

# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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**E**XCLUDING a slight contraction in late August, which carried over the Labor Day period, the improvement evident in fourth district business activity in the summer months continued in September, judging by preliminary reports. Moving forward two months the introduction of new automobile models has changed the seasonal pattern of many local industries and this in part has accounted for the rather favorable showing recently. Most auto plant changeovers have been or are being made in less time than in other recent years and the period of reduced activity at parts' plants and material mills consequently was shortened. Making of parts and materials for automobiles generally precedes actual assemblies by three to six weeks and the low point in local plant operations apparently was passed in late August or early September. Production schedules have increased since that time in many lines. With practically no summer slump many plants are enjoying the best business year since 1929, but the effect of this advance in the auto industry on operations in a later period when in past years a seasonal expansion was experienced will be watched carefully.

Actual automobile production in August, despite a sharp drop from July, was still slightly in excess of the corresponding month of 1934, but the two per cent gain was entirely in the truck field. Total output for the first eight months was 28 per cent ahead of the same period of the preceding year, although by the third week of September operations had been sharply curtailed so that the weekly index of the *New York Times* was at approximately the level of November 1934.

Iron and steel production in August showed the sharpest rise from July on record and while mill activity in the third week of September was up slightly from the August level, a moderate curtailment in plant operations in some centers was evident in mid-September. Steel production in August was more than double that of a year ago and more blast furnaces were in operation in early September than at any previous time this year. Machine tool and equipment orders continued to increase in August.

Employment conditions improved in this section in August and early September, the gain in the former period being contrary to the trend at that time in previous years. Increases were shown in August in all major lines except

auto parts and tires, but by mid-September this situation had changed.

Electric power production in the last half of August and early September in this industrial region was about 13 per cent ahead of the corresponding period of 1934 and the index for the entire country was higher than at any previous time on record. Coal production in August was less than in the same month of 1934, but a marked increase occurred in the first half of September prior to the cessation of operations in that industry.

The tire industry reported conditions somewhat improved in August with inventories considerably reduced, but the price situation continued very unfavorable. Crude rubber consumption was up 18 per cent in August from last year.

At textile and clothing plants operations in late August and the first half of September were considerably above last year at that time. Retail demand for fall clothing has been very good and prices have been firm. Shoe production at fourth district factories was greater in August than in any month on record, the gain from last year being over 20 per cent. The improvement, according to reports, carried over into September, although the peak season has been passed.

Building operations declined slightly in August and the first half of September, but the gain from last year in the residential field was still marked, being in excess of 100 per cent. Some increase in engineering construction was reported in this district in August, although the volume of such contracts so far this year was much below the same period of 1934.

Retail trade, measured by department store sales, increased in August by less than the seasonal amount, but dollar sales were three per cent larger than in the same month of 1934. Inventories were up more than seasonally at the month end, although the value of stocks was five per cent less than a year ago. The number of commercial failures continued at low levels.

Crop prospects declined about two per cent in August, considerable damage by storms being reported in some sections. Favorable growing weather in the latter half of September was helpful to late-maturing crops and this season's harvest is materially larger than that of the two preceding years.

**FINANCIAL**

Little change in financial conditions in the fourth district was apparent in late August or the first three weeks of September. Dollar value of check transactions at banks in 24 leading cities in the four weeks ended September 18 was slightly smaller than in the preceding four-week period, but the gain from the corresponding interval of 1934 was 18 per cent, while for the year to date an increase of 14.4 per cent was reported. Savings deposits at selected banks throughout the district increased slightly in August and at the month end they were 5.5 per cent larger than on the corresponding date of 1934.

At weekly reporting member banks in leading cities of the district total loans and investments rose from \$1,255,000,000 on August 21 to \$1,263,000,000 on September 18, and the latter figure compared with \$1,184,000,000 on the corresponding date of 1934. The increase in the four latest weeks was entirely due to an expansion in investments, which were up \$12,000,000. Holdings of Government securities and those fully guaranteed by the Government were increased \$8,000,000 and on the latest date they were \$116,000,000, or 20 per cent higher than on the corresponding date of 1934. Investments in other than Government securities declined in the first two weeks of September, but on the latest reporting date they were \$4,000,000 higher than in the third week of August and were larger than on any previous report date this year. These investments, however, were still somewhat smaller than in September 1934.

A general contraction in loans at reporting member banks in this district was evident in early September and on the latest date they were lower than since April of this year. Loans on securities showed practically no change in the four latest weeks, but commercial loans, after rising slightly in early September, declined quite sharply around the middle of the month. On the latest date they were little changed from a year ago.

Deposits at these reporting banks were approximately the same on September 18 as on the corresponding report date in August. Demand deposits fluctuated somewhat, but a net increase of \$2,000,000 was evident in the four weeks. Time deposits were reduced by about this amount in the period.

Loans to industry made by the Federal Reserve Bank of Cleveland amounted to \$1,769,000 on September 18, a slight increase occurring in the four latest weeks. Bills discounted for member banks in the same period rose from \$121,000 to \$170,000, but holdings of Government securities and acceptances were unchanged in the period. Demand for reserve bank credit by member banks, as has been the case for over a year, is negligible and total bills and securities held by this bank, amounting to \$220,000,000, consist chiefly of Government obligations. Total reserves of this bank advanced further in the four latest weeks to \$474,000,000 on September 18. The increase in reserves in the past year has been slightly in excess of \$80,000,000 and on the latest date they were at record high levels.

Member bank reserve deposits increased from \$311,000,000 to \$327,000,000 between August 21 and September 18 and excess reserves remain near the high levels of recent months.

Circulation of this bank's Federal reserve notes rose

\$9,000,000 in the four latest weeks. The increase in large part was due to the fact that national bank notes retired from circulation were replaced by Federal reserve notes. Between August 1 and September 23 note circulation of this bank increased approximately \$17,000,000, but in this period national bank notes, amounting to \$12,500,000, were replaced by Federal reserve notes and county treasurers had taken \$4,500,000 in notes of large denominations. This latter represented tax receipts held in safety deposit boxes, instead of in bank accounts, in communities where banks were unwilling to meet the State law requirements as to payment of interest on deposits of public funds.

**MANUFACTURING, MINING****Iron and Steel**

The iron and steel situation in the third week of September was generally strong although delay in releasing orders for automobile steel to be used on the new models has kept operating rates from increasing to any marked degree. In the week ended September 21 the industry as a whole was working at 52 per cent of capacity, according to *Steel*. This compared with 54 per cent in the preceding week and 52½ per cent in the corresponding week of August. This four-week period of relative stability followed one in which production was stepped up sharply contrary to seasonal tendency, and large releases of automobile steel orders are expected momentarily in the trade.

So far as the individual steel centers were concerned operations in the Cleveland-Lorain district advanced from 59 to 67 per cent of capacity after dropping to 51 per cent for one week. They have been at the higher rate for two weeks; all open hearth furnaces at Lorain were producing, considerable raw steel being shipped to Cleveland for the manufacture of wire and strip steel.

At Wheeling, mills continued to operate at 84 per cent of capacity, an unusually good rate for this season when tin plate demand is generally light. A slow but steady increase at Pittsburgh has brought operations to 46 per cent of capacity, a net gain of three points in the latest month. At Youngstown a recession was reported in the second and third weeks of September and operations dropped six points to 54 per cent of capacity. Finishing mill operations have been well sustained, especially in the bar, strip steel, and tube divisions.

A particular feature of interest in the iron and steel markets is the broadening demand for pig iron and coke. Sharp advances have been made recently in scrap steel prices, and this has led to considerable speculative buying, as well as for immediate requirements. *Steel's* scrap price composite September 21 was \$12.79, compared with \$12.33 on August 24. Lake Superior iron ore shipments to September 1 this year were 11 per cent ahead of last year.

Demand for finished steel from miscellaneous sources continues strong, with some improvement recently, and a pickup in purchasing by automobile manufacturers is expected by the trade as soon as adjustments have been made for the new models. Some of the difficulties in the way of the public works' projects have been removed and first inquiries for steel for such programs have appeared. Buying of railroad equipment continues limited, though the expansion in car loadings was encouraging as a forerunner of increased material buying. On the majority of

finished steel products base prices have been reaffirmed, but there have been some adjustments in the form of quantity extras which benefit large consumers, and which will make small users pay relatively more.

Not only was pig iron production up 15.7 per cent in August, to a daily average of 56,767 tons and a monthly total of 1,759,782 tons, but as September opened 98 stacks were in blast, a net gain of 6 over the beginning of August and the most for 1935 to date, according to *Steel*. Since then, at least three more stacks have resumed whereas a year ago blast furnace activity was tumbling precipitately. For 1935 to September 1, pig iron output totalled 13,110,056 tons, against 12,141,339 tons in the same period of the preceding year.

Average daily steel ingot production of 108,123 tons in August was nearly 24 per cent higher than in July, the largest increase for this season on record, and was more than 110 per cent larger than in August 1934. Daily average August production was exceeded this year only in February and March. Total production in eight months this year was 21,214,241 gross tons, compared with 19,273,357 tons in the same period of 1934, a gain of 10 per cent.

**Coal** The cessation of operations at coal mines, which was postponed on several occasions since April 1, occurred on September 23. The shutdown, however, was so long developing that considerable stocking of coal was possible and in early September sufficient coal was reported above ground to last 53 days. The gain from last year, in terms of days' supply, was 20.5 per cent and in actual amount it was 26 per cent. Coal stocks are larger than at any time in several years.

The shutdown lasted only one week, but it permitted some scaling-down of large coal stocks. Increased coal shipments from mines in late August and the first half of September in anticipation of a cessation were partly responsible for the rise in freight-car loadings in the period, but coal loaded at Lake Erie docks in August was 7.3 per cent less than in the same month of 1934. For the season to date a reduction of two per cent in these loadings was reported.

Coal production at fourth district mines in August was 10,509,000 tons, a decrease of 6.1 per cent from the corresponding month of 1934. Fluctuations within the industry so far this year have been very erratic, largely because of

the unsettled conditions and, although output for the entire country in the first eight months of this year was slightly in excess of the corresponding period of 1934, production at fourth district mines was down 2.2 per cent in the same period. In the first half of September mine activity increased sharply to the highest rate for this season since 1929, but the shutdown in the fourth week of the month has counteracted much of the gain.

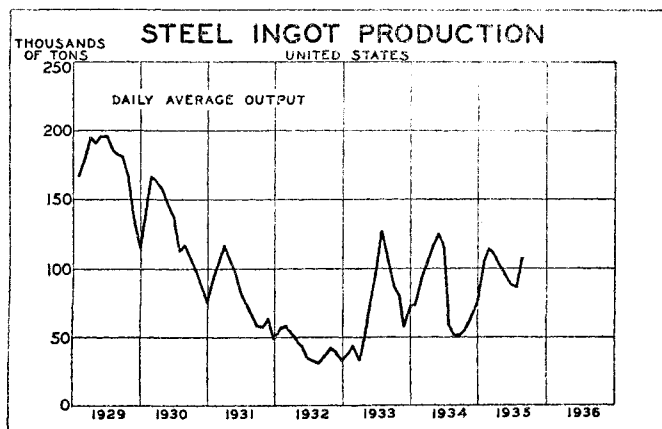
**Automobiles** Notwithstanding the fact that automobile assemblies were being curtailed in August so that stocks of cars on hand would be at a minimum when the new models are announced, factory output for the entire month somewhat exceeded expectations and, according to the *Department of Commerce*, was slightly greater than in August 1934, the gain being 2.2 per cent. Total production was 240,051 passenger cars and trucks, a drop of 28.8 per cent from July. Using the old seasonal correction factors, which really are not applicable, the Board's seasonally adjusted index declined from 95 to 64 per cent of the 1923-25 average. With the national automobile show moved forward two months and nearly all car builders planning to bring out new models at or prior to that time, the slump in production which usually develops as the changeover from one model to another is made also was advanced at least two months so that customary comparisons are irrelevant.

The model changes chiefly affect passenger car production, and truck output in August was 12.4 per cent ahead of the same month of 1934. In the first eight months of this year 508,335 commercial cars were assembled, a gain of 25 per cent from the preceding year and more than in any similar period since 1929. Passenger car production in August was 182,389 units, a drop of 0.6 per cent from August 1934, but for the year to date a gain of 28.9 per cent from the same eight months of the preceding year was evident.

The sharp decline in automobile factory operations which started in August continued in the first three weeks of September. In the week ended September 21 output was estimated by *Cram's* to be only 12,600 units and the industry expects September to be the month of low production for 1935. Figures for the week of September 28 indicated a slight gain from the preceding period. The model changeovers are being accomplished with a minimum of trouble, according to reports, and the time involved has been relatively brief, partly because the changes are not radical generally.

This innovation in the auto industry is of prime importance to manufacturers in the fourth district and it is therefore being watched with much interest. Local plants have stepped up production at a time when, in recent years, declines generally were experienced and the period of reduced operation which occurred in late August was somewhat shorter than in previous years.

Automobile sales in August held up very well; preliminary figures indicate a gain from last year in the entire country of about 20 per cent. This followed an increase of 25 per cent in July. In principal counties of this district August new passenger car registrations were four per cent ahead of the same month of 1934 and in the first eight months more cars were registered than in any similar period since 1929. Dealers' stocks in early September were reported as being satisfactory.



**Rubber, Tires** July was a fairly good month for the tire industry and reports indicate that little change other than seasonal was experienced in August. Production in July was not spectacular, being only 5.3 per cent ahead of the same month of 1934 and nearly ten per cent under June, but shipments increased sharply. In July they were 5,447,000 casings, a gain of 27.8 per cent over June and 31 per cent above shipments made in July a year ago. They were 54 per cent in excess of production in the month and as a result inventories dropped 17.7 per cent in July. At the month end they were 6.2 per cent below a year ago and in terms of current consumption represented only 1.6 months' supply, lower than since 1933.

In the first seven months of 1935 nearly 30,000,000 pneumatic tires were produced, but this was 2.9 per cent less than the number made in the same period of 1934. Shipments in the seven-month interval exceeded factory production by two per cent.

August crude rubber consumption by all plants in the United States was 7.9 per cent greater than in July and an increase of 18.1 per cent over August was shown by the *Rubber Manufacturers' Association* report. This increase was somewhat larger than was experienced in earlier months of 1935 and, since it exceeded imports in the month, stocks of crude rubber were slightly reduced. On August 31 they were nearly ten per cent smaller than on that date in 1934. Crude rubber prices have been weak recently and in the third week of September quotations were at least four cents a pound lower than a year ago. Current prices, depending on the grade, were close to 11 cents a pound.

The peak season so far as tire demand is concerned, has been passed, but in September plant operations were holding up quite well, largely on account of the increased orders for original equipment tires for the 1936 automobiles. This has tended to modify the contraction which usually occurs in the early fall months.

Employment at fourth district factories in August was down seasonally from July and was 4.5 per cent under last year at that time. Prices on tires sold to automobile manufacturers recently were lowered ten per cent and the renewal tire price situation was not favorable.

**Clothing** The clothing industry in general has enjoyed a very satisfactory fall season and reports from all branches of it indicate an improvement not only from 1934, but also as compared with other recent years. Factory production in September at most plants in the fourth district continued at capacity levels and employment in August, the latest month for which figures are available, was 17 per cent greater than a year ago at 31 Ohio plants. The increase from July was considerably more than seasonal and the index compiled by the *Ohio State University Bureau of Business Research* was ten per cent higher than the average of 1926.

Retail demand for both men's and women's apparel so far this season has been considerably greater than a year ago and apparently somewhat in excess of expectations, for many retail organizations are finding it necessary to re-order from the manufacturer, according to reports. This type of buying has developed somewhat earlier than usual. Inventories of finished goods are indicated to be about normal for this season, but some stocking of raw materials has developed recently.

Raw wool prices have been unusually firm and quotations on spring fabrics are somewhat higher than a year ago. Raw wool consumption in the first eight months of this year was reported to be 67 per cent greater than in the same period of 1934.

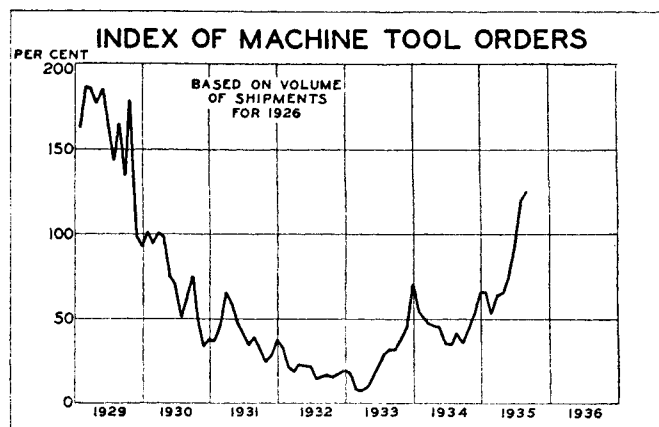
**Other Manufacturing** Seasonal fluctuations in many lines have been distorted by moving forward the production of new automobile models. Operations at most local plants in mid-September were above last year at that time, having increased somewhat from the late August level. Inventories are not excessive, according to reports, and in several cases they are below the average of recent years. Prices are reported firm generally.

**Auto Parts, Accessories.** Manufacturers of auto parts and accessories recently have experienced, from a seasonal standpoint, what normally occurs in October. This situation has been brought about by moving forward two months the introduction of new models. Most major assembly plants were closed entirely or only operating at very low levels in mid-September, but the low point in parts' and material production occurred somewhat earlier. Employment at 22 representative plants dropped ten per cent in August from July, somewhat more than seasonal and was 7.2 per cent under last year. Following Labor Day, operations at most plants increased quite rapidly as releases were made on materials to be used in the 1936 cars. Volume shipments to assembly centers have been delayed somewhat, according to reports, and parts inventories have increased slightly as a result.

**Brick and Tile.** Little change was apparent in the brick and tile industry in this district in recent weeks. Employment continues above a year ago and some plants have reopened after being closed for long periods. Despite the fact that production so far this year has been nearly double that of the corresponding period of 1934, operations are much below pre-depression levels.

**China, Pottery.** Conditions in the china and pottery industry improved in early September; operations generally are at about 70 per cent of capacity. Sales have increased seasonally in anticipation of expanding holiday business, according to reports. Employment in August at local plants was up 8.2 per cent from July and was 10.4 per cent greater than at this time last year.

**Electrical Supplies.** A contrary-to-seasonal increase of



three per cent in employment was reported by fourth district plants in August. This compared with a five-year average July-to-August decline of 5.8 per cent. Sales during the month were somewhat above last year at that time and prices were reported firm.

**Glass.** A decline in glass shipments, largely seasonal, was reported in August. Plate glass production continued at a high rate, but an increase in inventories was reported as shipments to the auto industry were somewhat below expectations. During the first seven months of this year plate glass production, at 102,272,000 square feet, was up 85.5 per cent from the same period of 1934. More general use of safety glass, which requires double the amount of glass that goes into automobile production, was an important factor contributing to this increase. The improvement in the construction industry, particularly in the residential field, has helped makers of window glass show sizable increases in production from last year. Sales in August were down slightly from preceding months, but production rates were maintained generally. Prices have been firm and some wage increases were reported.

**Hardware.** A greater-than-seasonal increase in sales, employment and wages occurred in August at local hardware manufacturing plants and each compared quite favorably with last year at that time. The gain in wages was greater than in the number of employees. Inventories have been increased slightly in some instances, according to reports.

**Machinery, Machine Tools.** The recent increase in sales of machine tools reported by the *National Machine Tool Builders' Association* was almost spectacular and response to the industry's Cleveland show exceeded expectations considerably. New orders in August were 126 per cent of the average monthly shipments in 1926, compared with 119.8 per cent in July. This index is now higher than since 1929. While fluctuations in this industry are very sharp, orders received so far this year are 18 per cent greater than were reported for the entire twelve months of 1934. An increase in foreign orders was experienced recently; 37 per cent of all August orders were of this type, whereas in earlier months of this year they accounted for approximately 20 per cent of the new business received. Buying of foundry equipment also was up sharply in August, and was more than 2½ times as great as in the corresponding month of 1934. Small tool sales have improved considerably in recent weeks.

**Paint.** Demand for paint, except from the automobile

industry, has followed the seasonal trend and was down slightly in August. For the year as a whole, however, a rather sizable increase in sales from 1934 has been experienced. Prices of some raw materials, such as lead and zinc, have increased considerably.

**Paper, Boxboard.** A gain in sales and production of boxboard and containers was reported in late August and early September, only part of which was seasonal. Paper sales were somewhat ahead of last year in August and in the first eight months. Inventories are low generally.

**Shoes.** August sales to dealers, according to reports, were larger than for several years and the gain carried over into the first half of September. Fall production at local factories has passed its peak and the recent warm weather retarded orders somewhat. Output of fourth district factories in August attained a new high record for all time, the gain from August 1934 being 20 per cent. In the first 8 months of this year factory output was 10.8 per cent greater than in the same period of preceding year. Leather prices have increased nearly 15 per cent from a year ago and the market has been firm recently.

## TRADE

### Retail

The dollar value of department store sales in principal cities of the fourth district increased somewhat from the preceding month, but the gain was not so large as has been experienced in other years at that time. As a result the seasonally adjusted index of daily average sales dropped over four points to 73, per cent of the 1923-25 average. Dollar sales in the month, however, were three per cent larger than in August 1934, and the increase in the first eight months from the corresponding period of the preceding year was 2.6 per cent. In individual cities declines were experienced in Akron and Cleveland, but all other centers showed increases ranging from 3.5 to 15 per cent. The largest increase was at Wheeling, where industrial activity has continued at a high rate through the summer months.

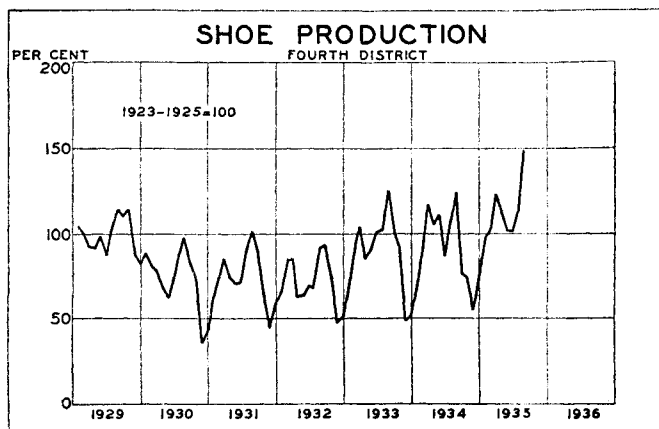
There was some increase in the ratio of all credit to total sales in August, both as compared with the preceding month and with August 1934. The ratios of both installment and open account sales to total sales in August were larger than at this time last year.

A slight increase in prices of department store merchandise was reported by *Fairchild's Publication* in August; the gain was five-tenths of one per cent, the first advance in this index since April 1934. All major groups, with the exception of men's apparel, showed increases, but the combined index on September 1 was 2.3 per cent below a year ago at that time. The advance from the low point in early 1933, however, has been 23.5 per cent.

Dollar value of stocks at department stores increased approximately four per cent in August, but at the month end it was still nearly five per cent less than at that time in 1934. The gain from July was greater than seasonal and the adjusted index was 59.4 per cent of the 1923-25 average.

Collections fell off slightly in August as compared with the preceding month, but the percent of accounts receivable at the beginning of August collected during the month was larger than a year ago.

Sales at reporting wearing apparel stores in this district were 1.5 per cent larger in August than in the corresponding month of 1934 and the increase in the first eight



months was 1.3 per cent. Furniture store sales in August were 16.8 per cent ahead of last year, while the gain in sales at furniture departments of department stores was 10.4 per cent. For the year to date, however, furniture sales were slightly under the first eight months of 1934. A large increase in chain drug sales was reported in August, the gain from last year being 15 per cent. Chain grocery sales, per individual unit operated, were 8.9 per cent larger than in August a year ago and the increase in the first eight months of this year was 6.1 per cent.

**Wholesale** Combined dollar sales of all reporting wholesale firms in the fourth district were larger in August than in July, but a seasonal increase is usually experienced at that time. In contrast with August 1934, gains were shown by reporting wholesale drug, grocery and hardware firms. Wholesale dry goods sales were down seven per cent in August from the same month of 1934, but for the year to date little change in dollar sales was evident.

### BUILDING

While the value of contracts awarded in 37 Eastern states reached a new high level in August for 1935, a slight decline from the July total was reported in this district, and a further contraction occurred in the first half of September. It is not unusual for a falling-off to develop at this season, however, for in seven of the thirteen years for which district figures are available declines were reported from July to August in this section. The drop from July was 12.9 per cent, a gain in heavy engineering construction being insufficient to offset the declines in residential and nonresidential building.

Total contracts awarded in this district in August were valued at \$19,578,000, higher for that month than since 1930 and 14.8 per cent above last year. Residential contracts awarded were 117 per cent ahead of August 1934 and for the first eight months of this year an increase in this type of building of 100 per cent was shown. Contracts awarded for nonresidential construction failed to equal last year's volume but engineering contracts, which showed some improvement from July, were slightly in excess of a year ago at that time.

Of the principal cities in this district, gains in contracts awarded from July to August were shown in Cleveland, Cincinnati, Columbus, Dayton, Toledo, Wheeling, and Youngstown. Increases over August 1934 figures were shown in Akron, Canton, Cincinnati, Cleveland, Dayton, Erie and Pittsburgh.

For the year to date total contracts awarded in this district had a 6.2 per cent smaller value than in the same period of 1934, but the reduction was entirely due to declines in heavy engineering projects, chiefly in highways and electric light and power plants.

The dollar volume of contemplated building of all types reported in this district in August was materially above a year ago and a most pronounced gain (over 300 per cent) was in the residential field.

Building supply and lumber dealers reported a greater demand in August than in the preceding month or in the corresponding period of 1934. Inventories, according to reports, have been kept down, the increase in lumber produc-

tion which has been apparent for several weeks going directly into the construction field.

### AGRICULTURE

Another growing season has been about completed and, while some revisions in crop estimates will be made, the year is far enough advanced so that changes in all probability will be minor for most crops. Unusually cool weather in the first half of September was not conducive to crop growth, but more favorable weather was experienced in the third week and no frost damage was reported prior to the twenty-fifth of the month, so that conditions of late-maturing crops, particularly corn, the planting of which was delayed, were satisfactory.

The September report of the *Department of Agriculture* for the entire country showed a reduction of about two per cent in estimated production of principal crops during August and the decline reported for states included in the fourth district was approximately the same as the national average. Corn prospects for the country declined four per cent, or approximately 88,000,000 bushels, and rust damage lowered the wheat estimate about two per cent, or 13,000,000 bushels. As a result of these changes crop yields per acre in the entire country "are now expected to be just about equal to the average of yields during the 1921-30 period . . . and an ample supply of most food crops now seems assured. Certain classes of wheat seem to be the only important exception." Total wheat production is estimated at 595,000,000 bushels, which compares with 497,000,000 bushels in 1934, and the five-year average 1928-32 harvest of 861,000,000 bushels. In recent years domestic consumption has been slightly in excess of the estimated harvest for 1935.

So far as the fourth district was concerned, prospective yields of principal crops were reduced in August, although in all states yields per acre of important crops were considerably above the average of the ten years 1921-30. In Ohio this increase was 15 per cent; in Pennsylvania it was nine per cent, while in West Virginia and Kentucky it was 11 and 2.5 per cent, respectively. Excessive rains, the heaviest since 1913 for some sections of the district, not only completely destroyed many crops in those sections, but caused a reduction in yields of principal crops of this district and a lowering of the quality of grain harvested, particularly wheat and oats. A larger-than-usual proportion of the grain threshed is unsaleable as a result of the wet weather and can be used only for feed. Despite the reduction which occurred in the August estimates, all principal fourth district crops, except potatoes, are considerably larger than were harvested in 1934.

**Corn.** Estimated corn production in this district was reduced five per cent in August, but the indicated crop, at 160,325,000 bushels, is still substantially above the small harvests of 1933 and 1934. Because of late planting, much corn in this district did not mature as early as usual, but warm weather in the latter part of September was very helpful. The September 1 condition of the corn crop, as a per cent of estimated normal, was somewhat above the ten-year average September 1 figure in all states of the district.

**Oats, Etc.** Considerable quantities of oats were lost through either mildew or sprouting as a result of the heavy rains immediately following harvest, and estimated pro-

duction in the fourth district was reduced two per cent to 53,924,000 bushels. This was still much above the harvests of 1934 or 1933, but was somewhat below the average of preceding years. A much-larger-than-usual acreage of soy beans has been harvested this year and production is estimated to be nearly twice the average of the five years 1928-32. Considerable acreage not planted to wheat or corn in accordance with the AAA program was used for soy beans this year. The unusually abundant rains has made possible the cutting of a second hay crop in some sections, although harvesting has been quite difficult. Estimated production in this district was nearly 50 per cent greater than in 1934 and was somewhat in excess of the five-year average 1928-32. Pasture conditions continued to improve in the latest month and in September they were better than for years.

**Potatoes.** The fourth district potato crop was estimated on September 1 to be 20,008,000 bushels, a reduction of ten per cent from last year's harvest. This decline was somewhat greater than was reported for the entire country. Estimated production was still above the five-year 1928-32 average harvest and the September 1 condition was better

than the average for that date in the ten years 1921-30, but considerable blight and rot were reported in some sections and many fields were weedy.

**Tobacco.** A further increase in estimated tobacco production in the fourth district occurred in August and early September and production is now reported to be about five per cent above the 1934 crop. By the third week of September most of the crop had been cut and preliminary reports indicate that both yield per acre and quality are above average. Weather conditions have not been particularly favorable for curing, but actual injury so far has been limited.

**Fourth District Business Statistics**

(000 omitted)

Fourth District Unless Otherwise Specified	August 1935	% change from 1934	Jan.-Aug. 1935	% change from 1934
Bank debits—24 cities.....	\$1,914,000	+20.2	\$15,074,000	+13.8
Savings Deposits—End of month:				
41 Banks, O. and Pa.....	\$ 687,537	+ 5.5	1	
Life Insurance Sales:				
Ohio and Pa.....	\$ 71,280	- 1.9	646,150	+ 0.8
Retail Sales:				
Dept. Stores—49 firms.....	\$ 14,493	+ 3.0	119,316	+ 2.6
Wearing Apparel—12 firms.....	734	+ 1.5	5,791	+ 1.3
Furniture—42 firms.....	733	+16.8	5,307	- 0.5
Wholesale Sales:				
Drugs—13 firms.....	\$ 1,308	+ 6.7	10,482	- 1.4
Dry Goods—10 firms.....	1,134	- 7.0	8,344	- 0.7
Groceries—30 firms.....	4,016	+ 0.3	29,947	+ 4.4
Hardware—14 firms.....	1,236	+ 6.9	9,647	+ 4.7
Building contracts—Total.....	\$ 19,578	+14.8	105,477	- 6.2
—Residential.....	3,874	+116.8	26,744	+100.4
Commercial Failures—Liabilities.....	\$ 1,824	- 5.0	11,234	-40.0
—Number.....	73 <sup>2</sup>	+ 9.0	623 <sup>3</sup>	+ 2.6
Production:				
Pig Iron, U. S..... Tons	1,760	+66.0	13,110	+ 8.0
Steel Ingot, U. S..... Tons	2,919	+111.4	21,214	+10.1
Auto-Pass. Car, U. S.....	182,389 <sup>2</sup>	- 0.6	2,330,904 <sup>2</sup>	+28.9
Auto Trucks, U. S.....	57,662 <sup>2</sup>	+12.4	508,335 <sup>2</sup>	+25.4
Bituminous Coal..... Tons	10,509	- 6.1	94,199	- 2.2
Cement—O., W. Pa., W. Va. Bbls.	817	-12.8	4,417	-15.1
Elec. Power—O., Pa., Ky. K.w.h.	1,282 <sup>3</sup>	+16.9	8,727 <sup>4</sup>	+ 7.6
Petroleum—O., Pa., Ky..... Bbls.	2,192 <sup>3</sup>	+ 6.7	14,803 <sup>4</sup>	+10.1
Shoes..... Pairs	5	+20.3	5	+10.8
Tires, U. S..... Casings	3,532 <sup>3</sup>	+ 5.3	29,482 <sup>4</sup>	- 2.9
Bituminous Coal Shipments:				
L. E. Ports..... Tons	4,874	- 7.3	22,573	- 2.0
Iron Ore Receipts:				
L. E. Ports..... Tons	3,482	+12.6	12,006	+ 8.8

<sup>1</sup>Not available  
<sup>2</sup>Actual number.  
<sup>3</sup>July.

<sup>4</sup>Jan.-July.  
<sup>5</sup>Confidential.

**Fourth District Business Indexes**

(1923-25=100)

	Aug. 1935	Aug. 1934	Aug. 1933	Aug. 1932	Aug. 1931
Bank Debts (24 cities).....	71	59	57	53	79
Commercial Failures (Number).....	50	46	81	190	111
(Liabilities).....	41	44	86	146	100
Sales—Life Insurance (O. & Pa.).....	85	87	92	85	101
—Department Stores (47 firms).....	61	60	61	43	63
—Wholesale Drugs (12 firms).....	86	80	73	71	83
—Dry Goods (10 firms).....	46	49	44	29	45
—Groceries (30 firms).....	74	72	66	56	70
—Hardware (14 firms).....	63	59	57	39	56
—All (66 firms).....	68	66	61	49	65
—Chain Drugs (4 firms)**.....	82	71	66	70	81
Building Contracts (Total).....	41	36	25	27	37
(Residential).....	23	10	12	13	34
Production—Coal (O., W. Pa., E. Ky.).....	58	62	79	45	66
Cement (O., W. Pa., W. Va.).....	68	78	78	54	108
Elec. Power (O., Pa., Ky.)*.....	153	131	136	115	130
Petroleum (O., Pa., Ky.)*.....	119	111	101	106	98
Shoes.....	150	124	126	91	101

\*July.  
\*\*Per individual unit operated.

**Wholesale and Retail Trade**

(1935 compared with 1934)

DEPARTMENT STORES (49)	SALES August 1935	Percentage Increase or Decrease		STOCKS August 1935
		SALES First 8 Months	SALES August 1935	
Akron.....	- 4.8	- 1.6	+ 0.8	
Cincinnati.....	+ 6.6	+ 6.1	+ 4.8	
Cleveland.....	- 1.0	+ 0.4	+ 5.1	
Columbus.....	+ 4.8	+ 2.3	+ 4.5	
Pittsburgh.....	+ 3.5	+ 3.1	+ 7.7	
Toledo.....	+ 4.6	+ 4.2	+ 3.4	
Wheeling.....	+15.7	+ 5.2	+ 4.8	
Youngstown.....	+ 6.1	+ 4.6	+ 5.4	
Other Cities.....	+ 9.8	+ 4.6	+ 3.6	
District.....	+ 3.0	+ 2.6	+ 4.8	
WEARING APPAREL (12)				
Cincinnati.....	+ 1.5	- 1.2	+10.1	
Pittsburgh.....	+11.5	+ 7.4	+ 3.1	
Other Cities.....	- 1.7	+ 0.8	+ 9.9	
District.....	+ 1.5	+ 1.3	+ 8.2	
FURNITURE (42)				
Cincinnati.....	+35.3	+11.0		
Cleveland.....	+ 2.4	-14.2		
Columbus.....	+14.6	+ 7.6		
Dayton.....	+ 9.6	+ 8.1		
Toledo.....	+21.1	+15.9		
Other Cities.....	+68.9	+16.6		
District.....	+16.8	- 0.5		
CHAIN STORES*				
Drugs—District (4).....	+15.2	+ 4.4		
Groceries—District (5).....	+ 8.9	+ 6.1		
WHOLESALE GROCERIES (30)				
Akron.....	+28.6	+32.4		
Cleveland.....	- 3.0	+ 7.1		
Eric.....	- 5.5	+ 6.7		
Pittsburgh.....	-13.7	+ 0.6		
Toledo.....	+ 0.7	+16.4		
Other Cities.....	+ 1.3	+ 7.4		
District.....	+ 0.3	+ 4.4	- 0.4	
WHOLESALE DRY GOODS (10).....	+ 7.0	- 0.7	+ 5.6	
WHOLESALE DRUGS (13).....	+ 6.7	- 1.4		
WHOLESALE HARDWARE (14).....	+ 6.9	+ 4.7		

\*Per individual unit operated.

**Debts to Individual Accounts**

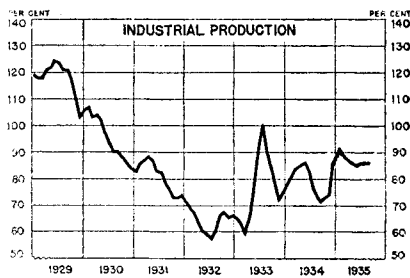
(Thousands of Dollars)

	4 weeks ended Sept. 18, 1935	% Change from 1934	Year to date Jan. 2, 1935 to Sept. 18, 1935	Year to date Jan. 3, 1934 to Sept. 19, 1934	% Change from 1934
Akron.....	\$ 41,805	+ 6.3	\$ 431,271	\$ 391,129	+10.3
Butler.....	6,741	+12.7	59,605	57,777	+ 3.2
Canton.....	27,254	+19.8	246,926	225,573	+ 9.5
Cincinnati.....	248,122	+23.3	2,399,067	2,099,039	+14.3
Cleveland.....	420,919	+17.4	3,927,646	3,442,895	+14.1
Columbus.....	130,983	+26.6	1,335,946	966,229	+38.3
Dayton.....	41,506	+20.3	428,651	341,182	+25.6
Eric.....	18,493	+10.2	183,300	158,726	+15.5
Franklin.....	2,615	+17.5	24,390	21,963	+11.1
Greensburg.....	4,755	- 8.3	46,701	42,805	+ 9.1
Hamilton.....	8,606	+21.6	72,811	66,522	+ 9.5
Homestead.....	1,987	+10.3	18,682	15,802	+18.2
Lexington.....	13,721	+15.7	172,265	152,684	+12.8
Lima.....	8,781	+31.7	76,745	65,655	+16.9
Lorain.....	3,637	+13.9	28,753	22,927	+25.4
Middletown.....	7,038	+38.5	62,903	54,199	+16.1
Oil City.....	7,772	+20.5	75,361	59,295	+27.1
Pittsburgh.....	513,291	+14.4	5,373,432	4,803,872	+11.9
Springfield.....	13,443	+14.2	121,339	103,292	+17.5
Steubenville.....	6,409	+18.9	58,345	52,436	+11.3
Toledo.....	86,313	+19.3	786,121	751,082	+ 4.7
Warren.....	5,736	+18.8	56,460	52,202	+ 8.2
Wheeling.....	25,165	+15.9	244,619	239,993	+ 1.9
Youngstown.....	34,797	+30.7	324,020	283,255	+14.4
Zanesville.....	5,975	+13.3	55,822	49,260	+13.3
Total.....	\$1,685,864	+18.0	\$16,611,181	\$14,519,794	+14.4

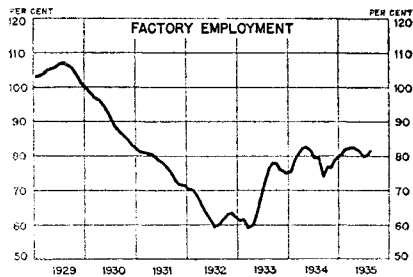


## Summary of National Business Conditions

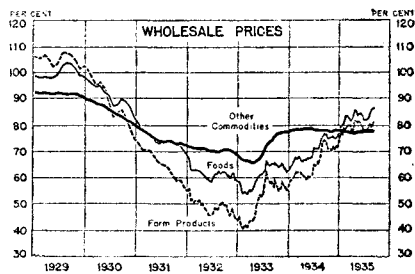
By the Board of Governors of the Federal Reserve System



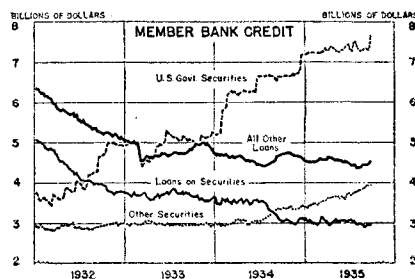
Index of industrial production, adjusted for seasonal variation, (1923-25 = 100). Latest figure, August, preliminary, 86.



Index of factory employment, adjusted for seasonal variation, (1923-25 average = 100). Latest figure, August, 81.6.



Indexes of the United States Bureau of Labor Statistics (1926 = 100). By months 1929-31; by weeks 1932 to date. Latest figures September 14. Farm products, 81.2; foods, 86.4; other commodities, 78.0.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for September 18.

Total volume of industrial production increased in August by about the usual seasonal amount. Steel output increased more than seasonally, while the output of automobiles and anthracite declined sharply. Factory employment and payrolls increased.

### Production and Employment

Industrial production increased seasonally in August and the Board's index, which is adjusted to allow for usual seasonal variations, remained unchanged at 86 per cent of the 1923-1925 average. Activity at steel mills showed a considerable increase from July to August and in the first three weeks of September was at a level higher than in any other month since February. Automobile assemblies declined by about 30 per cent in August, and showed a further sharp reduction in the early part of September, reflecting in part preparations for early introduction of new models. At lumber mills output continued to increase in August. Cotton consumption by domestic mills increased slightly from recent relatively low levels and activity at woolen mills was maintained at a high rate. At mines, output of anthracite decreased sharply in August, while output of bituminous coal showed an increase. Factory employment and payrolls increased between the middle of July and the middle of August by more than the usual seasonal amount. Marked increases in employment were reported for the steel, machinery, lumber, silk, and clothing industries, while at automobile factories employment declined somewhat. The number of wage earners engaged in the production of durable manufactures in August was 6 per cent larger than a year earlier, while the volume of employment in other manufacturing industries as a group showed little change. Total factory employment was 3 per cent larger than in August 1934.

Daily average value of construction contracts, as reported by the F. W. Dodge Corporation, showed little change in August and the first half of September. Contracts for residential building, which earlier in the year had increased considerably, showed a decrease for this period, while the volume of public projects increased.

Department of Agriculture estimates based on September 1 conditions indicate a cotton crop of 11,489,000 bales, as compared with the unusually small crop of 9,636,000 bales last year. The indicated crops of corn, wheat, and other grains are considerably larger than last year, when drought conditions prevailed, and the condition of pastures is above the ten-year average.

### Distribution

Freight-car loadings increased considerably in August and the first half of September, partly as a consequence of seasonal factors. Department store sales increased slightly less than seasonally from July to August.

### Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 79.6 per cent of the 1926 average at the beginning of August to 80.8 per cent in the second week of September and prices of many leading commodities, including wheat, silk, copper, lead, and zinc advanced further in the third week of the month. Cotton prices declined considerably in August and showed relatively little change in the first three weeks of September.

### Bank Credit

Excess reserves of member banks declined in the five-week period ended September 18, reflecting a temporary increase in the Treasury's total holdings of cash and deposits at Federal reserve banks and a seasonal increase of money in circulation, which was partly offset by an inflow of gold from abroad.

Total loans and investments of reporting banks in leading cities increased by \$610,000,000 during the five weeks ended September 18. Loans increased by \$100,000,000, holdings of United States Government direct obligations by \$390,000,000, holdings of United States guaranteed securities by \$70,000,000, and holdings of other securities by \$50,000,000. Adjusted demand deposits of these banks — that is, demand deposits other than Government and bank deposits, adjusted for collection items — increased by \$140,000,000, United States Government deposits by \$160,000,000, and balances due to banks by \$270,000,000.