

MONTHLY BUSINESS REVIEW

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and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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THE fourth district has experienced the best upturn in business this fall that has occurred at this period in several seasons, and in mid-November operations continued at or near the high point of the year. Comparison with a year ago at this time reveals some startling gains in production figures, and improvement in employment and pay-rolls.

The chief cause of the gain has been the change effected in the automobile industry by which an effort was made to level out some of the wide swings that generally occur in that industry. Moving forward the new model introductions two months caused local plants to step up operations in late August at a time when in past years they were generally declining. By mid-November automobile output had risen to a rate approximating over 350,000 units a month which was better than in any corresponding period since 1925 and compared with 293,000 units in January 1935, the first full month of production on the previous year's models. In addition, there have been reports that inventories of parts are being built up by some assembly plants. In the first ten months of this year 3,204,000 cars and trucks were made, compared with 2,753,000 units in all of 1934.

Iron and steel plants in this section, in recent years at least, have been more dependent on the automobile industry than any other single one and as a result have been producing this fall at somewhat higher rates than the national average. In the third week of November Cleveland-Lorain mills were working at 80 per cent of capacity, a gain of 18 points in the four latest weeks and, excluding mills at Pittsburgh which were working at about 46 per cent, other plants in this district were above the national average of 54½ per cent of capacity. Not only was the steel industry operating at the highest level of the year in mid-November, but for nearly four months the national rate has remained above 50 per cent. October steel production was 110 per cent ahead of October 1934 and pig iron output was up 108 per cent in the same period, there being a net gain of ten blast furnaces in operation in the month; of a possible 281, there were 114 active on November 1.

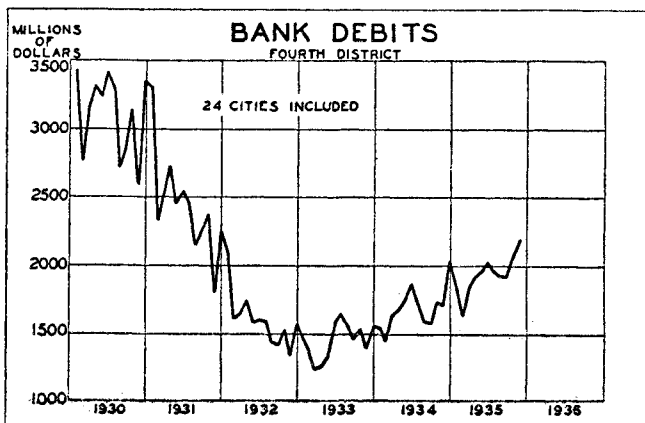
Building activity has held up very well in this section this fall. Weather has been favorable and both private and public construction is much above last year. Total

work in this field has exceeded any fall since 1930. In October total contracts awarded in the fourth district were 169 per cent ahead of last year and residential building was over four times what it was a year ago, but the latter figure was large because of the awarding of two contracts for Federal slum elimination projects in Cleveland. In the first half of November awards were 64 per cent ahead of the same period last year.

Gains in most of the other industries were reported in the four latest weeks compared with 1934, although a falling-off in sales of paints, china and pottery was experienced in early November. Retail shoe sales were adversely affected by the weather, but production of local factories was 32 per cent ahead of last year in October and for the year to date a gain of 15 per cent was reported. Machine tool sales were down from the peak of late summer, but were up sharply from other recent years at this season.

Production of rubber products in October was reported to be 40 per cent ahead of last year, the bulk of the rise being due to greater demand for original equipment tires, but sales of other rubber products have increased sharply in recent months.

Electric power production in this section in the latest month was 16 per cent ahead of last year and similar gains were reported in November. Coal production, which has fluctuated widely this year, was stimulated in October by seasonal household demand, increased industrial takings, and



the realization that Federal control of the coal industry began November 1. In the first ten months of this year mines in the fourth district produced 1.1 per cent less coal than in the same interval of 1934.

Various employment indexes in this district were higher in October than at any time in the past five years and payrolls were reported much larger than a year ago. This was reflected in retail trade circles; sales at reporting department stores in the fourth district in October were ten per cent larger than in the corresponding month of 1934. Retail furniture sales were up 18 per cent in October and automobile sales in principal counties, which were affected by the fact that new models were forthcoming, nevertheless were slightly ahead of last year.

Increased buying in preparation for the pre-Christmas season was reflected in the greater seasonal rise in department store stocks and in sales of reporting wholesale lines in this section, including watches and jewelry.

FINANCIAL

Although deposits of weekly reporting member banks continued to increase in late October and the first three weeks of November, credit extended in the same period declined, despite a slight gain in investments of member banks. Savings deposits at selected banks in the fourth district increased 0.7 per cent in October and at the month end were 4.3 per cent larger than a year ago.

Debits to individual accounts at banks in 24 leading cities of the district were 21.7 per cent larger in the four weeks ended November 20 than in the same period last year. The gain for the year to date was 16 per cent. The increases reported for industrial centers were much larger than the district average, amounting to more than 30 per cent in most cases. Local banks state that demands for payroll money are much greater than a year ago.

At the Federal Reserve Bank of Cleveland there was little change in earning assets in the four weeks ended November 20. Gold certificates on hand or due from the Treasury continued to increase, rising \$43,000,000 in the period. Excluding one week in September when a temporary increase occurred, they were at a record high level and totaled \$495,446,000. The gain in the past year was \$122,000,000. Bills discounted for member banks have all but disappeared, amounting to only \$18,000 on the latest report date. Other earning assets, including holdings of acceptances, Government securities and working capital loans were practically unchanged in the period.

Circulation of this bank's Federal reserve notes increased to the highest point of the year on November 13, but was down slightly in the following week. On the latest date note circulation was approximately \$338,000,000, compared with about \$300,000,000 at the beginning of the year and \$298,000,000 last November. As has been pointed out before, part of this increase represents the retirement of national bank notes—Federal reserve notes, and silver certificates being issued to replace them—but increased industrial and commercial activity is also reflected in the figures.

Member bank reserve deposits rose from \$326,000,000 on October 23 to \$362,000,000 on November 20 and on the latest date they were \$88,000,000 higher than a year ago. In mid-November reserves of member banks in this district were approximately \$200,000,000 in excess of legal requirements, as against a daily average excess in October of \$170,000,000.

Several revisions have recently been made in the weekly reports of condition of banks in leading cities of the fourth district and also the entire country, the purpose of which is to make the figures reveal more accurately fluctuations in principal assets and liabilities of member banks. Figures for eight banks in this district, which were temporarily excluded from the combined report following the banking holiday of 1933, are now included in the fourth district figures. In addition a more detailed record of loans is now available and changes in the compilation of net demand deposits make them more representative. Because of these revisions comparability of current figures with those of past months and years is destroyed. Figures back to September 1934 are now in process of revision and will be available at an early date.

From information now obtainable, there was a moderate decline in total volume of credit extended by member banks in this district in the four weeks ended November 20. Loans on securities were down slightly and commercial loans showed a greater falling-off, although the total drop in the loan account was only 1.6 per cent in the period. Investments in United States Government securities were up slightly, but holdings of other securities declined.

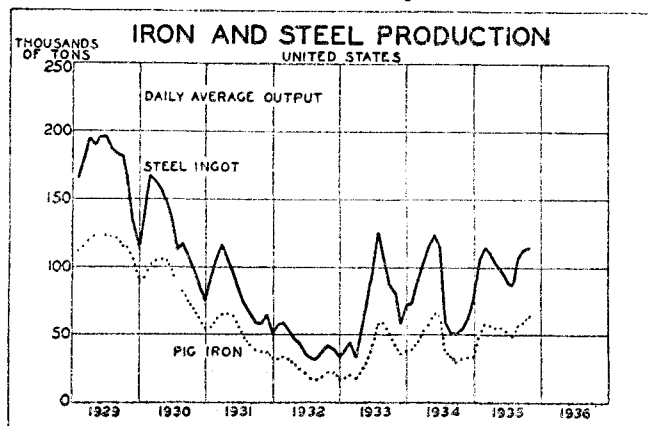
Demand deposits at these reporting banks increased sharply between October 23 and November 20, the gain being 5.3 per cent. In the same period time and Government deposits declined slightly.

MANUFACTURING, MINING

Iron and Steel Conditions in the iron and steel industry have been relatively stable for some time.

notwithstanding seasonal changes in consuming lines. For fifteen consecutive weeks the national average of steelworks operations has ranged between 50 and 54½ per cent of capacity and in the week ended November 23 it was at the higher level. This was the peak rate of the year, activity in the first two weeks of February only equaling that figure and in the late spring months when output is usually at the high point of the year it was below the recent peak.

Considerable variation was evident in operating rates in the various steel centers of the country in the latest week. In the Cleveland-Lorain district the rate for the period ended November 23 was 80 per cent, up from 62 per cent in the week ended October 19. In the Youngstown district it was 56 per cent compared with 58 for the corresponding October period, and in the Wheeling district, 78 compared with 81 per cent. An increase of two points in the latest week at Pittsburgh raised production to 46 per cent which was the



same as a month ago. In contrast with last year at this time the improvement has been marked; the industry as a whole was working at 29 per cent of capacity.

Many consuming lines which generally are adversely affected by seasonal changes at this time have been showing expansion. Heavy commitments are being made by automobile manufacturers and this industry has kept steel plant operations considerably above the national average. Railroads are in the market for more tonnages of rails and freight cars than at any other period this year, and public works projects are coming out at faster rate, mainly schools and grade eliminations.

Pig iron output, at 16,859,924 gross tons for the ten months this year, compared with 15,977,679 tons in all of 1934. Daily average production in October was 63,858 gross tons, 8.2 per cent higher than in September, and the month's total was 1,979,609 tons, largest since May 1934. The increase over September was 11.8 per cent and the gain from October 1934 was 108 per cent. A net gain of 10 blast furnace stacks in operation occurred in the month, and on November 1 there were 114 operating.

Daily average steel ingot production in October, 115,414 gross tons, was 1.9 per cent above September. Output for the month was 3,116,184 tons, compared with 1,482,000 tons in October 1934, an increase of 110 per cent. This was the largest October tonnage since 1929. In the ten months this year, 27,160,260 tons were made, a gain of 23 per cent over the same period of 1934.

Semi-finished steel prices have been advanced \$2 a ton and it was generally expected in the trade that finished steel prices also would be raised for first quarter, but they have been extended on most grades. The anticipated price increase, however, did not result in as much speculative tonnage as might be expected, as consumers were given an opportunity to cover ahead, and were practically assured of delivery. In sheets and strip steel, however, mills are practically sold up for the remainder of the year on the higher finishes and have already received requests for protection and places on mill schedules for first quarter.

Scrap prices have reflected the generally buoyant note in the iron and steel markets, and *Steel's* composite for the week ended November 23 was \$13.12, compared with \$12.72 a month previous.

Coal In October and the first two weeks of November production of bituminous coal was at a higher rate than at this season of the three preceding years. Output of local mines in Octo-

ber was 13,982,000 tons, an increase of 13.8 per cent from the corresponding month of 1934. This compared with a gain of 11.9 per cent reported for the entire country in the same period.

Increased industrial activity was partly responsible for the rise in production although the fact that the Coal Conservation Act became operative on November 1 stimulated mine operations prior to that time. Coal shipments from Lake Erie ports in October were 16 per cent smaller than in the same month last year and for the shipping season, which was practically completed by November 1, a reduction of 3.7 per cent was evident from 1934. Coal production for the year to date in this section was slightly less than in the comparable period of the preceding year.

The *Bureau of Mines* report of coal stocks above ground as of October 1 showed them to be 24 per cent larger than a year ago at that time and higher for this season since 1927. The gain from a year ago was offset in part by the fact that coal is being consumed at a faster rate this year than in 1934. In terms of estimated days' supply, stocks are only 2.3 per cent larger than a year ago.

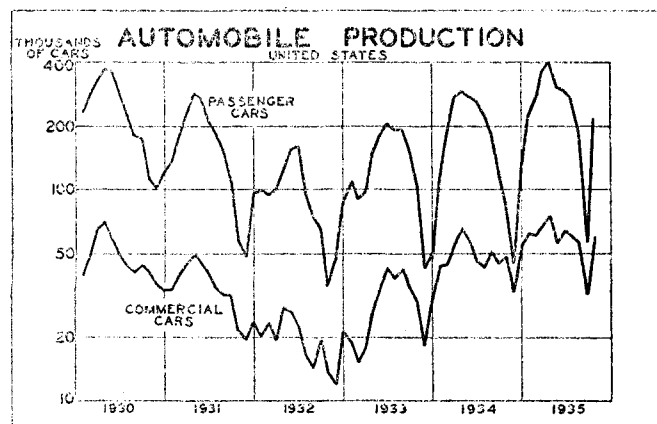
In October the demand for domestic heating coal started very briskly with the first spell of cold weather, but moderate temperature was accompanied by a slump in buying of this type of fuel; retail yards were heavily stocked in early November and the supply of steam size coal is still a problem. The selling price of coal has declined considerably in the past few months although a slight increase was reported in the third week of November.

Automobiles The automobile industry which has been responsible for a good share of the increase in general business activity all through the year, continued to lead the upward movement in October and the first three weeks of November. The sharp rise in production, coming at a time when in past years operations were at low levels, caused seasonally adjusted weekly indexes to rise in mid-November to the highest levels since the fall of 1929, even though revised seasonal adjustment factors were used.

In the week ended November 23 production of domestic factories was estimated by *Cram's* to be 94,700 units. This compared with 93,177 cars in the preceding week and (13,000) units a year ago. There was some evidence that a leveling-off in production was occurring, but the prime reason for the shift in the time of new-model introductions was to stabilize employment within the industry. Some reports of rising inventories of parts have appeared, which indicates a change in policy of auto makers.

October production of cars and trucks was reported to be 275,021 units by the *Department of Commerce*. This compared with 89,805 cars in September and 132,000 in October last year. Output in the month exceeded any similar period since 1929. Based on the weekly figures available so far in November the month's total is expected to be above 350,000 units. In only two previous years has November production exceeded 300,000 units. That was in 1923 and 1925 when output was 317,000 and 372,000 cars, respectively. In the first ten months of the year 3,204,000 cars were manufactured, compared with 2,516,000 in the same period of 1934 and 2,753,000 in the entire year.

The accompanying chart shows monthly production of passenger cars and trucks separately for the past five years.



Output of the former in October was 214,609 units, a gain of 156 per cent from last year and the best monthly output since 1929. The rise from September was unusually sharp, most factories having little difficulty in connection with new models this year.

Although truck production fluctuates less from month to month than passenger car output there was a sharp rise in October from the preceding period. Actual production was 60,412 units, a gain of 26 per cent from last year and the increase in the first ten months from the same period of 1934 was 21 per cent.

Weather has been very favorable this fall for the change in the time of new model introductions. While show attendance in some cities has been less than at the previous exhibitions, dealers reported an increase in actual sales, those in some local sections in mid-November being at the level of last August. October sales were down from September, but this was expected with the new-model showing in early November.

Rubber and Tires

Reports from local rubber manufacturers indicated that factories were operating in October and early November at a level approximately 40 per cent above a year ago. This was largely due to an abnormal demand for original equipment tires, although sales to farmers have been particularly good this fall. Demand for new rubber equipment to be used on farm machinery has been large, according to reports. A falling-off in sales and production from the peak of late summer has occurred, but both compared quite favorably with a year ago.

Employment at Ohio rubber plants in October was nine per cent greater than in the same month of 1934 and a contra-seasonal increase of four per cent from September was reported. Gains at plants making miscellaneous rubber products were sizable, one reason for this being the greater usage of rubber in the new automobiles.

Crude rubber consumption by rubber manufacturers in the United States was estimated to be 42,436 long tons in October, compared with 37,553 tons in the preceding month. October consumption was 35.8 per cent above the corresponding month of 1934. It also was considerably in excess of imports during the month, which amounted to 34,356 tons, a drop of 2.7 per cent from the amount of rubber imported in October last year. Domestic stocks of crude rubber continued to decline in the month and on October 31, at 317,850 tons, they were 12.3 per cent smaller than a year ago. Rubber prices have been improving recently; in mid-November ribbed smoked sheets were quoted at 13.4 cents a pound compared with 10.6 cents, the low point touched in March of this year, and 13 cents a year ago at this time.

Tire production in September, the latest month for which complete information is available, was 3,787,000 casings, according to the *Rubber Manufacturers' Association*. This was a decrease of 5.2 per cent from August, but represented an increase of 29 per cent over September 1934. Output in the month was in excess of shipments, which amounted to 3,303,000 units, and manufacturers' stocks of finished tires increased about six per cent in September. On the latest date, however, these inventories were 1.6 per cent smaller than at that time last year.

Clothing

Conditions in the clothing and textile industry in this district continued practically unchanged in late October and the first half of November. Despite the fact that this generally is the season of reduced operations, local plants were working at much better levels than a year ago and the slack season was of shorter duration than usual.

Employment at 36 concerns reporting regularly to the *Ohio State University Bureau of Business Research* was up 4.2 per cent in October from September in contrast with a five-year average rise of one per cent for that period. Compared with a year ago, there was a 17 per cent increase in the number of employees, the gain at factories making men's clothing being 10 per cent and at all other plants 24 per cent. The October combined index was 11 per cent above the average for 1926, the base period.

All four main lines of the textile industry have operated at better rates this fall than for some time, but woolen manufacturers seem to have enjoyed a marked increase in demand. Plants generally are working at capacity levels on spring lines and wool consumption so far this year has been greater than since 1923 and in September, the latest month for which complete figures are available, it exceeded any similar period since the war. Large Governmental orders, in addition to greater industrial sales and improvement in the clothing industry, have been chiefly responsible for the present situation. Wool markets have been very firm, prices rising over 20 cents a pound from the low point of the year to approximately 85 cents in mid-November. They are somewhat higher than at this time last year.

Prices of spring clothing samples have been advanced from a year ago, but orders for future delivery are reported in somewhat larger volume than in 1934. More advance buying has been evident this fall than for several years.

Other Manufacturing

Further increases were reported by most smaller manufacturing lines of the district in late October and early November. Gains in employment were evident in many fields and even in those industries which usually experience a falling-off at this season operating schedules have held up very well.

Auto Parts and Accessories. Employment at parts and accessory plants in this district increased 10.8 per cent in October from September, while in that month of the past five years an average decline of 4.2 per cent was experienced. Compared with the monthly average of 1926, the base for the *Ohio State Bureau of Business Research* index a gain in October of 14 per cent was evident at 29 representative plants. October sales comparisons with past years revealed rather fantastic increases and large gains continued to be shown in early November. Assembly plants have been increasing inventories which, to a degree at least, indicates a change in policy. Labor conditions in this district so far this fall have been very quiet in the auto parts industry.

Brick and Tile. Contra-seasonal increases were shown at brick and tile plants in October. Employment was up 2.3 per cent from September and output of local yards this fall has been several times what it was a year ago. Demand for materials to be used in connection with public works' projects has been large. Shipments of such goods have been sizable recently, but the industry itself is still

utilizing only a small proportion of the capacity available.

China and Pottery. Reports indicate that October was a very good month for the china and pottery industry, but in early November a slight decline was experienced and pre-Christmas buying was not up to expectations. Employment has held up well, although in early November a decline in operations was reported. Nevertheless production in recent weeks was about ten per cent above last year at that time.

Electrical Supplies. Some buying of electrical supplies for future delivery was reported, although this condition was not general. Orders received in October showed a slight improvement from September and sizable gains from last year were evident generally. Employment at local plants in October was 19 per cent above a year ago and payrolls have shown a marked increase. Inventories of raw materials have been increasing recently.

Glass. Plate glass production in October continued at capacity levels chiefly because of the greater demand from the automobile industry. More of the 1936 cars are being equipped with safety glass than ever before, which means an increase in the production of plate glass. Orders from furniture makers and the construction industry were better this fall than in the three past years, but a seasonal decline was reported recently. Operations at glass container factories held up better in October than is usual for this season. Employment at local glass plants in October was 27 per cent ahead of last year and was 287 per cent of the 1926 monthly average.

Machinery, Machine Tools. Small tools were in good demand in October and orders received by local plants were well distributed as to type of industry and section of country from which they were received. New orders for foundry equipment received in October were nearly three times as large as a year ago and there was a sizable gain from September. Demand for machine tools was greater in October than in the preceding month, the increase being from domestic sources entirely. In the latest month the volume of new orders was more than double that of a year ago, but it was down from the peak of July and August.

Paper. A partly seasonal increase in operations at paper and boxboard plants was reported in October. Employment advanced six per cent while in past years a slight decline has occurred at this season. Some buying for inventories was evident although this condition was not general.

Paint. Paint sales in October were considerably larger than in September or a year ago, but a falling-off was reported in early November. Industrial paint sales have held up very well this fall, but demand for maintenance materials has declined quite sharply in recent weeks.

Shoes. This is the dull season of the year for the shoe industry, but plant operations have been fairly well maintained. Unusually good weather this fall retarded retail shoe sales and this was reflected in orders for spring delivery which have been lagging, according to reports. Hide and leather prices have increased considerably; in mid-November heavy hides were quoted 16 cents a pound in contrast with about ten cents a year ago. Output of fourth district factories in October was 32 per cent ahead of last year, while in the first ten months of 1935 an increase of 15 per cent was reported.

TRADE

Retail

Sales of reporting department stores throughout the district increased more than seasonally in October and dollar volume in the latest month was 10.5 per cent greater than in the corresponding period of 1934. The seasonally adjusted index of daily average sales in the latest month was 74.7 per cent of the 1923-25 average compared with 74.5 in September and 66.9 per cent in October last year. Dollar sales in the period were larger for that month than since 1931. Increases were shown in all principal cities and ranged from 5.4 per cent at Toledo to 26 per cent at Youngstown. In the first ten months of the year dollar sales in the district were 3.7 per cent larger than in the corresponding period of the preceding year. Although retail prices, judging by *Fairchild's* index, have increased for three consecutive months and were 2.8 per cent higher on November 1 than in August and 0.3 per cent above a year ago, the recent increases followed several months of declining prices and for the year to date as a whole department store prices, judging by this index, were little changed from the same period of 1934.

In the various departments of reporting stores increases were shown in sales of all principal lines except silk, velvet and woolen piece goods, and oriental rugs. Sales of house furnishings in October were over 15 per cent ahead of a year ago and women's and misses' clothing sales were up 7.8 per cent. A gain of 13 per cent in sales of men's clothing also was reported.

The ratio of all credit sales to total sales in the latest month was 58.7 per cent, down slightly from September, but higher than a year ago. Increases in both regular thirty-day and installment sales were reported from last year.

Inventories at department stores increased more than seasonally in October and at the month end the dollar value of stocks was nine per cent larger than at the close of September and up 1.2 per cent from a year ago. The seasonally adjusted index rose over two points to 60.7 per cent of the 1923-25 average. This was the first increase of any proportion in the adjusted index since February 1935.

Collections improved considerably in October and amounted to 36.2 per cent of the total accounts receivable at the beginning of the month. This compared with 31.1 per cent in September and 34.2 per cent in October 1934. Collections on regular thirty-day accounts averaged 44.2 per cent of the accounts outstanding at the beginning of the month, in comparison with 41.8 per cent a year ago.

Sales of reporting wearing apparel stores were nine per cent larger in October than in the same month of 1934 and furniture stores reported an increase of 18 per cent in dollar sales in the same period. For the year to date furniture sales were up two per cent from the first ten months of 1934.

Wholesale

Sales of all reporting wholesale lines of trade in this district increased more than seasonally in October from September and gains ranging from seven to 23 per cent were shown from a year ago. Dollar sales in the latest month were larger than in any corresponding period since 1930. The gains in part represented pre-Christmas buying by retailers and stocks of the latter increased more than seasonally in October, according to reports. Sales of reporting dry goods

firms were 23 per cent larger in October than a year ago and gains of 17, 11, and 6.7 per cent were shown, respectively, in sales of wholesale hardware, drug, and grocery firms in this district. These increases were materially larger than were shown in the ten-month comparisons, which ranged from one to 7.5 per cent.

BUILDING

A decline in construction activity is generally expected in the late fall months in this district and the figures for October, which showed a marked increase from September, were therefore all the more favorable. The gain was most pronounced in the residential field; contracts awarded for this type of work were valued at \$10,095,000 compared with \$2,365,000 a year ago, a gain of 327 per cent. The improvement was in substantial measure due to publicly-financed home construction, particularly two Federal slum clearance projects in Cleveland which were valued in excess of \$5,000,000. Excluding this amount, however, a sizable gain was still evident from a year ago and increases continued in the first half of November.

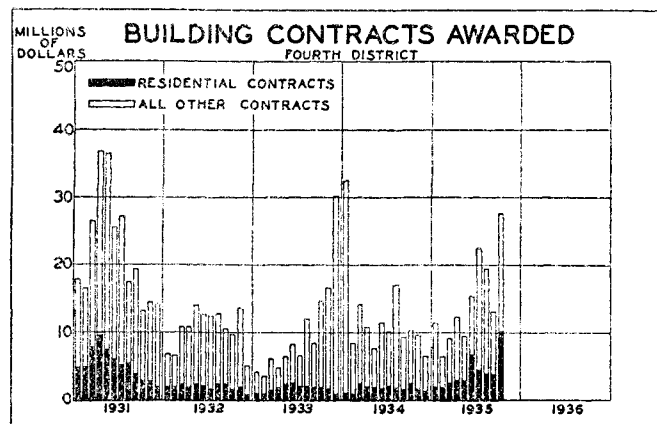
For the year to date residential building contracts awarded in this district were valued at over \$40,000,000, compared with \$17,143,000 in the first ten months of 1934. In addition contemplated residential building reported in October was larger than in September and was nearly three times as great as a year previous.

Non-residential contracts awarded, other than public works, were 37 per cent larger than in October last year, but failed to reach the September total. Public works contracts were materially larger than in either the previous month or October 1934 and total building in this district in the latest month, at \$27,762,000, was 169 per cent ahead of last year and greater than in any corresponding month since May 1931. The recent increases result in a gain of 10.7 being shown for the first ten months from the same period of 1934 even though contracts let for heavy engineering construction so far this year were materially lower than in the corresponding ten months of last year.

Sales of building supplies have increased steadily this year and in recent weeks reports indicate that they have held up better than seasonally. Gains in retail sales this year have been estimated at 25 per cent from 1934.

AGRICULTURE

The November report of the *Department of Agriculture* showed increases in estimated yields of late-maturing crops in this district. Weather conditions remained generally



favorable through October and the first half of November, excluding the freeze in the former month which stopped crop growth prematurely in some sections, although it apparently did less damage than was reported at that time.

Estimated corn production in the fourth district was increased 2.3 per cent in October and the latest figure, 168,687,000 bushels, was slightly above the ten-year average harvest. Yield per acre in Ohio is placed at 42.5 bushels, compared with 31.5 bushels per acre in 1934 and 36 bushels, the 10-year (1923-1932) average yield. In the entire country the yield is estimated at 23.6 bushels this year in contrast with 25.7 bushels, the 10-year average. Total production for the country, estimated at 2,211,000,000 bushels, is 13.7 per cent below the average of preceding years, but 60 per cent above last year's small crop. Moisture content of corn in this section was reported rather high and weather has not been conducive to proper drying of either fodder or corn.

Potatoes turned out to be a little better than was expected earlier in the year, but the November estimate is still 5.7 per cent below the 1934 harvest in this district. Yield per acre was above average, but the quality is only fair with many small potatoes reported in some sections. The crop in Ohio and Kentucky was slightly above last year and the average of preceding seasons, but a sharp reduction was reported in Pennsylvania and there was a moderate drop in West Virginia.

Higher yields of buckwheat, soy beans and late fruits than were indicated earlier in the year caused an increase in the combined estimated yield per acre of important crops in Ohio in October, but declines were reported in other states of the district and the entire country. On the latest date this was 119.3 per cent of the 10-year average for Ohio, 111.4 for Pennsylvania, 109.9 and 101.8 for West Virginia and Kentucky, respectively.

Tobacco. Efforts are now being directed toward the preparation of tobacco for selling which is expected to start in Lexington on December 2. Auction warehouses were formally opened on November 18 although considerable tobacco was received prior to that time. Weather conditions have been very favorable for this work which includes stripping, sorting and packing and it is reported that the burley tobacco offered for sale will be of at least average quality. The November report of the *Department of Agriculture* gives burley production at 248,000,000 pounds. This is about 4,000,000 pounds less than in 1934 and compared with a five-year average (1928-32) crop of 342,542,000 pounds. Yield per acre compared favorably with past years, the reduction being due to the acreage curtailment.

Production of all classes of cigar leaf tobacco is estimated at 78,235,000 pounds, compared with 67,733,000 pounds harvested last year and a five-year average of 169,232,000 pounds.

Harvest of all types of tobacco in the country was estimated on November 1 to be 1,300,000,000 pounds. This was about 21 per cent above the 1934 crop, but about nine per cent below the five-year (1928-32) average production. Yield per acre, however, at 866 pounds, is much above average.

Stocks of leaf tobacco in hands of dealers and manufacturers amounted to 2,198,661,000 pounds on October 1, 1935, according to the *Department of Agriculture*. This was a decrease of 3,600,000 pounds from last year, but in

the three latest months an increase of 35,924,000 pounds was reported. During the same three months of 1934 stocks were reduced 11,730,000 pounds.

Burley tobacco stocks were about 40,000,000 pounds lower on October 1, 1935, than on the same date of the preceding year and the decrease in the period from July 1 to October 1 was about 3 million pounds larger than in the same period of 1934. Total stocks of burley tobacco on the latest date were 660,405,000 pounds.

Cigar leaf tobacco stocks of all principal types were slightly smaller on October 1 than a year ago.

The general level of farm prices in mid-November was about two per cent lower than in mid-October when the *Department of Agriculture's* index was 109 per cent of the five-year pre-war average compared with 107 in September and 102 a year ago, and they were down slightly from the high point of the year. The index of prices paid by farmers for goods purchased was three points lower than a year ago, and the ratio of prices received to prices paid by farmers, at 89 per cent of the pre-war average, was higher than in five years.

Wholesale and Retail Trade

(1935 compared with 1934)

	Percentage Increase or Decrease		STOCKS October 1935
	SALES October 1935	SALES First 10 months	
DEPARTMENT STORES (4*)			
Akron.....	+ 6.2	- 0.6	+ 0.04
Cincinnati.....	+11.3	+ 4.3	+ 4.3
Cleveland.....	+ 6.9	+ 1.7	- 0.1
Columbus.....	+15.4	+ 4.2	+ 3.5
Pittsburgh.....	+10.5	+ 4.9	- 0.7
Toledo.....	+ 5.4	+ 5.4	+ 8.3
Wheeling.....	+15.8	+ 8.1	+ 6.3
Youngstown.....	+26.1	+ 5.5	+ 9.0
Other Cities.....	+14.4	+ 5.2	- 2.7
District.....	+10.5	+ 3.7	+ 1.2
WEARING APPAREL (12)			
Cincinnati.....	+ 1.2	- 1.1	+ 8.3
Pittsburgh.....	+12.7	+ 7.7	+ 2.9
Other Cities.....	+13.2	+ 2.7	+11.0
District.....	+ 9.3	+ 2.4	+ 8.3
FURNITURE (42)			
Cincinnati.....	+33.5	+14.4	
Cleveland.....	+ 3.5	-11.9	
Columbus.....	+24.0	+10.4	
Dayton.....	+35.1	+ 9.5	
Toledo.....	+ 9.4	+14.6	
Other Cities.....	+44.1	+20.7	
District.....	+17.7	+ 2.0	
CHAIN STORES*			
Drugs—District (4).....	+16.7	+ 6.5	
Groceries—District (5).....	+ 4.6	+ 5.2	
WHOLESALE GROCERIES (30)			
Akron.....	+23.7	+31.8	
Cleveland.....	- 5.2	- 5.2	
Erie.....	+ 6.7	+ 6.9	
Pittsburgh.....	+ 7.6	+ 1.6	
Toledo.....	+ 8.9	+ 9.9	
Other Cities.....	+12.4	+ 8.5	
District.....	+ 6.7	+ 5.4	- 3.2
WHOLESALE DRY GOODS (10)...	+22.8	+ 2.2	- 4.9
WHOLESALE DRUGS (13).....	+10.8	+ 1.1	
WHOLESALE HARDWARE (14)...	+17.0	+ 7.5	

*per individual unit operated.

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended Nov. 20, 1935	% change from 1934	Year to date		% change from 1934
			to Nov. 20, 1935	to Nov. 21, 1934	
Akron.....	\$51,993	+31.1	\$544,107	\$483,641	+12.5
Butler.....	7,525	+26.7	77,949	71,937	+ 7.1
Canton.....	34,685	+70.9	318,496	271,936	+17.3
Cincinnati.....	289,095	+21.6	3,020,878	2,619,888	+15.3
Cleveland.....	475,154	+37.9	4,964,147	4,240,899	+17.1
Columbus.....	127,541	+ 3.4	1,653,782	1,274,416	+29.8
Dayton.....	44,855	+ 7.1	528,336	433,259	+21.9
Erie.....	21,352	+24.2	230,329	201,678	+14.3
Franklin.....	2,652	+ 9.6	39,364	27,186	+11.7
Greensburg.....	5,643	+30.7	92,274	52,784	+12.3
Hamilton.....	8,469	+22.7	92,693	82,647	+12.2
Homestead.....	2,191	+25.1	23,355	20,136	+16.0
Lexington.....	15,894	+ 9.6	205,687	183,326	+12.2
Lima.....	8,892	+21.6	97,519	82,060	+18.8
Lorain.....	3,026	+ 4.3	35,749	28,872	+23.8
Middletown.....	7,435	+33.7	79,627	66,711	+19.4
Oil City.....	8,046	+10.1	94,792	75,796	+25.1
Pittsburgh.....	580,011	+12.9	6,781,695	5,913,897	+14.7
Springfield.....	13,061	+ 6.3	150,616	129,288	+16.5
Steubenville.....	6,563	+31.4	73,214	64,243	+14.0
Toledo.....	96,934	+32.3	994,757	917,443	+ 8.4
Warren.....	7,279	+37.5	72,349	64,763	+11.7
Wheeling.....	28,439	+14.2	306,669	293,017	+ 4.7
Youngstown.....	35,781	+26.7	406,760	350,432	+16.1
Zanesville.....	6,180	+11.0	69,699	61,675	+13.0
Total.....	\$1,888,687	+21.7	\$20,912,143	\$18,011,070	+16.1

Fourth District Business Statistics

(000 omitted)

	October 1935	% change from 1934	Jan.-Oct. 1935	% change from 1934
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	\$2,081,000	+29.1	\$19,069,600	+15.2
Savings Deposits—end of month: —41 banks, O. and Pa.....	\$ 694,323	+ 4.3	1	
Life Insurance Sales: —Ohio and Pa.....	\$ 77,325	+ 2.3	786,691	+ 1.2
Retail Sales: —Dept. Stores—49 firms.....	\$ 18,744	+10.5	153,837	+ 3.7
—Wearing Apparel—12 firms.....	\$ 978	+ 9.3	7,561	+ 2.4
—Furniture—42 firms.....	\$ 758	+17.7	6,688	+ 2.0
Wholesale Sales: —Drugs—13 firms.....	\$ 1,433	+10.8	13,286	+ 1.1
—Dry Goods—10 firms.....	\$ 1,492	+22.8	11,167	+ 2.2
—Groceries—30 firms.....	\$ 4,430	+ 6.7	38,734	+ 5.4
—Hardware—14 firms.....	\$ 1,571	+17.0	12,580	+ 7.5
Building Contracts—Total.....	\$ 27,762	+169.4	146,281	+10.7
—Residential.....	\$ 10,095	+326.8	40,611	+136.9
Commercial Failures—Liabilities \$	1,385	- 8.6	13,663	-37.1
..... Number	78 ²	+20.0	764 ²	+ 4.5
Production: —Pig Iron, U. S..... tons	1,980	+108.2	16,860	+20.5
—Steel Ingots, U. S..... tons	3,116	+110.3	27,160	+23.3
—Auto—Passenger car, U. S.....	214,609 ²	+155.5	2,602,793 ²	+29.0
—Auto—Trucks, U. S.....	60,412 ²	+25.9	601,263 ²	+20.7
—Bituminous Coal..... tons	13,982	+13.8	117,684	- 1.1
—Cement—O., W. Pa., W. Va. bbls.	895	+25.7	6,280	- 5.9
—Elec. Power—O., Pa., Ky. k.w.h.	1,290 ³	+16.0	11,348 ⁴	+ 9.6
—Petroleum—O., Pa., Ky. bbls.	2,039 ³	+ 3.8	18,999 ⁴	+ 8.0
—Shoes..... pairs	5	+32.4	5	+15.2
—Tires, U. S..... casings	3,787 ³	+29.0	37,263 ⁴	+ 4.2
Bituminous Coal Shipments: —L. E. Ports..... tons	3,783	-16.0	30,860	- 3.7
Iron Ore Receipts: —L. E. Ports..... tons	3,162	+79.6	18,418	+21.6

¹ not available
² actual number
³ September

⁴ Jan.-Sept.
⁵ confidential

Fourth District Business Indexes

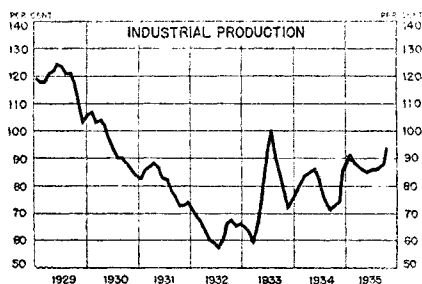
(1923-25 = 100)

	Oct., 1935	Oct., 1934	Oct., 1933	Oct., 1932	Oct., 1931
Bank Debits (24 cities).....	77	64	56	56	88
Commercial Failures (Number).....	53	45	65	160	175
..... (Liabilities).....	31	34	58	145	239
Sales—Life Insurance (O. and Pa.).....	92	90	87	84	102
—Department Stores (47 firms).....	79	72	68	62	80
—Wholesale Drugs (12 firms).....	94	85	77	73	87
—Dry Goods (10 firms).....	61	50	46	40	59
—Groceries (30 firms).....	82	74	59	53	72
—Hardware (14 firms).....	80	69	59	48	64
—All (66 firms).....	79	70	59	52	71
—Chain Drugs (4 firms)**.....	86	74	68	68	80
Building Contracts (Total).....	58	22	31	21	28
..... (Residential).....	59	14	11	9	23
Production—Coal (O., W. Pa., E. Ky.).....	77	68	54	68	74
—Cement (O., W. Pa., W. Va.).....	74	59	31	88	75
—Elec. Power (O., Pa., Ky.)*.....	154	132	132	114	133
—Petroleum (O., Pa., Ky.)*.....	110	106	102	108	113
—Shoes.....	98	74	93	76	64

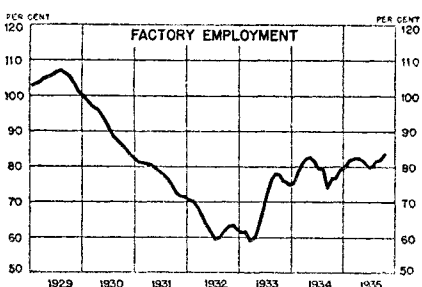
*September.
**Per individual unit operated.

Summary of National Business Conditions

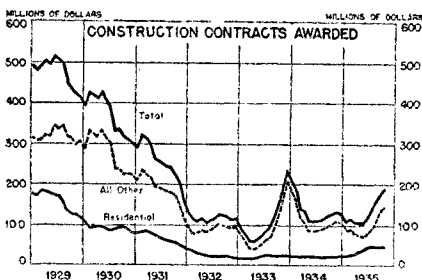
By the Board of Governors of the Federal Reserve System



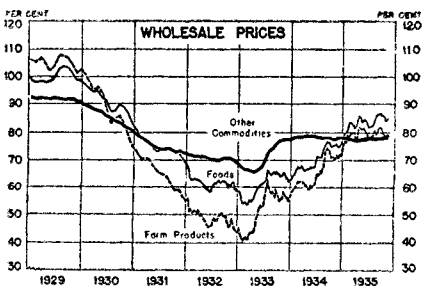
Index of industrial production, adjusted for seasonal variation, (1923-1925=100). Latest figure, October, preliminary, 94.



Index of factory employment, adjusted for seasonal variation, (1923-25 average 100). Latest figure, October, preliminary, 83.7.



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation; latest figure based on data for September, October and estimate for November. Total 190.4; residential 46.7; all other 143.7.



Indexes of the United States Bureau of Labor Statistics (1926=100). By months 1929-31; by weeks 1932 to date. Latest figures November 16. Farm products, 77.8; foods 84.9; other commodities 79.0.

Industrial production increased more than seasonally in October and there was also a considerable advance in factory employment and payrolls. There was a continuous inflow of gold from abroad and an increase in bank deposits.

Industrial Production and Employment

Volume of output at factories and mines, as measured by the Board's seasonally adjusted index of industrial production, increased from 89 per cent of the 1923-1925 average in September to 94 per cent in October, reflecting larger output in a wide range of industries. Automobile production, which had been at a low level in September when preparations were being made for the manufacture of new models, increased rapidly during October and the early part of November. At steel mills, activity increased slightly in this period, contrary to the usual seasonal tendency, and in the third week of November was at about 54 per cent of capacity. Lumber production showed little change. Among the industries producing nondurable manufactures, the principal changes in output were increases of considerably more than the usual seasonal amount at cotton mills, woolen mills, and meat-packing establishments. At mines output of bituminous coal was in larger volume than in other recent months and output of crude petroleum continued to increase.

Factory employment, which ordinarily shows little change at this season, increased considerably between the middle of September and the middle of October, reflecting substantial increases in the industries producing durable manufactures. The most marked expansion was in the automobile industry and there were smaller increases at railroad repair shops and in the iron and steel, machinery and nonferrous metals industries. Employment at canning factories showed a considerable decline, largely of a seasonal character.

Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a considerable increase in October followed by a slight decline in the first half of November. In this six-week period total contracts were substantially larger than a year ago, reflecting marked increases both in residential building and in other types of construction, but the volume is still at a relatively low level.

Distribution

Railroad freight-car loadings increased by a considerable amount from September to October, reflecting principally larger shipments of coal and miscellaneous freight. In the early part of November car loadings were at a lower level than in October, chiefly as a consequence of seasonal developments. Department store sales, which usually increase at this season, showed little change from September to October on a daily average basis, and the Board's seasonally adjusted index declined from 81 per cent of the 1923-1925 average to 77 per cent.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, was slightly lower in October and the early part of November than in the latter part of September, reflecting reductions in the prices of farm products and foods offset in part in the index by an advance in prices of other commodities, particularly hides and leather products and textiles. Prices of hogs and pork showed a decrease, as is usual at this season, while cotton advanced.

Bank Credit

Excess reserves of member banks increased further by \$190,000,000 during the five-week period ended November 20, reflecting a continued inflow of gold from abroad. At the end of the period excess reserves were at a new high level of over \$3,000,000,000.

Total loans and investments of reporting banks in 101 leading cities increased by \$190,000,000 during the five weeks ended November 20, reflecting principally an increase in holdings of United States Government securities. Adjusted demand deposits of these banks showed an increase of \$550,000,000 for the period. Rates on call money and time loans were increased in the last week of October.