but with excess reserves of member banks at record high figures there is no incentive to borrow even at the low rate at which such loans can be made.

Industrial advances on May 22 were \$1,457,000, a new high level, and commitments to make industrial advances also were equal to \$1,457,000. Bills discounted for member banks were \$152,000 compared with \$1,422,000 on the comparable date in 1934. In the four latest weeks no change occurred in holdings of bankers' acceptances or Government securities and they were almost identical with those on the same date in the previous year.

Circulation of Federal reserve notes showed relatively minor fluctuations in the four latest weeks and liability of this bank for note circulation was \$313,000,000 on May 22, only slightly under last year on that date. Reserve deposits of member banks advanced to a new high level in May, but reserve requirements also rose in the period. In April, the latest month for which complete information is available, daily average excess reserves of member banks were only slightly higher than in March, but at \$157,414,000, they attained a new high level.

**Member Bank Credit** At the weekly reporting member banks in leading cities there was an increase of \$22,000,000, or nearly two per cent, in credit extended between April 24 and May 22. While part of the gain represented increased holdings of Government securities, it was exceeded by the rise in commercial loans in the period. These advanced \$13,000,000 to \$152,000,000, a new high level for the year and the gain since January 1 has been 17.8 per cent. Loans on real estate showed no change in recent months, but advances through acceptances and commercial paper increased \$4,000,000 in the four latest weeks. Loans on securities continued to decline in April and the first three weeks of May.

Holdings of Government securities increased \$9,000,000 to \$603,000,000 on May 22, and on that date member bank investments in Government securities or those fully guaranteed by the Government represented 51.8 per cent of total loans and investments of these banks. Member banks' investments in other than Government securities showed little change in the month.

Demand deposits at these banks increased \$37,000,000 between April 24 and May 22, and at \$774,000,000 on the latest date they were \$160,000,000 above a year ago and represented a new high level since the banking holiday. Time deposits increased slightly in the four latest weeks, but they were little changed from last year at this time.

### MANUFACTURING, MINING

#### Iron and Steel

Operations in the iron and steel industry in the month ended May 25 were irregular, although considerable resistance to the downward movement was evident in the period. When allowance is made for seasonal variations the index of steel mill activity continued to decline at about the rate shown in March and early April, but the labor disturbances in the automobile industry, which held up releases on many steel orders in early May, were chiefly responsible for the decline. Resumption of production in mid-May was accompanied by a slight increase in steel mill activity, though the favorable effect of this was offset in part by declining orders for tin plate and agricultural steels.

The industry as a whole was operating at between 44 and 45 per cent of capacity in the third week of May, compared with 46 per cent in the same week of April and 59 per cent in the corresponding week of 1934. The decline

in the four latest weeks was more pronounced at fourth district steel centers than in other parts of the country because of the dependence of local plants on the automobile industry. In the Cleveland-Lorain district operations dropped from 62 to 51, but advanced to 54 per cent of capacity in the period. Youngstown mills receded from 58 to 50 per cent, and at Wheeling production declined from 75 to 68 per cent. Operations at Pittsburgh mills in the same period fluctuated somewhat, but showed a slight increase to 38 per cent of capacity in the third week of May. It is to be noted that, with the exception of Pittsburgh, operations at principal centers in this district continue above the national average despite the falling-off in the four latest weeks.

The extension of prevailing iron and steel prices for the third quarter, notwithstanding the advance in interstate freight rates, followed by similar increases in some intrastate freight rates which raised steel makers' costs 50c to \$1.00 a ton, was of considerable significance. No speculative buying this month or in June, similar to that which stimulated steel mill operations toward the end of the second quarter of 1934, is expected this year. Steel scrap prices, oftentimes considered barometric of conditions within the industry, have shown an upward tendency in recent weeks. *Steel's* scrap composite advanced from \$10.00 to \$10.29 in the past month.

Daily average steel ingot production in April was 100,243 tons, a decline of 7.9 per cent from the preceding month and total output, at 2,606,311 tons, was ten per cent under April 1934. Despite this decline output in the first four months of this year, at 11,013,306 tons, was 12 per cent greater than in the comparable period of 1934, this percentage increase being almost identical with that shown for the full year 1934 compared with 1933.

Daily average pig iron production in April, at 55,719 tons, was 2.4 per cent lower than in March. Total production, at 1,672,000 tons, was down 3.7 per cent from April 1934, but output in the first four months of the year was 11 per cent higher than in the comparable period of 1934. On May 1 there were 97 blast furnaces in operation, the same as at the beginning of April.

**Coal** Bituminous coal production at fourth district mines in April was down sharply from March and, at 8,915,000 tons, was 18 per cent less than in April 1934. The decline was partly seasonal and somewhat expected, following March when output was in excess of current requirements due to the general feeling that a strike would develop April 1. The postponement of the settlement to June 16, however, has not been conducive to the closing of regular contracts for coal which generally are made yearly on April 1. Few advance orders have been placed and production since April 1 has been at a low level.

Stocks of coal in hands of industrial consumers and retail dealers on April 1 were 38,342,000 tons, higher than at the end of any quarter since June 1929. The increase in the first quarter was 11.5 per cent, whereas normally stocks decline quite sharply in the opening three months of the year. Stocks on April 1 were sufficient to supply probable requirements for 36 days, although consumers' supplies are reported to have declined to more nearly normal levels in April.

Coal stocks on upper lake docks on April 1 were 4,306,000 tons, compared with 3,043,000 tons on the same date

of 1934, but coal shipments from Lake Erie ports in April were nearly double those of last year. The shipping season opened somewhat earlier than usual.

In the first four months of 1935 coal production at fourth district mines was 50,925,000 tons, which was 0.7 per cent less than in the same period of 1934. In the entire country coal production in the four-month period was 2.5 per cent greater than in the comparable months of the preceding year.

**Automobiles** While the drop in automobile production recently was attributed largely to labor disturbances at Toledo, the trade reported indications that the peak of retail demand has been passed. It still is reported to be holding up well in many sections of the country, although large numbers of used cars are causing some dealers to be a little concerned. The large volume of unfilled orders which some manufacturers reported earlier in the year has been dwindling, and unless an unexpected market develops, with production schedules in May much smaller than in April the latter-named period in all probability will stand as the peak production month of the year.

According to the Department of Commerce 477,716 cars and trucks were made in the month. This was an increase of 35 per cent from April 1934 and was the largest monthly output since 1929. The 25,000 unit gain from March was slightly more than seasonal and the Federal Reserve Board's adjusted index was 110 per cent (preliminary) of the 1923-25 average, up 4 points from the preceding month and compared with 85 in April 1934. Output in the first four months of the year was 1,536,066 cars and trucks, a gain of 43 per cent from the same period of 1934 and exceeded the number of cars made in the entire year 1932.

Passenger car production in April was 401,628 units, compared with 361,816 in March and 288,355 in April 1934. The gain from last year in the month was 39 per cent and for the year to date was 46.3 per cent. There were 76,088 trucks produced in April, an increase of 17.7 per cent from the corresponding month of 1934 while in the first four months an improvement of 27.4 per cent was shown.

The strike in the Toledo parts plant in late April was not reflected in automobile production until the second week of May when output, according to *Cram's* reports (which include Canadian production), dropped from near the peak so far this year, 111,000 units a week, to 87,375 cars and trucks. In the week ended May 18 a very slight improvement occurred as production was resumed at one major plant, but operations were curtailed at several other factories. In the week ended May 25 output had been stepped up to 101,000 units. It now appears that the May total will be less than that for April, but still considerably above that for May, 1934.

While passenger car production in April was up 39 per cent from last year, new car registrations in the period were 47 per cent (preliminary) ahead of the same month of 1934. In principal counties of the fourth district April registrations were up over 40 per cent from the corresponding period of 1934.

**Tires, Rubber** The tire industry experienced another period of extreme price cutting in the latter part of April and early May which was a more or less expected reaction in that industry to the

building up of tire inventories in anticipation of labor troubles which failed to develop. Following about three weeks of unusually low prices, which no doubt curtailed profits of manufacturers materially, quotations were gradually moving toward higher levels.

Manufacturers' tire shipments in April were up sharply from the preceding month, an increase in the first half of the period being due to strike fears and in the latter half to increased replacement demand which followed the price reduction. Inventories of finished tires in hands of producers, which at the end of the first quarter were higher than since 1930, were reduced considerably during April, according to reports, but they still are large in terms of current sales.

This normally is the beginning of the active replacement buying season, but just how much purchasing in advance of actual requirements occurred when the price discounts were in effect cannot be determined. Original equipment sales to automobile manufacturers were very good in the first four months of the year, but some tapering off was reported in May, the drop being a little earlier than usual.

The labor situation in the tire industry was reported satisfactory in mid-May. Little change in employment was indicated, though some curtailment in the number of hours worked has occurred in recent weeks. In April, according to the Ohio State University compilation, a very slight decline occurred in the number of employees compared with March, which was contrary to the seasonal movement of the preceding five years.

In other branches of the rubber industry which include rubber sundries, mechanical goods, etc., conditions have been better so far this year than in the tire field. Broadened use of rubber has been a factor in this connection. Employment at miscellaneous rubber factories in this district increased 4.5 per cent in April from March and was 3 per cent greater than a year ago.

Crude rubber consumption in the entire country was 44,714 long tons in April, an increase of about five per cent from March, and practically no change from April 1934. Imports in April were 43,545 long tons, slightly less than consumption. Crude rubber stocks, as a result, were reduced and at the end of April were about 4.5 per cent smaller than a year ago.

#### **Clothing**

Seasonal declines in clothing production continued in early May and some plants were closed entirely, the spring season being completed. Salesmen have been presenting fall samples to jobbers and retailers for nearly a month and the volume of orders received up to the present time has been very satisfactory. Substantial increases in advance buying have been reported compared with a year ago, and the general trend would seem to indicate that retailers throughout the country are looking forward to increased demand for clothing in the fall and winter season. There has been a noticeable improvement in the size of orders received from stores in small towns, a reversal of the trend displayed in this field for several years.

The larger volume of advance clothing orders was reflected in sales of textiles and raw wool in recent weeks. Wool markets have been quite active and prices have shown an upward tendency. As a result the opening textile prices which were higher than in 1934 have been advanced fur-

ther. Textile plant operations have increased in recent weeks, but the rise was chiefly seasonal.

Employment at fourth district factories reporting to the Ohio State University Bureau of Business Research was six per cent higher in April, the close of the spring and summer season, than in the same month of 1934, and in the first four months averaged three per cent above the same period of the preceding year.

#### **Other**

**Manufacturing** The downward movement which usually develops in general manufacturing lines at this season was accelerated in late April and early May by labor disturbances in some fields. In several industries the comparison of operating rates with last year was still favorable, but the downward trend has continued for several weeks. Difficulties in the automobile industry adversely affected activity at many local plants.

**Auto Parts and Accessories.** A rather sharp recession in production at local parts and accessory plants was reported in the first half of May whereas in past years little change from April to May was recorded. The fact that automobile production advanced to an unusually high rate earlier in the year than is customary might be a factor explaining the falling-off, but it was accentuated by labor disturbances at Toledo, which all but stopped assembly of one of the major small cars. Settlement of the Toledo strike was followed by a resumption of plant operations in mid-May, but current production schedules would seem to indicate that the peak for this year has been passed. Employment at fourth district factories declined nearly three per cent from March to April, whereas the five-year average change for this period was an increase of 3.7 per cent. The number of employees at 35 reporting plants was 8.6 per cent smaller in the latest month than in April 1934.

**Brick and Tile.** A rather sharp percentage increase in brick and tile production was reported in the latest month, but actual output is still quite limited. Employment in Ohio increased five per cent from March, a more than seasonal upturn. Improved prospects, as a result of the Federal works' program and the slight increase in building, were chiefly responsible for the upturn.

**China and Pottery.** The decline in the volume of orders received by china and pottery manufacturers in the last half of April and the first part of May was unusually sharp. According to reports it was partly seasonal, but the advance in prices also was responsible for the curtailed sales. In mid-May, the industry in this section was operating at approximately 60 per cent of capacity.

**Electrical Supplies.** Activity in this industry in the past month continued at an unusually high rate. Demand for household electrical equipment so far this year has compared very favorably with the same period of 1934 and industrial sales also have shown an improvement. The volume of sales of all kinds, according to reports, has ranged from 20 to 30 per cent larger than in the first four months of 1934. Inventories of finished goods were larger than at this time last year, although declines have been reported recently. The number of employees increased in April and so far this year has averaged nearly ten per cent above the first four months of 1934.

**Glass** Production of plate glass in April, according to the *Manufacturers' Association*, reached an alltime record.

At approximately 17,000,000 square feet, it compared with only 8,629,000 square feet in April 1934. Increased use of safety glass on automobiles, which doubles the quantity of plate glass needed, and the improvement in the automobile industry itself, were largely responsible for the gain, although demand for plate glass from other users also improved. Inventories of glass in hands of manufacturers are at a minimum, according to reports. Demand for glass containers so far this year has been slightly greater than in the corresponding period of 1934. Inventories of glass containers at the end of the first quarter were slightly larger than a year ago, although they were up nearly 50 per cent from the average of the three preceding years.

**Hardware.** Little change was reported in the volume of sales or operations at hardware plants in this section in late April or the first half of May. Employment in April increased more than seasonally from March and was greater than in April 1934. Demand from general manufacturers has been quite steady, but the automobile and agricultural implement makers have curtailed buying, largely a seasonal change.

**Machinery, Machine Tools.** Demand for machine tools and forging equipment increased in April and the dollar volume of sales in the latest month, according to the *National Machine Tool Builders' Association*, was considerably larger than a year ago and about five per cent greater than in March. The volume of orders received so far this year has been better than since 1930, with domestic buying relatively better than foreign.

**Paint.** The increase in paint sales, which normally occurs at this season, was more pronounced than in other recent years, partly as a result of rising raw material prices which caused considerable advance buying. Industrial paint sales lagged somewhat, but household products were in good demand.

**Paper.** A moderate decline in paper and boxboard sales was reported in the four latest weeks, although the industry continues to operate at higher levels than prevailed a year ago. The gain so far this year was reported to be from 10 to 15 per cent.

**Shoes.** A very sharp increase in shoe production was reported at fourth district factories in April, whereas at this season of past years a curtailment was experienced. Output in the latest month was 26 per cent above April 1934 and exceeded any month on record since August 1927. In the first four months of 1935 shoe production in this

district was 20 per cent above the same period of the preceding year. Retail shoe sales have been retarded this spring by unfavorable weather, with the result that inventories are larger than at this time last year.

### TRADE

**Retail** Although an increase of approximately 12 per cent in dollar sales was reported by department stores in the fourth district in April from the corresponding month of 1934, the gain was entirely due to the fact that Easter occurred late in the month, whereas in 1934 it was on April 1. When allowance is made for seasonal variations and change in the Easter date the index of daily average sales in this district dropped ten points to 69 per cent of the 1923-25 average. This falling-off was similar to that which occurred throughout the country in the period and preliminary reports for the first three weeks of May indicated that retail sales, at department stores at least, were not up to expectations. The lag was in part attributed to the very unseasonable spring weather that has prevailed in this section of the country. This has affected particularly purchases of wearing apparel and seasonable household merchandise.

Combining March and April sales, the dollar volume at fourth district stores was approximately one per cent ahead of the same period of 1934, while in the first four months of this year a gain of 3.5 per cent in sales was shown from the similar period of 1934. A slight increase in the ratio of credit to total sales was reported from March to April and in the latest month 58.3 per cent of all sales was credit business, an increase of approximately three per cent from last year.

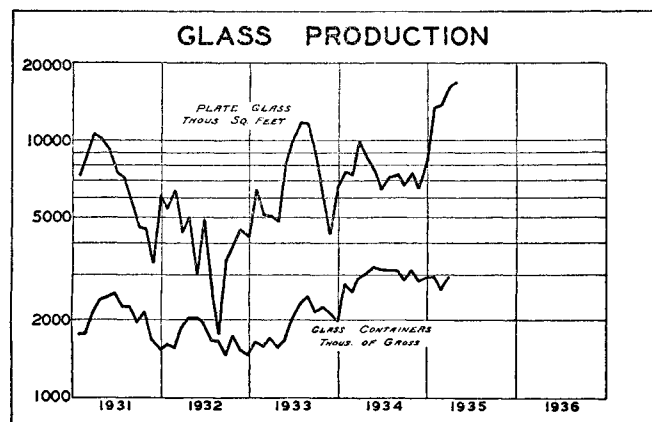
Retail prices at department stores, according to *Fairchild's* index, showed no change in April following declines for six consecutive months. In the latest period, however, retail prices were reported to be approximately 3.5 per cent below last year at this time, the most pronounced reductions being in prices of women's apparel, and yard goods, particularly silks.

Although the dollar value of department store stocks at the close of April was slightly smaller than on the same date of 1934, an increase of 2.2 per cent, slightly more than seasonal, was shown in the latest month.

Collections at reporting department stores were 6.1 per cent larger in April than a year ago and the ratio of collections to accounts receivable at the beginning of the month was approximately 4.5 per cent higher than in April 1934. The improvement from last year was entirely in collections on regular thirty-day charge accounts, there being a slight decline in installment account collections in the period.

Sales at reporting furniture stores in April were nine per cent smaller than in April 1934 and a reduction of approximately three per cent was recorded in the first four months. Chain grocery store sales were seven per cent larger in April and up six per cent in the January-April period from corresponding intervals of the preceding year, but chain drug sales were slightly under last year in dollar volume.

**Wholesale** Dollar sales of all reporting wholesale lines except hardware showed increases in April from a year ago. Wholesale grocery sales were up 13 per cent in the period, but higher food prices contributed to at least a share of the advance. In the



first four months a gain of nearly six per cent was reported from 1934. Sales of dry goods and drugs were up five and eight per cent, respectively, in April, but hardware sales were 0.6 per cent smaller than in that month last year. In the four-month period dry goods sales were up 3.6 per cent, hardware, five per cent, while drug sales were down nearly six per cent. Collections in some lines were reported to be under last year.

### BUILDING

A moderate improvement continued to be shown in the construction industry in this district in April. The dollar value of the contracts awarded, according to the *F. W. Dodge Corporation*, was \$11,298,000 compared with \$9,135,000 in March and \$10,810,000 in April 1934. April was the first month this year to show an increase from the corresponding month of 1934, but in the spring of last year contracts awarded for public works' construction swelled the total. In the first four months of 1935 the value of contracts awarded was 42 per cent smaller than in the same period of the preceding year.

The bright spot in the construction field is residential building. So far this year contracts awarded for this type of work had a 50 per cent higher value than in the same period of 1934, and in April the gain was 47 per cent from April last year. Despite the large percentage improvement from last year and despite the fact that contracts awarded for residential building were larger than since 1931, operations in this field were much below normal. Compared with the ten-year average value of contracts awarded in the fourth district in April this year's figure shows a decline of 81 per cent.

Contracts awarded for nonresidential construction, other than public works and utilities, were slightly larger in this district in April than in March of this year or in April 1934. Contracts awarded for public utilities were larger than a year ago, but contracts awarded for public works' construction showed a falling-off.

Building supply dealers, both wholesale and retail, reported a seasonal increase in the volume of sales in late April and the first part of May and indicated that current demand was greater than at that time in 1934. Prices are irregular and labor disturbances in the lumber industry were disconcerting.

### AGRICULTURE

Late April and May did not bear out the promise of an early crop season which was apparent a month or six weeks earlier. Growth has been retarded somewhat by lack of warm weather, although rainfall has been about normal in most sections of the district. Spring plowing and oat planting was much more advanced than in other recent years, while corn planting was delayed generally. On the whole, crop prospects were better in the fourth district than in the entire country. Carryover of last year's drought conditions in some sections is still serious, but it is quite apparent that crop prospects in the United States are much better than at this time last year. While most sections have had enough rains for current needs, the supply of subsoil moisture is still deficient in some areas and crops will be more dependent than usual on rains during the growing season. According to the Department of Agriculture "in the eastern half of the country crop prospects appear to differ little from those usually prevailing this early in the season".

**Wheat** The May 1 crop report of the Department of Agriculture indicated that approximately 13,840,000 acres of winter wheat, or 31.2 per cent of the total acreage planted last fall, had been abandoned because of winter killing or drought damage. Practically all of the abandonment, however, was in the dry southwestern part of the country. In other sections prospects for winter wheat were about average on May 1 with conditions on farms in this area much better than in the entire country or in other recent years. Acreage abandoned in Ohio was reported to be one per cent of the total planted compared with a ten-year average of 13 per cent. In Pennsylvania it was 1.5 per cent, Kentucky five per cent, and West Virginia one per cent, in contrast with a ten-year average abandonment of three per cent, 14 per cent and 4.5 per cent, respectively.

The condition of the crop on fourth district farms on May 1 was much above the average of preceding years and the entire country, ranging from 86 to 93 per cent of estimated normal, as against 70.9 per cent for the United States. Wheat growth has been so rapid this spring on local farms that there is danger of excessive lodging in several areas.

At this early date the winter wheat crop of Ohio is estimated to be 38,892,000 bushels compared with 33,350,000 bushels harvested last year and 30,251,000 bushels, the five-year (1928-1932) average production. Ohio ranks second this year among the winter wheat-producing states, whereas in 1934 it was third and generally it ranks fifth. Marked drought damage in the major wheat-producing states of the middle west was responsible for Ohio's relatively better position. This year's winter wheat crop for the entire country was estimated to be 431,637,000 bushels on the basis of the May 1 condition, which is about seven per cent below the 1934 harvest and 23 per cent below the average crop of the preceding ten years.

**Rye** The May 1 condition of rye remaining for harvest was higher in states of the fourth district than the average for the entire country, and also was above the May 1 condition last year and the five-year average May 1 condition. A considerably larger crop than was harvested in other recent years is indicated for Ohio, but in other states a smaller harvest was expected because of a reduction in the acreage planted.

**Hay and Pasture** Cold, dry weather in April retarded growth of hay and pastures generally; in Ohio the May 1 condition was eight points below the ten-year average, while in Pennsylvania it was down three points. In Kentucky and West Virginia pastures were about normal for this season of the year. Many stands of last year's clover seedings are poor, particularly in the northern part of the district. While hay fields and pastures are in better condition generally than a year ago, shortage of hay and feed has necessitated early grazing in many sections and another light crop seems probable at the present time.

**Fruits** The cold weather in mid-April did less damage to early fruit than was reported at that time and prospects on May 1 were better than average for this district. Cherries in the southern and central part of Ohio were damaged considerably, but the May 1 condition for the entire state was 70 per cent of normal, and a 30 per cent larger crop than last year is in prospect. Peach and apple prospects are better than in several years in this section.

**Tobacco** Excessive rains and unusually cool weather in Kentucky has delayed work in the tobacco section materially. While some plants have become oversize due to the delay in transplanting, the supply seems ample and should not prevent the setting of the expected acreage provided ground can be fitted.

Stocks of leaf tobacco owned by dealers and manufacturers amounted to 2,346,630,000 pounds on April 1, 1935, a reduction of approximately 90,000,000 pounds from the same date in 1934. Burley tobacco stocks were reduced about 40.5 million pounds in the period, but on the latest date they were 789,000,000 pounds.

**Prices** The index of farm prices increased three points in April but showed little change from mid-April to mid-May. On the latest date, however, the Bureau of Labor Statistics index was seven per cent higher than at the beginning of the year and 33.6 per cent higher than a year ago. The gain in the index since January has been due primarily to rising prices of meat animals, although prices of dairy products also advanced considerably in the period.

**Fourth District Business Statistics**

(000 omitted)

FOURTH DISTRICT UNLESS OTHERWISE SPECIFIED	April 1935	% Change from 1934	Jan.-April 1935	% Change from 1934
Bank debits—24 cities.....	\$1,918,000	+14.0	\$7,218,000	+14.9
Savings Deposits—end of month:				
41 Banks, O. and Pa.....	\$ 676,324	+ 5.6	1	....
Life Insurance Sales:				
Ohio and Pa.....	\$ 81,820	- 8.4	347,744	+ 9.9
Retail Sales:				
Dept. Stores—51 firms.....	\$ 18,101	+11.7	59,053	+ 3.5
Wearing Apparel—12 Firms....	\$ 890	+11.0	2,899	- 1.2
Furniture—42 firms.....	\$ 777	- 9.4	2,467	- 2.9
Wholesale Sales:				
Drugs—13 firms.....	\$ 1,328	+ 8.2	5,409	- 5.7
Dry Goods—10 firms.....	\$ 1,137	+ 5.2	4,263	+ 3.6
Groceries—31 firms.....	\$ 3,655	+13.2	14,678	+ 5.8
Hardware—14 firms.....	\$ 1,331	- 0.6	4,433	+ 5.0
Building Contracts—Total.....	\$ 11,298	+ 4.5	38,420	-41.9
Building Contracts—Residential.	\$ 2,874	+47.4	8,934	+49.6
Commercial Failures—Liabilities.	\$ 963	-71.1	4,869	-42.8
Commercial Failures—Number...	80 <sup>2</sup>	-13.0	324 <sup>2</sup>	- 9.2
Production:				
Pig Iron, U. S..... Tons	1,672	- 3.7	6,504	+11.0
Steel Ingot, U. S..... Tons	2,606	-10.1	11,013	+12.2
Auto-Pass. Car, U. S.....	401,628 <sup>2</sup>	+39.3	1,268,300 <sup>2</sup>	+46.3
Auto-Trucks, U. S.....	76,088 <sup>2</sup>	+17.7	267,766 <sup>2</sup>	+27.4
Bituminous Coal..... Tons	8,915	-18.3	50,925	- 0.7
Cement—O., W. Pa., W. Va., Bbls.	542	-20.4	905	-32.3
Elec. Power—O., Pa., Ky. k.w.h.	1,253 <sup>3</sup>	+ 1.4	37,684 <sup>4</sup>	+ 5.3
Petroleum—O., Pa., Ky. Bbls.	2,131 <sup>3</sup>	+ 8.4	6,141 <sup>4</sup>	+13.7
Shoes..... Pairs	5	+26.1	5	+20.0
Tires, U. S..... Casings				
Bituminous Coal Shipments:				
L. E. Ports..... Tons	3,054	+88.5	3,453	+94.0
L. E. Ports Receipts..... Tons	119	*	119	*

\*No ore received in April 1934.  
<sup>1</sup>Not available  
<sup>2</sup>Actual number  
<sup>3</sup>March

<sup>4</sup>First three months  
<sup>5</sup>Confidential.

**Debts To Individual Accounts**

(Thousands of Dollars)

	4 weeks ended May 22, 1935	4 weeks ended May 23, 1934	% change from 1934	Year to date Jan. 2, 1935 to May 22, 1935	% change from 1934
Akron.....	\$47,700	\$43,752	+ 9.0	\$242,253	+15.3
Butler.....	6,752	6,395	+ 5.6	32,080	+ 3.7
Canton.....	27,847	26,867	+ 3.6	133,001	+ 4.4
Cincinnati.....	277,962	227,683	+22.1	1,339,612	+14.5
Cleveland.....	441,457	376,404	+17.3	2,080,991	+14.6
Columbus.....	150,140	116,226	+29.2	759,264	+48.5
Dayton.....	49,295	38,759	+27.2	244,775	+33.3
Erie.....	21,003	17,505	+20.0	100,625	+19.3
Franklin.....	2,858	2,448	+16.7	13,191	+ 9.9
Greensburg.....	4,642	4,527	+ 2.5	25,226	+15.3
Hamilton.....	8,290	7,596	+ 9.1	40,317	+12.3
Homestead.....	1,969	1,718	+14.6	9,777	+22.9
Lexington.....	19,228	12,647	+52.0	107,747	+13.1
Lima.....	8,198	7,428	+10.4	42,048	+16.2
Lorain.....	3,249	2,369	+37.1	14,794	+29.2
Middletown.....	6,537	6,020	+ 8.6	33,022	+10.3
Oil City.....	8,383	6,891	+21.7	41,152	+33.3
Pittsburgh.....	604,994	581,741	+ 4.0	2,951,304	+11.2
Springfield.....	13,182	10,774	+22.4	66,746	+18.9
Steubenville.....	7,135	5,852	+21.9	31,805	+14.1
Toledo.....	84,330	82,148	+ 2.7	433,634	+ 4.9
Warren.....	6,836	5,958	+14.7	32,193	+ 9.9
Wheeling.....	26,273	29,902	-12.1	132,756	- 2.8
Youngstown.....	35,114	33,139	+ 6.0	166,466	+12.4
Zanesville.....	6,070	5,768	+ 5.2	30,153	+14.8
Total.....	\$1,869,444	\$1,660,518	+12.6	\$9,104,932	+15.1

**Fourth District Business Indexes**

(1923-1925=100)

	April 1935	April 1934	April 1933	April 1932	April 1931
Bank Debts (24 cities).....	71	62	46	64	100
Commercial Failures (Number).....	55	63	125	145	114
(Liabilities).....	22	75	136	182	105
Sales—Life Insurance (O. and Pa.).....	98	107	80	93	129
Department Stores (47 firms).....	78	73	67	69	97
Wholesale Drugs (12 firms).....	88	82	63	81	99
Wholesale Dry Goods (10 firms).....	46	44	32	36	61
Wholesale Groceries (31 firms).....	66	57	50	58	76
Wholesale Hardware (14 firms).....	68	69	46	51	73
Wholesale All (67 firms).....	65	60	47	56	76
Chain Drugs (4 firms)**.....	73	73	61	74	87
Building Contracts (Total).....	24	23	10	23	77
(Residential).....	17	11	10	11	56
Production—Coal (O., W. Pa., E. Ky.).....	49	60	44	49	65
Cement (O., W. Pa., W. Va.).....	45	57	18	26	69
Elec. Power (O., Pa., Ky.)*.....	149	147	117	129	144
Petroleum (O., Pa., Ky.)*.....	115	106	95	105	109
Shoes.....	134	106	87	62	74

\*March.  
 \*\*Per individual unit operated.

**Wholesale and Retail Trade**

(1935 compared with 1934)

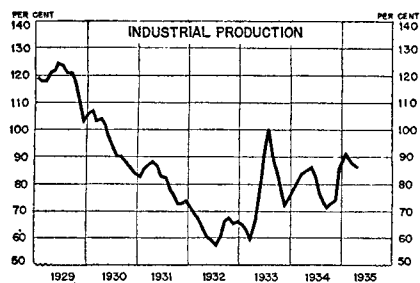
	Percentage Increase or Decrease		
	SALES April 1935	SALES First 4 Months	STOCKS April 1935
DEPARTMENT STORES (51)			
Akron.....	+ 2.1	- 0.5	+ 7.1
Cincinnati.....	+15.0	+ 7.0	+ 3.5
Cleveland.....	+17.0	+ 2.4	- 1.2
Columbus.....	+ 9.5	+ 2.8	- 2.4
Pittsburgh.....	+12.3	+ 3.1	- 4.9
Toledo.....	+ 4.1	+ 2.9	+ 1.8
Wheeling.....	+27.5	+ 3.1	+17.4
Youngstown.....	+ 3.3	+ 5.8	+ 6.2
Other Cities.....	+ 4.9	+ 7.5	+ 6.2
District.....	+11.7	+ 3.5	- 0.2
WEARING APPAREL (12)			
Cincinnati.....	+ 3.2	- 6.7	- 8.4
Pittsburgh.....	+29.0	+ 5.7	+ 3.4
Other Cities.....	+ 8.8	+ 0.1	+ 3.1
District.....	+11.0	- 1.2	+ 0.3
FURNITURE (42)			
Cincinnati.....	- 5.4	+12.0	....
Cleveland.....	-17.9	-17.6	....
Columbus.....	+10.3	+10.8	....
Dayton.....	+ 3.0	+ 8.3	....
Toledo.....	- 7.0	+ 9.2	....
Other Cities.....	- 5.4	+10.7	....
District.....	- 9.4	- 2.9	....
CHAIN STORES*			
Drugs—District (4).....	- 0.4	- 1.9	....
Groceries—District (5).....	+ 7.3	+ 6.0	....
WHOLESALE GROCERIES (31)			
Akron.....	+36.2	+31.3	....
Cleveland.....	- 5.5	- 8.3	....
Erie.....	+10.6	+15.2	....
Pittsburgh.....	+16.4	+ 7.5	....
Toledo.....	+20.6	+11.9	....
Other Cities.....	+20.4	+10.2	....
District.....	+13.2	+ 5.8	+10.5
WHOLESALE DRY GOODS (10).....	+ 5.2	+ 3.6	- 7.4
WHOLESALE DRUGS (13).....	+ 8.2	+ 5.7	....
WHOLESALE HARDWARE (14).....	- 0.6	+ 5.0	....

\*Per individual unit operated.



## Summary of National Business Conditions

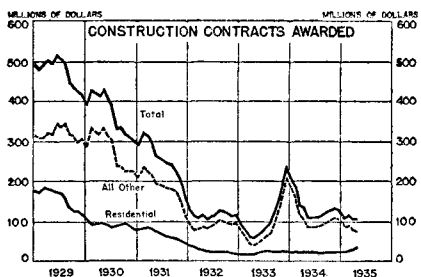
By the Federal Reserve Board



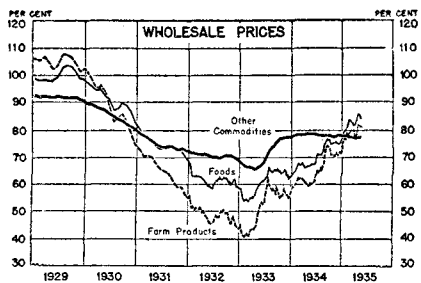
Index of industrial production, adjusted for seasonal variation (1923-1925=100). Latest figure, April, preliminary 86.



Indexes of factory employment and payrolls, without adjustment for seasonal variations (1923-1925 average=100). Indexes compiled by the U. S. Bureau of Labor Statistics. Latest figures, April, employment, 82.4; payrolls, 70.7.



Three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variation. Latest figure based on data for March, April and estimate for May.



Indexes of the U. S. Bureau of Labor Statistics (1926=100). By months 1929 to 1931; by weeks 1932 to date. Latest figures, May 18, farm products 80.9; foods, 83.8; other commodities, 77.6.

Factory production and employment showed little change in April, while output at mines declined. Residential construction showed a further increase.

### Production and Employment

Combined output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, declined from 88 per cent of the 1923-25 average in March to 86 per cent in April. This downward movement reflected chiefly decreases in the output of steel, cotton and silk textiles, and bituminous coal, offset in part by increased mill consumption of wool, and larger output of anthracite. At steel mills output declined from 49 per cent of capacity in March to 45 per cent in April and, according to trade reports, showed a further slight decline in the first three weeks of May. In the automobile industry there was a further increase in production during April, followed by a decline in the early part of May, partly as a consequence of labor disputes. In the tobacco industry activity was maintained at recent high levels. Output of bituminous coal declined sharply at the beginning of April, following a period of relatively high production earlier in the year.

The total number of workers employed in factories was about the same in the middle of April as a month earlier and factory payrolls also showed little change. Declines in employment were reported for railroad repair shops and textile mills, while in the machinery industries employment continued to increase and in the men's clothing industry it showed none of the usual seasonal decline. In agriculture and in the building industry employment increased seasonally.

Total value of construction contracts of all kinds, as reported by the F. W. Dodge Corporation, showed little change from March to April. A further increase in residential projects was offset in the total by a decline in contracts for other types of construction.

### Distribution

Total freight-car loadings declined in April, contrary to seasonal tendency, chiefly as a consequence of a large decrease in shipments of bituminous coal. Department store sales, which had shown a sharp increase in March, increased by considerably less than the estimated seasonal amount in April.

### Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, has shown little change since the middle of April, following an increase in the early part of the month, and in the week ending May 18 was at 80.0 per cent of the 1926 average as compared with 79.9 per cent in the week ending April 13. For this period the prices of cotton, hogs, hides, and non-ferrous metals increased somewhat, while grains and butter declined. In the following week there were further increases in the prices of hogs and of lead, while prices of wheat decreased further.

### Bank Credit

During the five weeks ended May 22 member bank balances with the Federal reserve banks increased to \$4,820,000,000, the highest figure on record, and excess reserves rose to a new high level of over \$2,350,000,000. The principal factors in the increase of member bank reserve balances were the disbursement by the Treasury of \$240,000,000 of funds previously held in the form of cash or on deposit with the Federal reserve banks and further gold imports of \$90,000,000.

Deposits of reporting banks in leading cities increased further during the four-week period ended May 15, reflecting chiefly disbursements by the United States Treasury.

Yields on short-term Government securities declined slightly further during this period, while other short-term open-market money rates remained at low levels. The discount rate was reduced from 2 per cent to 1½ per cent at the Federal Reserve Bank of Cleveland and from 2½ per cent to 2 per cent at the Richmond, Minneapolis, Kansas City, and Dallas banks. Rates are now 1½ per cent at New York and Cleveland, and 2 per cent at all the other reserve banks.