MONTHLY BUSINESS REVIEW

Covering financial, industrial and agricultural conditions

Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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JUDGING by figures available, business activity in this district attained a new high level for the recovery movement in September and remained at approximately that point in the first half of October. Somewhat indicative of this condition was the fact that debits to individual accounts at banks in leading cities were 24 per cent larger in the five weeks ended October 23 than in the same period of 1934, while the gain for the year to date was 15.6 per cent. The present level of operations was in part a result of the unusual activity in the automobile industry, but other lines have been enjoying a good volume of fall business, in some cases the best in five years.

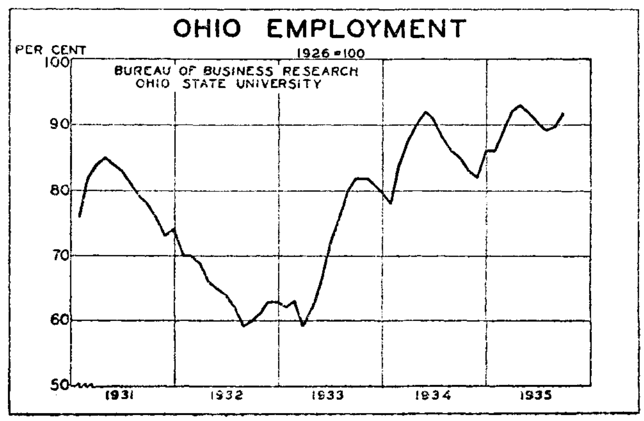
Employment in Ohio, as shown on the accompanying chart, was better in September than in any similar month since 1929 and was only slightly below this year's spring peak. No adjustment for seasonal variation is made in this index, but the gain from August, 2.3 per cent, was in contrast with a condition of relative stability at this time in past years. This index was 9.2 per cent higher in September than in the same month of 1934. Similar conditions were reported in Western Pennsylvania.

Of prime importance because of their direct effect on so many lines of activity in this district were the developments in the automobile industry. September production was the lowest for any month so far this year, but it compared favorably with November 1934. In both these months model changes were being made by automobile plants. The new models have been introduced with little apparent difficulty and by the third week of October plants were stepping up production rates. Although releases on orders for parts and materials were a little slower arriving than was previously expected by local companies, it was reported that they continued to expand in the first part of October. Local plants have been benefited by the fact that the period of reduced operations because of model changes has been of relatively short duration. The increase has come at a time when, in other years, production has been declining. The expansion in tire shipments to auto plants recently has offset in part the drop in replacement tire sales, and plate glass and paint requirements have been large for this season.

Iron and steel production showed little change in the first three weeks of October, although a slight upward trend was exhibited at plants in this district in the latest week. The increase was largely due to expanding orders from the automobile industry. Compared with a year ago substantial gains have been evident recently. Out of a total of 281 blast furnaces 104 were in operation on October 1. This compared with 65 a year ago. Steel ingot production in September was up 123 per cent from the same month of 1934. Plant operations have been above 50 per cent of capacity for some time, whereas in mid-October last year the industry was working only at 23 per cent of capacity.

Electric power production continued to increase and in this industrial region gains in late September and the first three weeks of October from corresponding periods of 1934 ranged from 15 to 18 per cent. So far this year power production in this district has been about 10 per cent ahead of the same time last year.

Clothing and shoe production declined seasonally in early October but compared favorably with a year ago. Retail trade increased more than seasonally in September and gains from last year continued to be shown in the first half of October. Considerable fluctuation in sales from month to month has been evident, but a gain in dollar sales of about three per cent was reported for the first nine months from the same period of 1934. All reporting lines of wholesale trade experienced greater than seasonal increases in sales in September and dollar volume in that month was larger than in any similar period since 1930.



Machine tool sales were down in September from the high level of August, but improvement was reported in the first half of October and substantial gains from last year were evident generally. Hardware and electrical apparatus companies continued to operate at substantially higher levels than a year ago.

Building contracts awarded in this district in September were 40 per cent larger than in the corresponding month of 1934 and the gain in residential construction in the period was 163 per cent. A seasonal falling-off was evident from August, but a large volume of contemplated contracts was reported in the latest month.

Late-maturing crops in this district were aided by favorable weather generally, although severe frost did considerable damage to grapes and corn in some sections. Farm income this season is much larger than in any of the preceding three years.

FINANCIAL

Although the volume of financial transactions, reflected in debits to individual accounts at banks in leading cities, increased in the five weeks ended October 23 and was 24 per cent ahead of the corresponding period of 1934, changes in condition figures of weekly reporting member banks in the fourth district and of the Federal Reserve Bank of Cleveland were of minor importance.

At the reserve bank there was a nominal decline in bills discounted for member banks in October, amounting to $216,000 between October 2 and October 23, and a slight increase in loans to industry in the same period. Holding of United States Government securities and acceptances were unchanged and total earning assets of this bank, at $220,303,000 on the latest report date, were approximately the same as on September 18, but they were up slightly from a year ago at that time. On both dates, however, they consisted almost entirely of United States Government securities.

Member bank reserve deposits fluctuated somewhat in early October, but they were approximately the same on October 23 as on September 18. At $326,000,000, they were $60,000,000 larger than on the corresponding date last year, and approximately $170,000,000 in excess of requirements. This is a new high level for excess reserves of banks in this district.

Circulation of Federal reserve notes remained close to the high point of the year touched on September 25 and at $332,000,000 was nearly $30,000,000 higher than a year ago. The retirement of national bank notes has made it necessary to issue other forms of currency which accounts for part of the increase in note circulation of this bank since mid-summer. A larger volume of business has been another factor.

Total loans and investments of weekly reporting member banks were slightly lower on October 23 than in the third week of September. Loans made by these banks declined in early October; they subsequently increased slightly and on the latest report date, at $382,000,000, were about the same as on September 18, but were down 3.5 per cent from a year ago. This decline was all in loans on securities. They have, however, increased slightly in the two latest weeks. Commercial loans were little changed in late September and the first three weeks of October, but they were nearly ten per cent larger on the latest report date than at that time last year.

Demand deposits of these reporting banks fluctuated considerably in the five weeks ended October 23, but were 2.1 per cent lower on the latest date than in September. Despite the recent drop, demand deposits were still 18.3 per cent larger than a year ago, and only slightly below the record high point touched in September. Time deposits increased moderately in the five-week period and savings deposits at selected banks throughout the district were 5.5 per cent larger on October 1 than a year ago.

MANUFACTURING, MINING

Iron and Steel In the steel industry conditions showed little change in the closing week of September or the first three weeks of October. If anything, a slight easing in demand was noticeable, although toward the end of the period some strengthening was apparent in automobile requirements. The industry as a whole operated at 52½ per cent of capacity in the week ended October 26, up 1½ points in the latest week, and approximately the same as in the week ended September 21. In the Cleveland-Lorain district in the same period the steel works' rate declined from 67 to 62 per cent and then rose two points to 64 per cent in the latest week: at Wheeling it dropped from 84 to 78 per cent, while in the Youngstown area it advanced from 54 to 62 per cent in the same period. At Pittsburgh, operations advanced slightly in early October, but a decline of two points in the third week of the month wiped out the increase and operations were unchanged at 46 per cent of capacity in the week ended October 26. Compared with a year ago a decided improvement was apparent in the industry as a whole, for at that time operations averaged 23 per cent of capacity.

Activity in scrap steel, which expanded sharply as foreign hostilities began, moderated in mid-October and *Steel's* scrap price composite was $12.67 in the latest week compared with $12.79 a month ago.

If it were not for the automobile industry which is taking more steel than usual for this season of the year, iron and steel demand probably would be considerably less than it is today. Commitments from this industry have been increasing slowly but steadily and it is reported that auto manufacturers expect to move rather cautiously in the production of new models until consumer demand at this season of the year becomes better defined. Railroad buying has failed to develop, although there is a growing scarcity of freight cars in good order.

Structural shape awards have increased moderately in recent weeks, but demand for tin plate has fallen precipitately and producers have large stocks of this material on hand. Consumption by the agricultural implement industry has been well sustained this fall. Demand for merchant pig iron used for steel production has increased substantially and shipments from furnaces in this section recently were the largest for this period in five years.

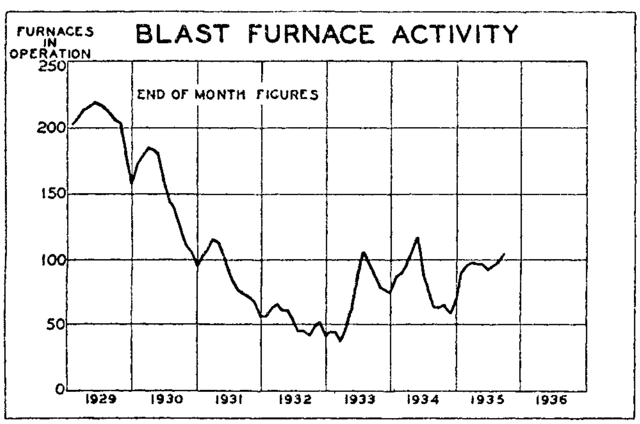
Steel ingot production in September totaled 2,830,000 tons, a gain of 123 per cent from the corresponding month of 1934, when operations were at an unusually low level. On a daily average basis output was higher than in any month since February, the gain from August being 4.7 per cent. This was contrary to the seasonal trend of past years. A sharp increase in steel production in August and September, at a time when activity last year was at a relatively low level, caused output for the first nine months, 24,044,076 tons, to be 17 per cent above that of the corresponding period of 1934. Including the first part of October, steel ingot production for the year to date is now practically equal to the 25,599,000 tons made in the entire year 1934.

Daily average pig iron production in September, at 59,009 gross tons, was four per cent higher than in August and exceeded any month since June 1934. Total output for the month, 1,770,259 tons, was up 97 per cent from September 1934 and for the first nine months production amounted to 14,880,000 tons, a gain of 14 per cent from the same period of 1934. At the close of September there were 104 blast furnaces in operation in the entire country, a net gain of six for the month. A year ago at that time 65 furnaces were operating.

Finished steel prices have been relatively steady, but prices of many raw materials used in the manufacture of iron and steel, such as manganiferous ores, fluorspar and coke, are up 50 cents to a dollar a ton; the war, leading to higher vessel freight rates, has adversely affected imports of manganese ores and fluorspar.

Coal Although production of bituminous coal in this district and the country as a whole in the last week of September, when almost the entire industry was on strike, was less than in a great many years, output was increased sharply in the following week. The shut-down was preceded by a period in which production was at a relatively high rate, so that total output for the month of September at mines in this district was only 9.5 per cent less than in August and was down nine per cent from Sepetmber 1934. In the first nine months of the year production of local mines amounted to 103,702,000 tons, a reduction of 2.8 per cent from the same period of the preceding year. In the country as a whole, output for the year to date was approximately the same as in the first nine months of 1934, but stocks of coal above ground in late September were estimated to be 32 per cent greater than a year ago and in terms of days' supply, at the current rate of consumption, the increase was estimated at 20 per cent.

In the first half of October weekly coal production figures compared favorably with corresponding periods of both 1933 and 1934, but mining activity has been stimulated, according to reports, in anticipation of the time (November 1) when the Coal Conservation Act becomes effective. Dealers in this district reported an extremely heavy demand for coal to be used for household heating, but



slack and steam grades have been in poor demand and prices have declined. Coal shipments from Lake Erie ports in September were slightly larger than in the corresponding month last year, while for the season to date these shipments, at 27,077,000 tons, were 1.7 per cent smaller than in the corresponding period of 1934.

Automobiles The automobile industry, after operating at low levels in September while plant and tool changes were made incident to the introduction of new models, stepped up production quite rapidly in October. By the latter part of the month output had been increased to a point where it again was higher than in the corresponding week of 1934. According to *Cram's,* over 62,000 cars and trucks were made in the week ended October 26, compared with 45,000 in the previous week and 31,000 a year ago. Output for the entire month is estimated to be close to 170,000 units, somewhat above the same period in 1934, when 132,000 cars and trucks were made, but in October last year plants were winding up production of their 1934 models. Most recent activity, judging by reports, was to provide dealers with new cars; retail sales have lagged somewhat lately, but dealers state this is not unusual just prior to annual shows and the situation is not expected to change materially until after all new models have been announced.

While the changeovers apparently were accomplished with little difficulty in most cases, orders for parts and materials were not received in early October in the volume expected by local plants. Since the late fall introduction of new models by the entire industry is somewhat of an innovation it would appear that manufacturers are proceeding cautiously until the public's reaction to this change can be more definitely ascertained.

Final figures for September, according to the *Department of Commerce,* indicate that 89,805 cars and trucks were made in the month. This was a reduction of 63 per cent from August and of 48 per cent from September 1934. Output in the period exceeded that of November 1934, however, the month which is most comparable with September 1935. Passenger car production for September was 57,285 units, which brought the nine-month output to 2,388,189 cars, a gain of 23.5 per cent from the corresponding months of 1934, and exceeded any similar period since 1930; in that year only a relatively few more cars were made in the nine months than were produced in the first three quarters of 1935.

Truck production in September was 32,520 units, a drop of 28 per cent from the preceding year. In the first nine months of this year 540,856 trucks were made, a gain of 20 per cent from the same period of 1934. The increase in passenger car and truck production combined in the nine months from the same interval of 1934 was 23 per cent.

As might be expected, new passenger car sales fell off quite sharply in September in the entire country, but the seasonally adjusted index of the Department of Commerce was only two points lower in the month than in September 1934. Dealers' stocks apparently were well cleaned up before new models were moving from factories in any volume. In principal counties of this district fewer sales were reported in September than in any previous month this year.

Rubber and Tires Demand for replacement tires declined somewhat more than seasonally in late September and the first half of October, but this was partly offset by increased sales to auto manufacturers at a time when in past years these sales have declined. As a result the net change in the industry was about what usually occurs at this time of the year. Some plants curtailed operations in early October and are working one less day per week than they were earlier in the year, but the number of employees has shown little change and compares favorably with a year ago at this time.

Crude rubber consumption by manufacturers in the United States in September was estimated to be 37,553 long tons, a drop of 4.3 per cent from August, but 24 per cent above September 1934. Consumption in the month was slightly greater than imports in the period, which amounted to 34,569 tons, and crude rubber stocks consequently showed a slight falling-off. At the month end they were approximately 10 per cent smaller than on that date in 1934. Crude rubber prices improved in September and the first half of October, but ribbed smoked sheets, quoted at 13 cents in the latest week, were one cent lower a year ago at that time.

Employment at local plants, according to the *Ohio State University Bureau of Business Research,* dropped 0.2 per cent in September, compared with a five-year average August-to-September drop of 3.8 per cent. In contrast with a year ago a slight increase in the number of employees was reported by local factories.

The retail tire situation is little changed. Price wars continue to be reported in scattered sections from time to time, but no revision in the list prices has been made recently.

Production figures of the tire industry are complete through August only. In that month output, at 3,992,800 casings, was up 13 per cent from July and a similar increase from August 1934 was reported. In three of the past five years a decline occurred from July to August. Output in the first eight months of 1935 was almost equal to that of the corresponding period of 1934, but inventories, which have dropped sharply in recent months, were 10.3 per cent smaller on September 1 than a year previous.

Tire shipments in August exceeded production in the month by 18.7 per cent and were ten per cent larger than in August 1934. In the first eight months of this year, tire shipments, amounting to 34,814,000 casings, were 1.8 per cent ahead of the same interval of the previous year.

Clothing A seasonal contraction in clothing production was reported in early October in this section. Factories have not yet started work on spring apparel and production of winter clothing has been about completed, although rush orders to replace depleted retail stocks have kept factories engaged recently at better levels than a year ago. The period of low operations between the fall and spring seasons is expected to be shorter than usual.

Retail sales, according to reports, have been very good this fall. September figures are the latest complete ones available, but in that month local stores experienced an increase of 13 per cent in men's clothing sales from last year, while sales of women's and misses' coats and dresses were up three per cent. Suit and coat sales showed a decided increase from a year ago, but buying of dresses has lagged recently. Sales of knitted wear have held up very well this fall, with large gains from last year being reported generally. Prices of women's apparel at retail stores increased slightly in September, according to *Fairchild's* index, but men's clothing prices showed little change in the period. Both were lower than a year ago. Manufacturers stated that inventories have been kept as low as possible, there being little producing for stock purposes. Some factory representatives recently have been showing spring merchandise and a substantial increase in orders was reported. Prices have been advanced somewhat, the cost of wool and textiles being considerably greater than at this time last year. Wool consumption so far in 1935 has been much greater than in other recent years, being stimulated by Governmental buying, together with improved general demand. Raw wool in mid-October was quoted above 80 cents a pound, compared with 65 cents in May and about 75 cents at this time last year.

Employment at local clothing plants in September dropped slightly from the preceding month, but compared with a year ago an improvement of ten per cent was reported. The gain at men's clothing factories was greater than at other plants.

Other Manufacturing So far as the smaller manufacturing industries were concerned, the fourth quarter of the year apparently opened in a stronger position than any in the past five years and activity in most lines in this district was much above a year ago at that time. Many local plants experienced a contra-seasonal increase in operations in Sepetmber and early October, and employment and payrolls improved somewhat.

Auto Parts, Accessories. Operations in the auto parts and accessory industry increased in late September and the first three weeks of October. This was contrary to the trend at this season of previous years and the effect of this change was reflected in larger payrolls rather than in the number of employees. Employment at local plants in September was up four per cent from August and a gain of 8.3 per cent from September 1934 was recorded. Local plants indicated that October output would be about 15 per cent larger than in September. Releases from auto assembly plants were somewhat behind expectations in early October and as a result inventories of finished goods increased slightly. Third quarter earnings of major companies were larger than a year ago and favorable gains for the first nine months were reported generally.

Brick and Tile. Employment at local plants declined from August to September and in the latter month was 1.6 per cent below last year at that time. A slight gain in production, which resulted from an increase in the number of hours plants were operating, was apparent in recent weeks; for the year to date an increase of 33 per cent in brick production was reported for the entire industry.

China, Pottery. Operations at china and pottery plants in this district in late September and early October were up slightly from the level reported a month ago and the industry as a whole was operating at 75 per cent of capacity or better. Employment in September at local plants was up over four per cent from August and further improvement was indicated for October. Compared with a year ago employment in September was up eight per cent. An increase in orders, largely seasonal, was reported in recent weeks, but collections were slow.

Electrical Supplies. Operations at local plants in September continued at relatively high levels and a seasonal increase in employment was reported. Rising raw material prices, particularly of copper, lead, and steel, has stimulated buying of all kinds of electrical apparatus, and the increase in September sales from last year was considerable.

Glass. Demand for window glass increased in September from August, but the expansion was less than seasonal. Dealers purchased a large supply of glass earlier in the year and it was reported that these inventories were being scaled down. Output for the industry as a whole in the first nine months of this year was considerably ahead of the same period of 1934. Prices remain firm. Plate glass production in early October continued at capacity levels, but inventories, which were being built up rather rapidly a month ago, have declined slightly, releases having been made by auto companies for rather large quantities of automobile glass. Employment in September was five per cent greater than in August at local plants and was 24 per cent ahead of a year ago. The five-year average August-to-September increase was less than one per cent.

Hardware. A slight increase in sales of hardware and metal specialties was reported in the latter half of September and early October and employment at Ohio factories rose more than seasonally. Activity in the automobile industry was chiefly responsible for the improvement although buying in other lines was better than at that time last year. Prices have advanced slightly due to rising raw material costs.

Machinery, Machine Tools. Although actual orders received in September by members of the *National Machine Tool Builders' Association* dropped sharply from the high level of August, reports from the industry continued optimistic. Domestic orders held up better in September than foreign buying, and a generally improved situation was reported in the first half of October. Small tool demand increased further and substantial gains in sales, employment, and payrolls were reported from a year ago. Foundry equipment sales advanced to a new high level for recent years in September. Local foundries have been quite active recently.

Paint. Reports from the paint industry were not uniform; all indicated improvement from last year, but some manufacturers reported a falling-off in sales in September and early October, while contrary-to-seasonal gains were experienced by others. The first three quarters of this year compared very favorably with 1934. Prices have been advanced slightly.

Paper. Production and sales of paper and boxboard improved in September. The boxboard industry in that month was operating at 64 per cent of capacity, a higher rate than for some time. Paper plants were working at about 80 per cent or better. Orders received in early October were up seasonally from the previous month.

Shoes. Output of local factories declined seasonally in September as work on winter lines was approaching completion, but preliminary figures indicate that it was 46 per cent ahead of September 1934. A further contraction in plant operations was reported in the first half of October. Reorders from dealers were small, retail sales being adversely affected by unseasonable weather. In the first nine months of this year local factories reported an increase of 14 per cent in shoe production. Inventories of raw materials have been rising and prices have increased considerably. Hides were quoted at 15.5 cents a pound in the third week of October compared with 9.6 cents a year ago. Production of spring lines is expected to start in early November.

TRADE

Retail Retail trade in this district increased somewhat more than seasonally in September, judging by reports received from representative department stores throughout the district, and preliminary figures indicated a further gain in the first half of October. Dollar sales of reporting stores were 8.3 per cent larger in September than in the corresponding month of 1934; gains were shown in all principal centers of the district, although considerable variation in the percentage increases was evident. The index of daily average sales at 47 stores, adjusted for seasonal variation, rose 1½ points to 74.5 per cent of the 1923-1925 monthly average. Although rather wide fluctuations in sales from month to month have been apparent so far this year, a net increase for the first nine months of nearly three per cent was experienced by all reporting stores. Dollar sales in September were larger than in any corresponding month since 1930. Retail prices, according to *Fairchild's* index of prices at department stores, increased approximately one per cent in September, but this index on October 1 was still 1.3 per cent lower than on the corresponding date of last year. The index, however, is nearly 25 per cent above the 1933 low point.

There was rather a sharp increase in credit buying in September, approximately 60 per cent of total purchases being credit sales. A year ago 56.5 per cent of all sales were of the credit type. The greater portion of this increase was in regular 30-day credit sales, only a slight expansion in installment buying being evident in September as compared with a year ago.

Although the dollar value of stocks carried by department stores was 13 per cent larger at the end of September than a month earlier, the increase was less than seasonal and the adjusted index dropped one point to 58.3 per cent of the 1923-1925 average. The reduction from a year ago was 2.3 per cent. Collections fell off slightly in September, but continued better than a year ago.

Sales in September at reporting wearing apparel stores were 2.4 per cent larger than in the corresponding month of 1934, but for the first nine months of this year little change in volume was apparent. An increase of 6.8 per cent in sales of reporting furniture stores was evident in September, but figures for the first nine months of the year were approximately the same as in the corresponding period of 1934. Collections at these stores have held up quite well.

Wholesale A rather sharp increase in total sales of all reporting wholesale firms was evident in September, the gain being somewhat more than seasonal. Total sales in the period were larger than in any corresponding month since 1930, and all reporting lines shared in the increase. Compared with a year ago September sales of wholesale hardware firms were up 19 per cent, drugs and groceries 12 per cent, and dry goods nearly two per cent. These increases were larger than the gains reported for the first nine months, grocery sales being up 5.3 per cent and hardware 6.3 per cent, compared with the first three quarters of 1934, while dry goods and drug sales were down slightly in the period.

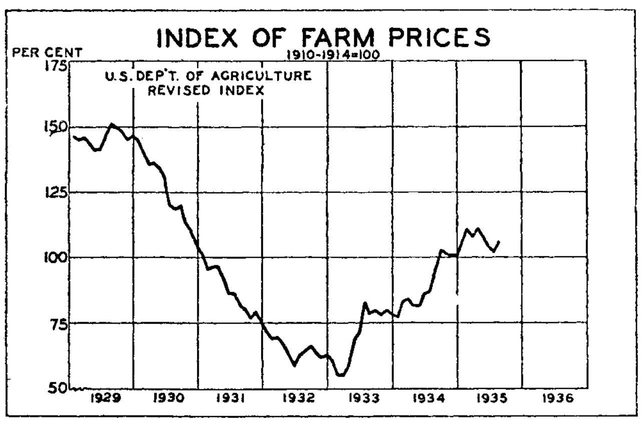
BUILDING

There was a decline in the volume of building contracts awarded in this district from August to September, but a contraction is not unusual at this season and the comparison with last year was still favorable, particularly in residential building. Total awards in September in the fourth district were valued at $13,042,000, an increase of 39.5 per cent from September 1934. This was the largest total reported for that month since 1931. Contracts awarded for public works in September declined quite sharply from August, but other major types of building also showed a falling-off.

Residential construction continued to be the bright spot in the building industry in this district in September. Contracts awarded for this type of work were valued at $3,772,000 in the month, an increase of 163 per cent from September 1934, the figure being the best for that month since 1931. In the first nine months of this year residential contracts awarded in this district were up over 100 per cent from the corresponding period of 1934, but total contracts awarded were down slightly in the period because in the early months of last year a large volume of public works' contracts was let.

Contemplated construction reported in this district in September was up quite sharply from August and was more than double that of September 1934. The greater part of the increase, both from August and September last year, was in the public works' field, but the value of other types of nonresidential construction contemplated in September was above that reported in August. So far as individual cities were concerned, gains in September from August were shown at Cleveland, Columbus and Toledo, while compared with a year ago nearly all cities reported increases.

Allowing for seasonal contraction, sales of lumber and building supplies held up quite well in September and early October. Lumber production has been increasing for some time, but dealers state that inventories remain low. Building costs were reported to have shown no change in the third quarter.



AGRICULTURE

Weather conditions throughout this district in September were favorable generally for the maturing and harvesting of late crops and the Department of Agriculture's October 1 estimates of yields per acre of principal crops were increased nearly three per cent from the previous month's figures. The heavy frost, or freeze in some sections, in early October did considerable damage to grapes, corn which was rather late maturing, and stopped the growth of late potatoes prematurely. Fall seeding operations have progressed very satisfactorily under favorable conditions and in the northern part of the district, where it appears considerable winter wheat has been planted, growth has been good.

This crop season as a whole has been the best for this district in several years, notwithstanding considerable damage from rains at grain harvest time, much loss in some areas from floods and the fact that total production is below the average of past years. Yield per acre of principal crops in Ohio was estimated on October 1 to be 18 per cent above the ten-year average yield; in Pennsylvania the gain was 12 per cent, while in Kentucky and West Virginia yields were up two and 12 per cent, respectively. Final figures as to total harvest are not available, but the following table shows the October 1 estimated harvest of principal crops compared with the ten-year average harvest of 1924-33 (the year 1934 was not used because it was abnormal) for the United States and the fourth district.

PRODUCTION OF PRINCIPAL CROPS
(000 omitted)

	Fourth District			United States		
	1935	10 year average 1924-33	% change	1935	10 year average 1924-33	% change
Corn, bu.	164,979	166,485	—0.9	2,213,319	2,588,428	—14.5
Wheat, bu.	45,237	36,810	+22.9	598,935	798,857	—25.0
Oats, bu.	55,337	77,150	—28.3	1,183,870	1,196,763	—1.1
Hay, tons	4,950	5,570	—11.1	76,707	74,704	+2.7
Tobacco, lbs.	95,825	136,836	—30.0	1,272,945	1,369,274	—7.0
Potatoes, bu.	20,779	19,483	+6.7	365,995	356,070	+2.8

Total wheat harvest in this district was 23 per cent above the ten-year average, while in the entire country the crop was 25 per cent below this average. This year's corn crop is estimated to be only 0.9 per cent below the average of past seasons, in contrast with a drop of 14.5 per cent for all states. While production of these principal crops with two exceptions is below the ten-year average, harvest of other crops, particularly fruits, has been large and farm income, because of this, higher prices, and benefit payments, up to September 1, was much above that received in the corresponding period of the three preceding years, the only ones for which such figures are available. The table below shows estimated receipts from sale of farm products in principal states of the district and the United States prior to September 1.

RECEIPTS FROM SALE OF FARM PRODUCTS
(1,000 dollars)

	Ohio	Penna.	Kentucky	W. Va.	United States
Jan.-Aug. 1935	156,361	136,029	74,258	19,631	3,670,000
do 1934	122,622	118,790	62,860	16,147	3,504,000
do 1933	104,232	93,860	49,956	13,241	2,972,000
do 1932	100,864	101,437	50,803	13,545	2,303,000

Volume marketings of this district's principal crops occur in the fall and winter months and are not reflected in these figures, but they reveal that local farm conditions have improved materially this year. Prices received by farmers advanced slightly in September and in that month the index of the Department of Agriculture was 107 per cent of the five-year pre-war average, higher than since 1931. Since mid-September minor fluctuations have occurred, no marked trend being evident in the average. Compared with a year ago the composite index is up about four points, but it was down from the peak earlier in the year.

Condition of this district's late-maturing crops improved in September generally. The corn crop is relatively better than in the country as a whole and is larger than that harvested in any of the three preceding years. While the freeze of early October did considerable damage to fodder, most corn had matured sufficiently prior to that time. As a result of an abundance of fodder most silos are very well filled this year and the good crops of hay remove any possibility of feed shortage in this district.

Serious damage to grapes was reported as the killing freeze occurred much earlier than was expected. Ripening was delayed because of the rank plant growth caused by the wet weather and following the freeze much fruit fell off before it could be picked.

The 1935 tobacco crop in this district is slightly larger than that harvested in 1934, but a reduction of 30 per cent from the 10-year average harvest, largely because of the acreage-control program, is indicated. The average yield per acre for the entire country is reported to be larger than in nearly thirty years. Curing of the burley crop has progressed satisfactorily and present indications point to a crop of good quality, somewhat better than average, but much depends on weather conditions between now and marketing time.

Wholesale and Retail Trade

(1935 compared with 1934)

	Percentage Increase or Decrease		
	SALES September 1935	SALES First 9 Months	STOCKS September 1935
DEPARTMENT STORES (49)			
Akron	+ 0.3	— 1.4	— 3.1
Cincinnati	+ 7.0	+ 3.4	+ 1.7
Cleveland	+ 5.4	+ 1.0	+ 5.6
Columbus	+ 6.4	+ 2.8	— 3.7
Pittsburgh	+12.6	+ 4.1	— 3.2
Toledo	+14.0	+ 5.4	+ 0.7
Wheeling	+21.9	+ 7.0	— 0.9
Youngstown	+15.8	+ 3.1	+ 5.6
Other Cities	+ 0.001	+ 4.0	+ 0.8
District	+ 8.3	+ 2.9	— 2.3
WEARING APPAREL (12)			
Cincinnati	— 3.3	— 1.5	+11.2
Pittsburgh	+ 3.8	+ 7.0	+ 0.5
Other cities	+ 5.0	+ 1.3	+ 5.2
District	+ 2.4	+ 1.5	+ 5.8
FURNITURE (42)			
Cincinnati	+26.0	+12.3	
Cleveland	— 6.0	—13.4	
Columbus	+18.9	+ 9.0	
Dayton	— 1.2	+ 7.2	
Toledo	+12.0	+15.4	
Other Cities	+31.7	+18.0	
District	+ 6.8	+ 0.2	
CHAIN STORES*			
Drugs—District (4)	+13.4	+ 5.4	
Groceries—District (5)	— 1.6	+ 5.3	
WHOLESALE GROCERIES (30)			
Akron	+36.6	+32.9	
Cleveland	+ 9.0	— 5.2	
Erie	+ 8.6	+ 6.9	
Pittsburgh	+ 2.6	+ 0.8	
Toledo	+ 8.0	+10.1	
Other Cities	+13.2	+ 8.0	
District	+11.8	+ 5.3	+3.3
WHOLESALE DRY GOODS (10.)	+ 1.7	— 0.4	—3.8
WHOLESALE DRUGS (13)	+12.0	— 0.003	
WHOLESALE HARDWARE (14)	+18.7	+ 6.3	

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Sept. 1935	% change from 1934	Jan.-Sept. 1935	% change from 1934
Bank debits—24 cities	$1,914,000	+21.4	$16,988,000	+14.6
Savings Deposits—end of month:				
41 Banks, O. and Pa. $	689,519	+ 5.5		
Life Insurance Sales:				
Ohio and Pa. $	63,216	+ 4.7	709,366	+ 1.1
Retail Sales:				
Dept. Stores—49 firms $	16,290	+ 8.3	135,093	+ 2.9
Wearing Apparel—12 firms $	791	+ 2.4	6,582	+ 1.5
Furniture—42 firms $	624	+ 6.8	5,930	+ 0.2
Wholesale Sales:				
Drugs—13 firms $	1,370	+12.0	11,853	— 0.003
Dry Goods—10 firms $	1,331	+ 1.7	9,675	— 0.4
Groceries—30 firms $	4,367	+16.8	34,304	+ 5.3
Hardware—14 firms $	1,362	+18.7	11,009	+ 6.3
Building Contracts—Total $	13,042	+39.5	118,519	— 2.7
" " —Residential $	3,772	+163.6	30,516	+106.5
Commercial Failures—Liabilities $	1,044	—29.2	12,278	—39.2
" " —Number	63[2]	+ 6.8	686[2]	+ 3.0
Production:				
Pig Iron, U. S. Tons	1,770	+96.9	14,880	+14.1
Steel Ingot, U. S. Tons	2,830	+123.0	24,044	+17.0
Auto-Pass. Car, U. S.	57,285[2]	—54.2	2,388,189[2]	+23.5
Auto-Trucks, U. S.	32,520[2]	—27.7	540,856[2]	+20.1
Bituminous Coal Tons	9,503	— 9.1	103,702	— 2.8
Cement—O., W. Pa., W. Va. Bbls.	968	+26.5	5,385	— 9.7
Elec. Power—O., Pa., Ky. k.w.h.	1,331[3]	+17.6	10,058[4]	+ 8.8
Petroleum—O., Pa., Ky. Bbls.	2,070[3]	— 1.0	16,870[4]	+ 8.6
Shoes Pairs	[5]	+46.2	[5]	+13.9
Tires, U. S. Casings	3,993[3]	+13.0	33,476[4]	— 1.2
Bituminous Coal Shipments:				
L. E. Ports Tons	4,505	+ 0.3	27,077	— 1.7
Iron Ore Receipts:				
L. E. Ports Tons	3,249	+38.7	15,256	+14.0

[1]not available
[2]actual number
[3]August
[4]First 8 months
[5]confidential

Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ended Oct. 23, 1935	% Change from 1934	Year to date Jan. 2, 1935 to Oct. 23, 1935	Year to date Jan. 3, 1934 to Oct. 24, 1934	% Change from 1934
Akron	$ 60,843	+15.1	$ 492,114	$ 443,983	+10.8
Butler	9,919	+20.4	69,524	66,017	+ 5.3
Canton	36,885	+46.4	283,811	250,760	+13.2
Cincinnati	332,716	+17.5	2,731,783	2,382,176	+14.7
Cleveland	561,347	+23.8	4,488,993	3,896,364	+15.2
Columbus	190,295	+ 3.0	1,526,241	1,151,027	+32.6
Dayton	54,830	+ 9.2	483,481	391,390	+23.5
Erie	25,877	+ 0.4	209,177	184,489	+13.4
Franklin	3,322	+18.5	27,712	24,767	+11.9
Greensburg	6,930	+22.4	53,631	48,465	+10.7
Hamilton	11,413	+23.7	84,224	75,746	+11.2
Homestead	2,482	— 3.9	21,164	18,385	+15.1
Lexington	17,528	+ 8.6	189,793	168,829	+12.4
Lima	11,882	+30.7	88,627	74,746	+18.6
Lorain	3,970	+30.4	32,723	25,972	+26.0
Middletown	9,289	+33.6	72,192	61,150	+18.1
Oil City	11,385	+23.8	86,746	68,490	+26.7
Pittsburgh	828,252	+38.9	6,201,684	5,400,103	+14.8
Springfield	16,216	+18.3	137,555	117,004	+17.6
Steubenville	8,306	+21.9	66,651	59,250	+12.5
Toledo	111,702	+20.0	897,823	844,152	+ 6.4
Warren	8,619	+18.5	65,079	59,475	+ 9.4
Wheeling	33,611	+19.5	278,230	268,112	+ 3.8
Youngstown	46,959	+20.6	370,979	322,188	+15.1
Zanesville	7,697	+12.4	63,519	56,105	+13.2
Total	$2,412,275	+24.4	$19,023,456	$16,459,145	+15.6

Fourth District Business Indexes

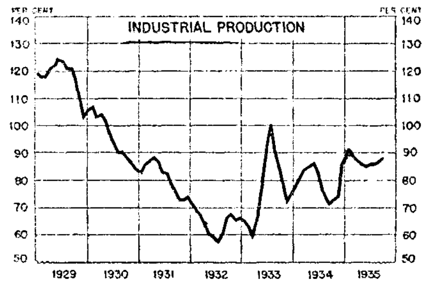
(1923-1925 = 100)

	Sept. 1935	Sept. 1934	Sept. 1933	Sept. 1932	Sept. 1931
Bank Debits (24 cities)	71	58	54	52	84
Commercial Failures (Number)	43	40	80	151	113
" " (Liabilities)	24	33	53	105	98
Sales—Life Insurance (O. and Pa.)	76	72	77	78	90
" —Department Stores (47 firms)	78	72	68	57	76
" —Wholesale Drugs (12 firms)	90	80	78	75	89
" — " Dry Goods (10 firms)	54	53	44	40	56
" — " Groceries (30 firms)	80	70	63	62	80
" — " Hardware (14 firms)	70	59	55	43	62
" — " All (66 firms)	75	66	60	56	73
" —Chain Drugs (4 firms)**	79	70	68	66	77
Building Contracts (Total)	27	20	17	22	41
" " (Residential)	22	8	11	13	27
Production—Coal (O., W. Pa., E. Ky.)	53	58	59	56	68
" —Cement (O., W. Pa., W. Va.)	81	63	44	66	88
" Elec. Power (O., Pa., Ky.)*	159	135	138	114	131
" Petroleum (O., Pa., Ky.)*	112	113	102	110	96
" Shoes	114	78	101	93	90

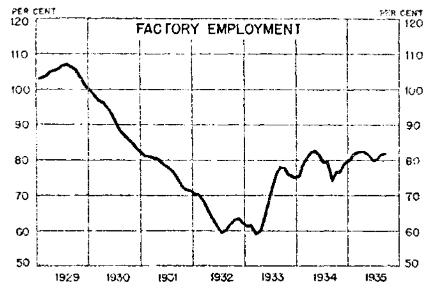
*August.
**Per individual unit operated.

Summary of National Business Conditions

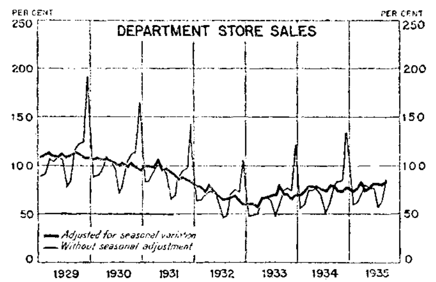
By the Board of Governors of the Federal Reserve System



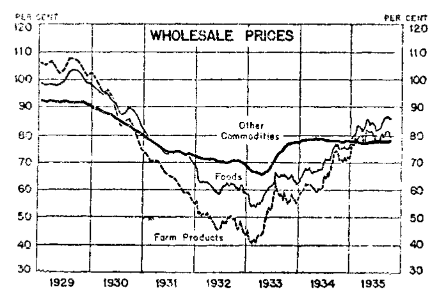
Index of industrial production, adjusted for seasonal variation, (1923-25=100). Latest figure, September preliminary 88.



Index of factory employment, adjusted for seasonal variation, (1923-25 average=100). Latest figure, September 81.9.



Indexes of daily average value of sales, (1923-25 =100). Latest figures September, adjusted 82, unadjusted 86.



Indexes of the United States Bureau of Labor Statistics (1926=100). By months 1929-31; by weeks 1932 to date. Latest figures October 19. Farm products, 79.5; foods, 85.6; other commodities, 78.4.

Industrial production and employment increased in September and distribution of commodities to consumers was in larger volume, reflecting in part seasonal influences. The general level of wholesale prices showed little change.

Production and Employment

Output at factories and mines, as measured by the Board's seasonally adjusted index of industrial production, advanced from 87 per cent of the 1923-1925 average in August to 88 per cent in September, reflecting chiefly increases in the output of iron and steel, lumber, cotton and silk textiles, and anthracite, offset in part in the total by declines in the production of automobiles and woolen textiles. At steel mills activity increased from 49 per cent of capacity in August to 51 per cent in September, and during the first three weeks of October continued at about the September level. At automobile factories a sharp decline in output during September, as preparations were made for new models, was followed in the early part of October by a rapid advance. Lumber production continued to increase in September. In the cotton textile industry, where output had been at a relatively low level since April, activity showed a marked increase in September and there was also an increase in output at silk mills, while at woolen mills, where activity has been at an exceptionally high level for several months, there was a decline.

Factory employment showed a seasonal increase between the middle of August and the middle of September. The number employed at foundries and in the lumber, nonferrous metals, and machinery industries increased substantially, while in the automobile industry there was a considerable decline. At cotton mills employment showed a seasonal increase and at silk and rayon mills there was an increase of more than the usual seasonal amount, while employment at woolen mills and shoe factories declined.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in the six weeks ending October 15 as in the previous six weeks, reflecting an increase in residential building, partly of a seasonal character, and a slight decline in other types of construction.

Distribution

Freight-car loadings showed an increase of more than the usual seasonal amount in September and increased further in the first half of October. Department store sales also increased by more than the estimated seasonal amount in September, and for the third quarter the average of the Board's seasonally adjusted index was 80 per cent of the 1923-1925 average as compared with 75 per cent a year ago.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, showed little change during September and the first three weeks of October. Prices of grains decreased in the middle of October, following a considerable advance, while prices of silk, hides, and copper increased throughout the period.

Bank Credit

Reserves of member banks continued to increase during the five weeks ending October 23, reflecting chiefly imports of gold from abroad. At the end of the period reserves in excess of legal requirements at $2,930,000,000 were at the highest level on record.

At weekly reporting member banks in 91 leading cities adjusted demand deposits increased by $40,000,000 during the four weeks ending October 16, while United States Government deposits declined and inter-bank balances rose to a new high level. Loans on securities decreased by $40,000,000, while other loans, including commercial credits, increased by $80,000,000.

Yields on both short-term and long-term Government obligations increased from the last week in August to the first part of October and subsequently declined. Other short-term open-market money rates remained at previous low levels.