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Industrial activity in this district in late July and the first half of August apparently was at a higher rate, compared with earlier months of the year, than is generally the case. In contrast with a slowing-down in production which oftentimes develops in the first half of the third quarter, gains were evident in many lines and in the third week of August sizable increases from last year were discernible. In some cases operations were at higher levels for this season than in the last five years.

While some of the recent activity represented a building-up of inventories, partly in anticipation of a seasonal increase which is looked for by trade in the fall months, such stocking of goods probably represented in part the replacement of depleted supplies. The accompanying chart shows *Department of Commerce* indexes of stocks of raw materials and manufactured goods. At the end of June the index of raw materials was down sharply from a year ago and was lower than at any time since 1928. Inventories of manufactured goods increased slightly in June. The most sizable gains were in foods and nonferrous metals, but the composite index was still three per cent lower than a year ago. Stocks carried by fourth district department stores were five per cent smaller on July 31 than a year earlier.

Retail trade in this district in July declined more than seasonally from the recent high level of June, but dollar volume of sales at reporting stores was 12.5 per cent greater than in July 1934. *Fairchild's* index of retail prices at stores throughout the country was three per cent lower on August 1 than a year ago.

Industrial employment in this section was down slightly in July, but a gain of about two per cent from last year was reported. An unusually good showing was made by several important lines in recent weeks. Iron and steel plants continued to increase operations in late July and the first three weeks of August, the national rate rising to above 50 per cent of capacity in the two latest weeks, the highest since February. Increasing production has been apparent each week since early July; it has been favorably regarded in that the rise occurred at a season when gains seldom are evident and also because it resulted from a broadened steel demand. The automobile industry continued active in the steel market, but miscellaneous steel requirements have

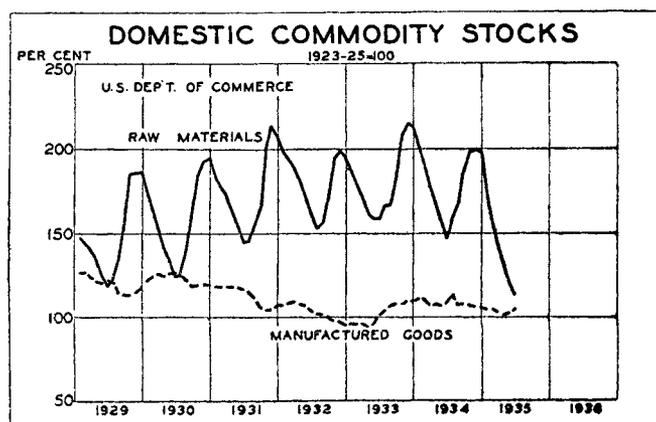
increased considerably and tin plate demand has held up quite well, although a seasonal decline occurred recently.

Sales of new machine tools, an important factor to many plants in this section, had a higher value in July than in any month since late 1929. The increase from June was largely a result of foreign buying, although domestic sales increased slightly. Foundry equipment and small tool sales also were substantially ahead of this season in 1934.

Automobile production held up quite well in July, being 27 per cent greater than in the same month of 1934, but a contraction was under way in August, as preparations were made for model changeovers. Output in the seven-month period was greater than in any similar interval since 1929, and by the third week of August more cars had been made than in the entire year of 1934.

Most clothing and shoe factories were operating at capacity levels in mid-August and orders received recently for wearing apparel and footwear were larger than at that time last year. Rubber factories were only operating three or four days a week in mid-August because of a drop in orders from automobile plants, but replacement tire sales in July and early August were in somewhat better volume, according to reports, than was expected earlier in the year.

Operations at coal mines continued to fluctuate considerably in recent weeks, declines being shown in August at a time when, in other recent years, increases were experi-



enced. Output of local mines in the first seven months was slightly less than in the same period of 1934. Electric power production increased more than seasonally in early August to the highest point ever reached, after allowing for seasonal variations, and the gain in recent weeks from last year in this section has been about ten per cent.

The building industry in the first half of August reported gains similar to those of July. Residential contracts awarded in this territory in the first half of the month were more than twice what they were in the same period of 1934 and gains in nonresidential and public works' construction were also reported. In July, total contracts awarded were 122 per cent ahead of the same month last year.

Agricultural conditions in this district on August 1 were much better than at that time last year, according to the *Department of Agriculture*, but heavy rains and floods in early August did considerable damage to crops in some sections, delayed threshing generally, and reduced the quality of grain in many instances. Despite this, however, crop prospects continue better than in the past two years and prices of farm products remain higher at this season than since 1930, some recovery being recorded in the first half of August, following declines in the early summer months.

FINANCIAL

Total credit extended by weekly reporting member banks in the fourth district continued to expand in the first three weeks of August, but as has been the case for many months, the bulk of the increase represented additional investments in United States Government securities or those fully guaranteed by the Government. Loans on securities increased slightly between July 24 and August 21, but on the latest reporting date they were 14 per cent smaller than at this time last year. Commercial loans declined about five per cent in the four latest weeks, after showing little change in May, June or early July. On the latest date, however, they remained above the low point of the year and slightly higher than at this time in 1934.

Investments in other than Government securities increased slightly in the four latest weeks, but on August 21 they were about five per cent smaller than a year ago. Holdings of Government securities rose quite sharply to \$648,000,000, compared with \$581,000,000 at this time last year and \$628,000,000 in the latter part of July. At reporting member banks in this district investments in United States Government securities (including those guaranteed by the Government) represented 54 per cent of the total volume of loans and investments. This compares with 48

per cent a year ago and 34 per cent in March 1933. The accompanying chart shows the sharp rise in investments, all of which represented Government securities, at local reporting member banks since the Banking Holiday. Loans at the same time have declined, although in the second quarter of 1935 a very slight increase in loan account was evident.

Deposits at these banks continued to rise; in the four latest weeks an increase of \$30,000,000 was reported, \$26,000,000 of which was in demand deposits. Since March 1933 deposits at reporting member banks increased 44 per cent and the gain (expressed in per cent) was about equally divided between demand and time deposits, although so far this year demand deposits have increased somewhat more rapidly than time deposits.

Member bank daily average excess reserves increased in July, but remained below the peak touched in May. At \$147,000,000, they were up \$8,000,000 from June.

Savings deposits at selected banks were down slightly at the end of July from the month previous, but a gain of 5.6 per cent was shown from a year ago.

At the Federal Reserve Bank of Cleveland there was a slight increase in loans to industry in mid-August following a contraction earlier in the month. On August 21 these loans were \$1,685,000. Bills discounted for member banks increased in late July and the first week of August, but declined in the two following weeks.

There was an increase in the volume of this bank's notes in circulation in the first three weeks of August, but gains have occurred at this season in several past years and in addition retirement of the national bank notes is being made in part by Federal reserve notes. Compared with a year ago note circulation of this bank in late August was up \$10,000,000.

Debits to individual accounts at banks in 24 cities of the district were 15.6 per cent larger in the four weeks ended August 21 than in the same period of 1934, while the gain for the year to date was 14 per cent.

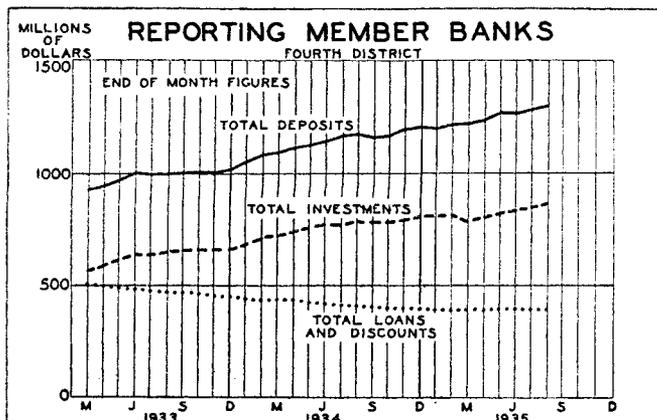
MANUFACTURING, MINING

Iron and Steel

The iron and steel industry so far this summer has made a very favorable showing and in mid-August it seemed to stand out as a dominant factor in the business situation, particularly in this district.

In response to increased demand, steel operations in the entire country in the latter part of August were above 50 per cent of capacity, higher than since early February. Production has increased for seven consecutive weeks rising from the low in early July of 31 per cent and a year ago mills were operating at approximately 21 per cent. The general rise has been unusual for this season of the year when little in the way of expansion in steel production is usually expected.

Operating rates in principal steel centers of this district, excluding Pittsburgh, have been above the national average. At Youngstown operating rates in the latest week were close to 60 per cent of capacity, the best rate for this season in the past five years. In the third week of July these mills were operating at 46 per cent. Fifty-one of the 83 open hearth furnaces were producing in the latest week. Mills in the Wheeling territory, in response to increased tin plate demand, stepped up operations from 73 to 84 per cent, but they were reduced 8 points in the third week of



the month. At Pittsburgh the rate was increased from 38 to 43 per cent. In the Cleveland-Lorain district production advanced from 41 to 59 per cent, although in the week beginning August 19 it dropped back to 51 per cent.

One of the underlying causes for the unusual increase in steel mill operations in August was the sustained demand of automobile and agricultural implement manufacturers. In most years specifications from these consumers decline at this season. Considerable purchasing of steel by makers of household equipment, machine tools, and other heavy machinery also have buoyed up operations. Some steel recently has been produced for the automobile industry in advance of actual demand, for, according to reports, automobile manufacturers have instructed steel mills to roll material pending shipments at a later date as soon as it is needed for the new models.

The volume of steel orders received from the railroads and the construction industry has lagged behind last year and the Federal work relief program has not yet matured sufficiently to warrant steel and other material purchases.

Daily average steel ingot production in July was 87,316 gross tons, compared with 89,236 tons in June. The additional working day, however, caused total output, at 2,270,224 tons, to be slightly above June and the gain from July 1934, when production was at an unusually low level, was 52.5 per cent. This sharp increase caused the seven months' output, which was 18,294,915 tons, to be 2.2 per cent greater than in the same period of 1934.

Daily average pig iron production in July was 49,033 gross tons, 5.6 per cent less than in June. Total output, at 1,520,016 tons, was 23.7 per cent ahead of July 1934 and the gain for the first seven months was 2.4 per cent. There was one more blast furnace in operation on July 31 than a month earlier, 92 being active at the month-end, but in the first three weeks of August five additional furnaces were lighted.

Raw material prices have strengthened generally. Scrap steel has been increasing in all centers and the composite price in mid-August was \$12.33 compared with \$10.64 in July and \$9.98 at this time last year. Finished steel prices also have been advancing and new sets of extras have been formulated on many products. *Steel's* iron and steel price composite on August 26 was \$32.72, in contrast with \$32.44 in July and \$32.24 in mid-August 1934.

Coal Operations at coal mines in this district in July and the first half of August continued at a reduced rate in contrast with a year ago and earlier periods of this season. The large stocks of coal built up in the first half of the year have been more than sufficient to take care of current demands and mine production in this district in July, at 9,162,000 tons, was down 26.7 per cent from June and 13.8 per cent from July 1934. Less coal was produced in the latest month than in any similar period since 1932. For the year to date coal production in this section was 1.7 per cent less than in the first seven months of 1934, while in the entire country a gain of about two per cent was reported for the same period.

The coal industry this year has experienced a series of violent ups and downs so far as production is concerned, but actual consumption of coal has been about the same as in 1934. Coal shipments from Lake Erie ports in July were 22.4 per cent smaller than in the corresponding month

of 1934, but for the year to date a decline of only 0.5 per cent was recorded.

Automobiles A moderate slowing-down in automobile production was evident in July when output receded to 337,049 units from 361,320 in June; and a more pronounced falling-off was recorded in the first three weeks of August as many plants closed for inventories, model changes, or to permit dealers to work off stocks prior to the introduction of the 1936 models some time this fall. The drop in July daily average output was a little more than seasonal, the Federal Reserve Board's adjusted index falling four points to 96 per cent of the 1923-25 monthly average. Compared with a year ago, however, a gain of 27.2 per cent was shown and in the first seven months of this year, when 2,599,193 cars and trucks were made, output was 31.3 per cent ahead of the comparable period of 1934 and in excess of any similar interval since 1929. With production in the first three weeks of August estimated at about 150,000 units by *Cram's*, more cars have been made so far this year than in the entire twelve months of 1934. Despite the falling-off from July to August, the entire month's output, judging by the weekly figures, is expected to be only slightly lower than in August 1934. The earlier than usual introduction of new models this year, however, will distort comparisons of monthly figures for the remainder of 1935 with other years.

The drop from June to July in truck production was slightly less than the falling-off in passenger car output in the same period and there were 45.7 per cent more trucks made in July than in the corresponding month of 1934, while passenger car production was up 23.8 per cent. In the first seven months of this year 2,148,515 passenger cars were made, according to the *Department of Commerce*, an increase of 32 per cent from the same period of last year and more than in any similar interval since 1929. Truck production up to August 1 was 450,678 units, a gain of 27 per cent from the preceding year.

Although plant schedules in August were somewhat smaller than in July, operations have been buoyed up by large retooling programs and plant expansions. Work in preparation for fall introduction of the 1936 models has been proceeding steadily throughout the industry.

Retail demand for cars has held up very well this summer. Passenger car registrations in July, according to *Polk's*, were close to 300,000 units, compared with 229,000 in July 1934. July sales were only exceeded this year by those in April, amounting to 320,000 units. In this district sales increased contra-seasonally in the latest month, those in Ohio being up one per cent in contrast with an average decline from June to July of five per cent. Truck sales in Ohio increased 12 per cent from June.

Rubber, Tires Sales of tires in July to be used for replacement increased beyond expectations from June and were larger than in July 1934, according to reports from manufacturers, and the improvement apparently continued in the first half of August. This was in contrast with the first six months of this year when replacement sales were disappointingly low, about 15 per cent below the same period of 1934. Sales of tires to automobile manufacturers in the first half of this year were approximately 10,300,000 units compared with 8,600,000 in the first half of 1934.

Inventories of tires in hands of manufacturers declined slightly in June as shipments exceeded output. They are still large, however, amounting to 10,700,000 units on July 1, a gain of five per cent from the same date of 1934. Tire stocks were larger for this season than since 1930.

Most tire plants in this district were operating only three or four days a week in mid-August. Shipments to automobile assembly plants were in limited volume, the slackening in these sales coming about two months earlier than in other recent years because of the advance in the date of model changeovers. This followed a slight reduction in July which was chiefly seasonal; in contrast with a year ago the employment index of the Ohio State University Bureau of Business Research was down 0.2 per cent.

Crude rubber consumption in the United States amounted to 36,384 long tons in July, a drop of less than one per cent from June, but an increase of 11.8 per cent from July 1934. It was estimated that rubber imports, at 46,880 long tons, were up 22 per cent from June and 13 per cent from July 1934. Total rubber inventories, despite the increase in the latest month, at 330,528 long tons, were approximately ten per cent smaller than a year ago. Manufacturers had on hand sufficient rubber to last approximately nine months.

Tire production in June, the latest month for which complete information is available, was 3,910,000 casings, a drop of 6.4 per cent from May and ten per cent from June 1934. In the first six months of this year 25,951,000 casings were produced, 3.9 per cent less than in the first half of last year.

Clothing Manufacturers of all types of clothing in this district increased operations slightly in July contrary to the trend for this season of past years. The average June-July change in employment for the preceding five years was a decline of 8.2 per cent at 33 factories reporting figures to the Ohio State University Bureau of Business Research. In contrast with a year ago employment was up 19 per cent, but at this time in 1934 plant activity was retarded by a delay in textile deliveries from mills.

Orders for both men's and women's fall clothing, which have been received in recent weeks, continue larger than last year and production at most plants in the first half of August was at capacity levels. Stocks of men's clothing have increased seasonally, but it is reported that production of women's wear has been kept close to actual orders. Sales of clothing materials and yard goods have been much larger this season than in 1934 and the continued popularity of knitted clothing has kept local mills operating at higher rates than a year ago.

Sales of women's ready-to-wear at fourth district reporting stores in July were 19.5 per cent larger than in the same month of the previous year and men's clothing and boys' wear sales were up 24 and 19 per cent, respectively, in the same period. It is interesting to note in connection with these increases that retail apparel prices, according to *Fairchild's* index, showed practically no change in the latest month and were somewhat lower at representative stores than at this time last year.

OTHER MANUFACTURING

Operations in the smaller industries, in comparison with the spring months, apparently have been maintained at

higher levels this summer than is generally the case. The seasonal contraction has been confined to a few lines and plant activity in most instances was at a higher rate than a year ago. Inventories have not increased abnormally, according to reports, and some industries state they are entering the fall season in the best position in five years.

Auto Parts and Accessories. The sharp slump which usually occurs in automobile parts' production in July failed to materialize so far as the average for reporting plants in this district was concerned. A few individual companies experienced declines which were seasonal, but the index of the number employed was unchanged in contrast with a five-year average drop from June of 4.6 per cent, the falling-off being chiefly in the number of hours worked. Buying of parts for the 1935 models has held up better than expected and assembly plants in the first half of August were beginning to order parts in large volume for the 1936 models.

Brick and Tile. A moderate amount of improvement was shown in the clay products' industry in July; employment at local plants increased five per cent from June, a more-than-seasonal gain. Compared with last year an increase of ten per cent was reported. Total brick production in June, the latest month for which complete figures are available, was 196 per cent above June 1934, but despite this increase only 15 per cent of the industry's machine capacity was being utilized.

China and Pottery. Demand for china and pottery in late July and the first half of August was below expectations. Orders received at recent shows were not large, although considerable interest in the exhibits was evident. Factories in this district in early August were operating at slightly more than 50 per cent of capacity, but employment at local plants in July was down 4.1 per cent from June.

Electrical Supplies. Orders received for electrical apparatus and supplies in July and early August compared very favorably with those obtained at that time last year and the usual summer decline was not experienced. Employment in July was less than a year ago, but for the year to date a net increase was shown. Inventories are slightly larger than in 1934, but they are in keeping with the increased business, according to reports.

Glass. Plate glass production continued at near capacity levels in mid-August, but, according to reports, a good share of the output was for inventories, since automobile demand was reduced and building of the type which uses plate glass is still in limited volume. Window glass sales in the first half year were 25 per cent ahead of the same period of 1934 and the industry in early August was operating at approximately 85 per cent of capacity. Inventories of this type of glass have shown little change in recent months and increased construction and renovizing work has, in part, accounted for the larger sales. Molded glass containers have been in good demand this summer, although a slackening in sales was reported in the first half of August. Employment at all reporting glass concerns in this district was 20 per cent greater in June than a year ago and the 2.8 per cent drop from June was less than seasonal.

Hardware. Demand for hardware and metal products continued in good volume in the four latest weeks. Agricultural hardware sales have been large and reports of the best season in five years have been received.

Machine Tools. Sales of new machine tools in July were larger than in any month since October 1929 and monthly average sales for the first seven months of this year exceed the monthly average of 1930. While domestic buying increased slightly from June to July, foreign purchases showed a much larger gain, proportionately. In the latest month they represented 30 per cent of total sales, which, according to the *National Machine Tool Builders' Association*, were 120 per cent of the monthly average shipments in 1926. Demand for small tools was strong in early August, the gain from last year being reported at from 20 to 30 per cent. Foundry equipment sales were down slightly from June, but a gain of 84 per cent from a year ago was shown.

Paint. A substantial increase in demand for paint was reported in recent weeks and sizable gains were shown from last year. Prices of raw materials have advanced recently, but manufacturers have a large supply on hand. Finished paints have been moving into consumption channels quite rapidly and stocks are not abnormal for this season.

Paper. Operations at paper and boxboard plants in recent weeks continued at satisfactory levels for this season; gains from a year ago were reported generally. Inventories have shown a slight rise in the past two months, partly in preparation for a seasonal increase in demand which usually develops in the fall months.

Shoes. In late July and early August most shoe factories were operating at capacity levels in preparation for the fall and winter season soon to get under way. An increase in employment and production was shown generally compared with last year at that time. Demand for fall shoes has developed somewhat earlier than usual, according to reports. Output of fourth district factories in the first half of 1935 was 10 per cent ahead of the same period of the preceding year.

TRADE

Retail Retail trade in this district in July, judging by sales at reporting department stores in leading cities, was 12.5 per cent greater than in the same month of 1934. Gains ranged from 2.6 per cent at Youngstown to 22 per cent at Wheeling, with the industrial centers showing larger increases than smaller cities in the more rural sections of the district. Sales of all reporting stores in the first seven months of the year were 2.5 per cent larger than in the same period of 1934.

In contrast with June, dollar sales were down quite sharply, the falling-off being more than seasonal, but stores in this section reported a rather large sales volume in the earlier month. The index of daily average sales declined from 77.6 per cent of the 1923-25 monthly average in June to 71.8 per cent in the following month.

So far as the individual departments at reporting stores were concerned gains from last year were shown in each important department except wash yard goods. Clothing sales were up quite sharply from last year and sales of furniture and house furnishings were up from 10 to 15 per cent. Sales of silverware and jewelry were up 25 per cent from a year ago, but price increases were an important factor. So far as total department store sales were con-

cerned, the gain from last year apparently was little affected by price changes, for *Fairchild's* retail price index on August 1 was 3.1 per cent below the corresponding date of 1934. Practically no change was reported in the latest month.

The ratio of credit to total sales at reporting stores in July was 56.0 per cent in contrast with 58.1 in June and 52.4 in July 1934. The increase was chiefly in regular charge sales, the ratio of installment to total sales being smaller in the latest month than a year ago.

The dollar value of stocks at fourth district department stores was nine per cent lower on July 31 than at the end of June, the falling-off being considerably more than seasonal. In contrast with a year ago the value of stocks was down 4.8 per cent. The seasonally adjusted index in the latest month was 57.8 per cent of the 1923-25 monthly average.

Collections of outstanding accounts in the latest month continued above a year ago, the ratio of collections on regular 30-day accounts being 42.5 per cent of the amount outstanding at the beginning of the month, as compared with 39.9 per cent in July 1934.

Sales of reporting wearing apparel stores in July were 23 per cent larger than in the same month of 1934, but the gain in sales for the first seven months was only 1.3 per cent. Reporting furniture stores experienced a 2.6 per cent increase in sales from last year in July, but in the first seven months a falling-off of 2.8 per cent was shown. A rather sharp increase in chain drug sales was reported in July, the gain from 1934 being 14.5 per cent. In the first seven months of 1935 sales were 2.9 per cent ahead of the same period of the preceding year. Chain grocery sales, per individual unit operated, were up 9.5 per cent in July and 5.7 per cent in the first seven months of this year from corresponding periods of 1934.

Wholesale

Little change was evident in the dollar volume of sales at all reporting wholesale firms in this district from June to July.

This was contrary to the trend of other recent years when a drop oftentimes has been recorded. In contrast with July 1934, gains were shown by all reporting lines; dry goods sales were up 1.5 per cent, drugs 9.9 per cent, groceries 10.9 per cent, and hardware 12.5 per cent. With the exception of wholesale drugs, all reporting lines showed increases in dollar sales in the first seven months. Sales of dry goods were up slightly, but gains of 5.1 and 4.4 per cent, respectively, were shown by wholesale grocery and hardware firms.

BUILDING

Further improvement was evident in the construction industry in July and the first half of August, both in the fourth district and the 37 Eastern States, according to figures compiled by the *F. W. Dodge Corporation*. The gains were largely a result of continued recovery in private construction as distinguished from publicly-financed building. So far as the entire country is concerned the value of private contracts awarded in July was greater than in any other month since segregated figures first became available in January 1932. Private work in July was nearly 40 per cent greater than in the same month last year and represented approximately 60 per cent of total building, while a year ago it represented a little more than 50 per cent.

In the fourth district total contracts awarded were valued at \$22,472,000 in July compared with \$10,121,000 in the same month of 1934, an increase of 122 per cent. This was an improvement of nearly 50 per cent from June, which was contrary to the seasonal trend. The increase from June was in nonresidential and public works' and utility construction. Residential building declined seasonally, but the value of such contracts awarded in July, at \$4,221,000 in the fourth district, was still 105 per cent ahead of July 1934. In the first seven months of this year a gain in residential building of 98 per cent was reported, while total building in the same period was down ten per cent. The reduction in total construction was entirely due to the sharp falling-off in publicly-financed building from the early part of 1934.

Contemplated construction in the fourth district, reported in July, was slightly in excess of the June figure and was considerably above July 1934. Sales of building materials have shown a decided increase in recent months and inventories are smaller generally than they were at this time last year. Lumber production has increased quite sharply in the past few weeks, but it has been kept quite close to actual consumption.

AGRICULTURE

Local crop prospects changed materially in the past month. Conditions were very favorable to growth of summer crops such as corn, which improved greatly in July and the first half of August, but the unusually abundant rain, which caused extensive floods in large areas and did excessive damage to crops in these sections, retarded farm work. Much damage was done to wheat and oats already cut, but not threshed. Notwithstanding these changes, which will be reflected in the official September crop reports, indications still point to larger combined yields of local crops, including fruits, than the average of the ten years 1921-30.

So far as the entire country is concerned radical changes occurred in crop prospects in the month of July, particularly in estimates of corn and wheat production. The improvement in the prospective corn crop in July was approximately 11 per cent and in early August indications pointed to a crop nearly equal to the average of the past ten years. The spring wheat crop was seriously affected by rust and hot weather and, since the winter wheat is threshing out substantially below earlier expectations, the total crop is expected to be less than 75 per cent of the average harvest of the five years 1928-32. The total harvest

is estimated at 608,000,000 bushels, including considerable wheat suitable only for feeding. This amount is less than the average annual domestic consumption in recent years.

Changes in condition of other crops were less important in July and, all crops considered, it now seems probable that yields per acre would be 2.8 per cent above the ten-year average 1921-30, but the total harvest is expected to be below the ten-year average because acreage harvested this year is down about six per cent.

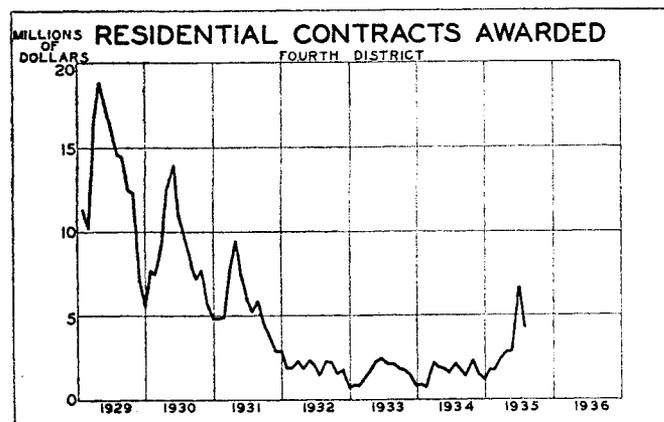
Notwithstanding this expected reduction substantial increases in cash receipts from the sale of principal farm products are indicated for the year 1935 in contrast with the preceding twelve months. In the first six months of this year cash receipts, including benefit payments, of farmers throughout the country were approximately six per cent ahead of the first half of 1934. The gain for Ohio in this same period was 41 per cent, the second largest in the country. Kentucky farmers experienced an increase of 27 per cent while those in Pennsylvania and West Virginia received 17 and 14 per cent larger cash incomes, respectively, than in the first half of 1934. These figures are compiled by the *United States Department of Agriculture* and are based on approximately 94 per cent of all income from farm products.

Wheat. The August 1 estimate of winter wheat production in the fourth district was slightly smaller than a month earlier, although an increase of 20 per cent from the 1934 harvest was indicated. This year's crop is larger than since 1931 in this district and is somewhat above the average of the past ten years. Preliminary estimates place the acreage yield in Ohio at 22.2 bushels compared with a ten-year average yield of 19.2 bushels, which also was reported for 1934. Better-than-average yields were also reported for Pennsylvania and West Virginia, but in Kentucky the wheat crop was considerably below average. In most sections of the district the excessive rains have not only delayed threshing, but have materially reduced the quality of the grain.

Corn. The August 1 condition of the corn crop in the fourth district, excluding Kentucky, was materially above the average of the ten years 1923-32. In Ohio and Pennsylvania this was 87 and 88 per cent, respectively, in contrast with 77 and 80 per cent, the ten-year average August 1 condition. The crop in this district on the reduced acreage is expected to be 164,000,000 bushels compared with 129,000,000 bushels harvested in 1934, and 165,000,000 bushels, the average harvest of the ten years 1925-34. Although the corn crop was planted very late this year it made remarkable growth during July in this district and prospects in mid-August were very promising.

Oats, Etc. As a result of excessive lodging and considerable rust damage, estimated production of oats in the fourth district was reduced nearly five per cent in July, but the expected harvest of 55,000,000 bushels was still more than 50 per cent above 1934. Despite this improvement from last year's unusually small crop this year's harvest is estimated to be considerably below the ten-year average.

Little change in the estimate of hay production and the condition of other small grains occurred in July, but pastures continued to improve during the month and on August 1 in this district were from 80 to 90 per cent of estimated normal, compared with about 76 per cent, the ten-year average and from 40 to 50 per cent at this time last year.



Estimated potato production was increased slightly in July, but the excessive rains of early August were not beneficial to the crop and many fields were very weedy.

Fruits. No marked changes in fourth district fruit crop prospects occurred in July, but improvement was quite general throughout the district. Expected yields of all fruits in this section are considerably above the ten-year average and are in sharp contrast with the rather poor crop harvested in 1934.

Tobacco. Tobacco crop prospects in the fourth district improved slightly in July and estimated production, at 97,570,000 pounds, was about four per cent above the 1934 harvest. The Burley tobacco crop, which is forecast at 254,000,000 pounds, is about equal to the 1934 crop, but approximately 26 per cent less than the five-year average production 1928-32. Uneven stands are reported in many sections, but the August 1 condition was about equal to the average of preceding years and conditions favorable to crop growth were reported for the first half of August.

Stocks of Burley tobacco on July 1 were approximately 38,000,000 pounds lower than on the same date of 1934. The Department of Agriculture's report shows 726,000,000 pounds of this type of tobacco on hand, but the decrease during the second quarter of this year was approximately 1,000,000 pounds less than in the same period of 1934. Total stocks of leaf tobacco owned by dealers and manufacturers in the United States amounted to 2,161,000,000 pounds on July 1, a decrease of 2.5 per cent from a year ago.

Wholesale and Retail Trade

(1935 compared with 1934)

	Percentage Increase or Decrease		
	SALES July 1935	SALES First 7 Months	STOCKS July 1935
DEPARTMENT STORES (49)			
Akron.....	+ 8.1	- 1.2	+ 0.6
Cincinnati.....	+18.0	+ 6.1	- 6.5
Cleveland.....	+10.3	+ 0.6	- 2.9
Columbus.....	+ 7.1	+ 2.0	- 6.4
Pittsburgh.....	+15.4	+ 3.0	- 8.9
Toledo.....	+16.7	+ 4.2	+ 2.4
Wheeling.....	+22.2	+ 3.9	- 5.3
Youngstown.....	+ 2.6	+ 1.0	+ 9.5
Other Cities.....	+ 6.2	+ 4.0	+ 3.2
District.....	+12.5	+ 2.5	- 4.8
WEARING APPAREL (12)			
Cincinnati.....	+43.4	- 1.6	+ 3.1
Pittsburgh.....	+27.1	+ 6.8	- 3.5
Other Cities.....	+11.7	+ 1.2	+ 7.2
District.....	+23.4	+ 1.3	+ 3.4
FURNITURE (42)			
Cincinnati.....	+23.5	+ 8.1	.....
Cleveland.....	-12.3	-16.5	.....
Columbus.....	+ 7.8	+ 6.7	.....
Dayton.....	- 7.7	+ 7.9	.....
Toledo.....	+46.0	+15.2	.....
Other Cities.....	+16.6	+10.7	.....
District.....	+ 2.6	- 2.8	.....
CHAIN STORES*			
Drugs—District (4).....	+14.5	+ 2.9	.....
Groceries—District (5).....	+ 9.5	+ 5.7	.....
WHOLESALE GROCERIES (30)			
Akron.....	+41.8	+33.0	.....
Cleveland.....	- 2.8	- 7.8	.....
Erie.....	+10.7	+ 8.9	.....
Pittsburgh.....	+ 5.1	+ 2.7	.....
Toledo.....	+18.4	+12.0	.....
Other Cities.....	+14.1	+ 8.4	.....
District.....	+10.9	+ 5.1	+ 4.0
WHOLESALE DRY GOODS (10).....	+ 1.5	+ 0.3	- 7.4
WHOLESALE DRUGS (13).....	+ 9.9	- 2.4	.....
WHOLESALE HARDWARE (14).....	+12.5	+ 4.4	.....

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	July 1935	% change from 1934	Jan.-July 1935	% change from 1934
Bank Debits—24 cities.....	\$1,968,000	+12.0	13,160,000	+12.9
Savings Deposits—End of month: 41 banks, O. and Pa.....	\$ 686,744	+ 5.6	1	.....
Life Insurance Sales: Ohio and Pa.....	\$ 75,094	- 4.9	574,870	+ 1.1
Retail Sales: Dept. Stores—49 firms.....	\$ 12,436	+12.5	104,823	+ 2.5
Wearing Apparel—12 firms.....	\$ 556	+23.4	5,058	+ 1.5
Furniture—42 firms.....	\$ 523	+ 2.6	4,573	- 2.8
Wholesale Sales: Drugs—13 firms.....	\$ 1,262	+ 9.9	9,174	- 2.4
Dry Goods—10 firms.....	\$ 846	+ 1.5	7,210	+ 0.3
Groceries—30 firms.....	\$ 3,893	+10.9	25,931	+ 5.1
Hardware—14 firms.....	\$ 1,253	+12.5	8,410	+ 4.4
Building Contracts—Total.....	\$ 22,472	+122.0	85,899	-10.0
—Residential.....	\$ 4,221	+105.0	22,870	+97.8
Commercial Failures—Liabilities.....	\$ 1,736	+ 1.0	9,410	-44.0
—Number.....	170 ²	+25.0	550 ²	+ 1.9
Production: Pig Iron, U. S..... Tons	1,520	+23.7	11,350	+ 2.4
Steel Ingot, U. S..... Tons	2,270	+52.5	18,295	+ 2.3
Auto-Passenger Cars, U. S.....	276,084 ²	+23.8	2,148,515 ²	+32.2
Auto-Trucks, U. S.....	60,965 ²	+45.7	450,678 ²	+27.3
Bituminous Coal..... Tons	9,162	-13.8	83,690	- 1.7
Cement—O., W. Pa., W. Va. Bbls.	917	- 7.9	3,600	-15.6
Elec. Power—O., Pa., Ky. K.w.h.	1,204 ³	+ 6.9	7,445 ⁴	+ 6.2
Petroleum—O., Pa., Ky. Bbls.	2,048 ³	- 2.0	12,611 ⁴	+10.7
Tires, U. S..... Casings	3,910 ³	- 9.9	25,951 ⁴	- 3.9
Bituminous Coal Shipments: L. E. Ports..... Tons	4,239	-22.4	17,699	- 0.5
Iron Ore Receipts: L. E. Ports..... Tons	3,295	- 2.0	8,524	+ 7.3

¹ not available
² actual number

³ June
⁴ January-June

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended August 21, 1935	% Change from 1934	Year to date Jan. 2, 1935 to Aug. 21, 1935	Year to date Jan. 3, 1934 to Aug. 22, 1934	% Change from 1934
Akron.....	\$ 42,917	+ 1.4	\$ 389,466	\$ 351,785	+10.7
Butler.....	6,622	+10.8	52,864	51,797	+ 2.1
Canton.....	25,367	+22.0	219,672	202,820	+ 8.3
Cincinnati.....	232,614	+14.1	2,150,945	1,897,847	+13.3
Cleveland.....	424,112	+12.7	3,506,727	3,084,399	+13.7
Columbus.....	140,999	+33.6	1,204,963	862,729	+39.7
Dayton.....	43,867	+24.7	387,145	306,670	+26.2
Erie.....	20,670	+ 9.4	164,807	141,946	+16.1
Franklin.....	2,561	+15.6	21,775	19,737	+10.3
Greensburg.....	4,575	+ 3.3	41,946	37,618	+11.5
Hamilton.....	6,041	-16.9	64,205	59,447	+ 8.0
Homestead.....	2,049	+18.1	16,695	14,000	+19.3
Lexington.....	14,397	+20.0	158,544	140,822	+12.6
Lima.....	7,740	+11.8	67,964	58,989	+15.2
Lorain.....	3,429	+23.1	25,116	19,733	+27.3
Middletown.....	6,699	+18.0	55,865	49,119	+13.7
Oil City.....	7,992	+31.5	67,589	52,845	+27.9
Pittsburgh.....	578,841	+18.0	4,860,141	4,355,297	+11.6
Springfield.....	12,525	+24.9	107,896	91,519	+17.9
Steubenville.....	6,255	+ 9.0	51,936	47,047	+10.4
Toledo.....	83,595	+ 0.6	699,808	678,743	+ 3.1
Warren.....	5,319	+10.9	50,724	47,375	+ 7.1
Wheeling.....	26,963	+19.2	219,454	218,281	+ 0.5
Youngstown.....	35,303	+13.7	289,223	256,627	+12.7
Zanesville.....	5,651	- 0.3	49,847	43,987	+13.3
Total.....	\$1,747,103	+15.6	\$14,925,317	\$13,091,179	+14.0

Fourth District Business Indexes

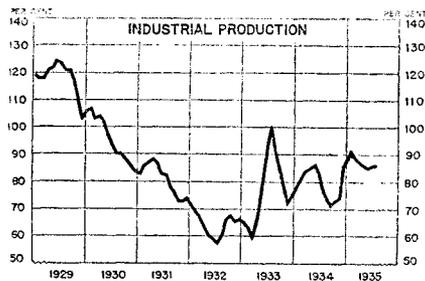
(1923-1925=100)

	July 1935	July 1934	July 1933	July 1932	July 1931
Bank Debits (24 cities).....	73	65	60	59	91
Commercial Failures (Number).....	48	38	75	139	105
(Liabilities).....	39	39	61	179	146
Sales—Life Insurance (O. & Pa.).....	90	94	85	87	105
—Department Stores (47 firms).....	55	51	48	42	63
—Wholesale Drugs (12 firms).....	84	76	68	66	91
—Dry Goods (10 firms).....	35	34	52	20	39
—Groceries (30 firms).....	72	63	59	55	77
—Hardware (14 firms).....	64	57	56	40	62
—All (66 firms).....	64	58	59	47	69
—Chain Drugs (4 firms)**.....	79	69	69	73	87
Building Contracts (Total).....	47	21	14	26	57
(Residential).....	25	12	12	8	30
Production—Coal (O., W. Pa., E. Ky.).....	51	59	72	36	70
—Cement (O., W. Pa., W. Va.).....	76	83	88	48	126
—Elec. Power (O., Pa., Ky.)*.....	143	134	133	114	124
—Petroleum (O., Pa., Ky.)*.....	111	113	93	112	101
—Shoes.....	108	102	69	69	91

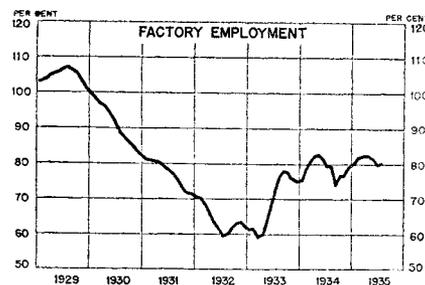
*June.
**Per individual unit operated.

Summary of National Business Conditions

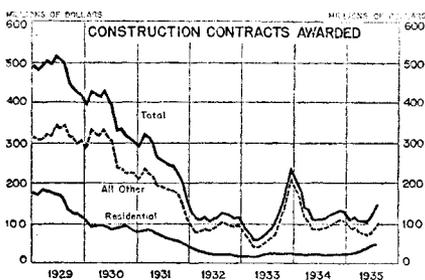
By the Federal Reserve Board



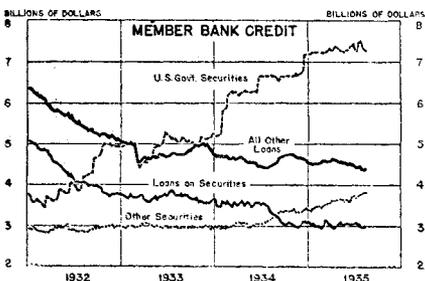
Index of industrial production, adjusted for seasonal variation (1923-25 = 100). Latest figure, July, preliminary, 86.



Index of factory employment, adjusted for seasonal variation (1923-25 average = 100). Latest figure, July, 86.4



Three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variation. Latest figures based on data for June, July and estimates for August. Latest figure total 148.8; residential 45.9; all other 102.9.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for August 14.

Factory employment and output were maintained in July at the June level, though usually there is a considerable decline at this season. Activity at mines showed a substantial decrease, reflecting a sharp reduction in output of coal.

Production and Employment

The Federal Reserve Board's seasonally adjusted index of manufactures showed an increase in July, while the index of mineral production showed a marked decline, with the consequence that the index of industrial production remained unchanged at 86 per cent of the 1923-25 average. For the first seven months of the year industrial output was 6 per cent larger than a year ago. Activity at steel mills, which had declined during June, advanced considerably during July and the first three weeks of August and there was also a substantial increase in the output of lumber. Automobile production showed a decrease from the high level prevailing earlier in the year, reflecting in part seasonal developments. Output of textiles increased somewhat in July, owing chiefly to increased activity at silk mills. In the woolen industry the recent high rate of activity continued, while at cotton mills daily average output declined by about the usual seasonal amount. Meatpacking remained at an unusually low level. At mines, output of bituminous coal decreased sharply in July, following an advance in the preceding month, and there was also a sharp reduction in output of anthracite.

Factory employment, which usually declines at this season, showed little change from the middle of June to the middle of July. Employment increased somewhat in the machinery, lumber, furniture, and silk industries and there was a large seasonal increase in the canning industry. Decreases of a seasonal character were reported for establishments producing cotton goods and women's clothing, while in the automobile industry employment declined by more than the usual seasonal amount. At coal mines employment showed a marked decrease in July.

The total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in July and the first half of August, reflecting an increase in non-residential projects. Residential building continued in considerably larger volume than a year ago, with increases from last year reported for most sections of the country.

Department of Agriculture estimates as of August 1 indicate a cotton crop of 11,800,000 bales, about 2,200,000 bales larger than the unusually small crop last year. The indicated wheat crop, while larger than a year ago, is considerably smaller than the five-year average for 1928-32. Crops of corn and other feed stuffs are substantially larger than last season.

Distribution

Daily average volume of freight-car loadings declined in July, reflecting a marked decrease in shipments of coal. Department store sales showed a seasonal decline and the Board's adjusted index remained unchanged at 80 per cent of the 1923-25 average.

Prices

The general level of wholesale commodity prices showed little change during July and advanced slightly in the first three weeks of August. For the seven-week period as a whole there were substantial increases in the prices of hogs, lard, silk, and scrap steel, while cotton declined. Wheat, after advancing considerably during the latter part of July, declined somewhat in the early part of August.

Bank Credit

Excess reserves of member banks increased by \$340,000,000 in the five-week period ended August 21 as a consequence principally of a reduction in the balances held by the Treasury with Federal reserve banks. There were also moderate imports of gold from abroad.

Total loans and investments of reporting member banks in leading cities showed a net decline of \$290,000,000 during the four weeks ended August 14. Holdings of direct obligations of the United States Government decreased by \$220,000,000 following a substantial increase in the middle of July. Loans declined by \$180,000,000 in the latter part of July, but subsequently advanced by \$40,000,000, while holdings of Government guaranteed and other securities increased by \$70,000,000 in the four-week period.

Yields on Government securities rose slightly during this period, while other short-term open-market money rates remained at low levels.