

MONTHLY BUSINESS REVIEW

Covering financial, industrial
and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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WHILE the year 1935 ended with operations in this section at the highest level in five years, by the third week of January indication of a moderate contraction from that point was evident. The reaction in business activity was chiefly attributable to developments in the automobile industry, upon which many fourth district plants are so dependent, just as was the sharp increase in the closing part of last year. Despite this slackening, sentiment in trade circles remained buoyant.

In late 1935 it was felt that part of the sharp increase in automobile production merely represented a moving forward of early 1936 operations, but prior to the present time this was only conjecture. Not only has automobile production actually declined recently, but orders for steel and materials which precede assemblies by some three to six weeks also have been curtailed. Weather conditions have adversely affected retail passenger car sales now that the new-model stimulus has worn off, and the large volume of sales in the closing months of 1935 resulted in heavy inventories of used cars in hands of dealers which are causing the industry some concern. Despite these developments, assemblies in the first three weeks of January compared favorably with last year, when annual shows were in progress and output of 1936 models so far has been considerably in excess of the same period devoted to the manufacture of 1935 models.

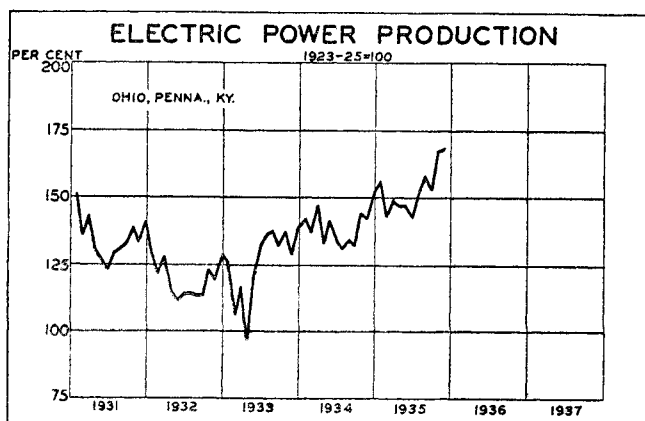
In the steel industry operations were reduced over the holidays to about 47½ per cent of capacity as a national average, but a recovery of about five points occurred in the early part of January only to be followed by a drop to 50 per cent of capacity in the third week of the month as automobile orders were curtailed. Fluctuations at local steel centers in the four latest weeks were rather sizable, activity at some plants being down from the peak, but at Youngstown mills, production was only slightly under the highest point in five years. It was reported by the steel industry that orders placed for automobile steel in the first three weeks of January were about 20 per cent smaller than were received in the same period of December. Steel orders from other industries have held up well recently, according to reports.

In other industrial lines there was little change in late December and early January, although parts plants reduced

operations slightly and tire production was slowed down. Clothing factories were busy on spring orders. Makers of machine tools experienced a contrary-to-seasonal decrease in orders in December, but the largest volume for that month since 1928 was reported by the industry. Coal production in December was up contra-seasonally from November and activity at mines was further increased as a result of the unusually cold weather in January.

The volume of building contracts awarded in this district in December was sizable, considering the season. It exceeded December 1934 by over 200 per cent and was larger than in any corresponding month back to 1929. Figures for the first half of January were down slightly from the December level, but awards were much in excess of last year.

The accompanying chart shows an index of monthly electric power production in this section, which at the year end was at a record high level. A gain of about 18 per cent was shown from 1934 and for the entire year an increase of over 11 per cent was reported. While the gains shown in the first two weeks of January in this territory, compared with early 1935, were smaller than those reported in late 1935, they were still about ten per cent. The fact that this index last year was more than 50 per cent above the base period was partly a result of the more widespread use of electric power, but the recent sharp rise was in part at least due to greater industrial activity.



Retail trade in this district in December was up more than seasonally from the preceding month and the gain from the closing period of 1934 was 8.4 per cent. For the year as a whole an increase of 5.2 per cent in dollar sales was shown. January sales were reported to be in good volume, although the comparison with 1935 was not favorable because at that time sales were stimulated somewhat by the fact that a general sales tax was to become effective in Ohio late in the month.

FINANCIAL

Except for more or less seasonal changes, such as the decline in note circulation following the holiday and year-end financing, little variation was evident in weekly condition figures of the Federal Reserve Bank of Cleveland and reporting member banks in leading cities of this district between December 18 and January 22. At the reserve bank total reserves increased further to an all-time peak on December 31, but declined slightly in the first three weeks of January. There was no change in holdings of acceptances or Government securities in the period, but in the first two weeks of January, for the first time since the System began operation, loans to member banks in this district were completely paid up. On the latest date, however, bills discounted amounted to \$48,000, of which only \$15,000 represented borrowings of member banks. Loans to industry have declined slightly in recent weeks, but they still exceed \$1,700,000.

The volume of this bank's notes in circulation declined about \$16,000,000 from December 24, the high point of the year, to \$346,600,000 on January 22. This drop was about equal to that occurring at this time in other recent years, but note circulation on the latest date was still nearly \$50,000,000 higher than in early 1935. As has been pointed out before, this represents in large part a change in the type of currency in circulation and not a greater amount.

Much of the decline in member bank reserve deposits which was evident in the second and third weeks of December, as demand for currency increased seasonally, was made up in the three following weeks as notes were retired from circulation, and on January 22 these deposits totaled \$340,574,000. This was \$73,000,000 higher than a year ago and represented an estimated excess over requirements of \$175,000,000.

Member Bank Credit. Year-end condition figures of all member banks in this district showed that total deposits at these banks increased 13.5 per cent in 1935, while total

credit extended was up only 5.8 per cent in the same period. Figures for loans, investments, and deposits on particular call dates appear in the accompanying table. A decrease in the number of banks was due in part to mergers and consolidations.

All Member Banks—Fourth District

(000 omitted)

	Dec. 31, 1935*	Nov. 1, 1935	Dec. 31, 1934	% change 1935 from 1934
Loans and Discounts	\$ 937,959	\$ 953,931	\$ 943,942	- 0.6
Investments				
U. S. Gov't Securities—direct and/or fully guaranteed	1,688,405	1,023,198	981,625	+10.9
All other Securities	477,113	475,393	439,983	+ 8.4
Total Loans and Investments	2,503,478	2,452,522	2,365,550	+ 5.8
Total Deposits	3,005,447	2,930,702	2,647,938	+13.5
Number of Banks	622	623	627	- 0.8

*Subject to revision.

An increase of 10.9 per cent in the volume of United States Government securities owned by fourth district member banks was reported in the year. Investments in other securities also increased, the gain for the twelve months being 8.4 per cent. Loans and discounts of these member banks, which expanded in the early part of 1935, were reduced in the two closing months of the year. They were 0.6 per cent less on the latest call date than at the end of 1934.

As shown on the accompanying chart, loans and investments of all member banks in this district were up about 24 per cent from mid-1933, but total loans actually were down in the period; the increase was almost entirely due to greater holdings of Government securities or those guaranteed by the Government.

Deposits at member banks in this district have increased 50 per cent from June 1933 to the present time and, despite the reduction in the number of banks, are higher than since 1931. Loans and investments have increased by less than half as much as deposits in the last two and one-half years.

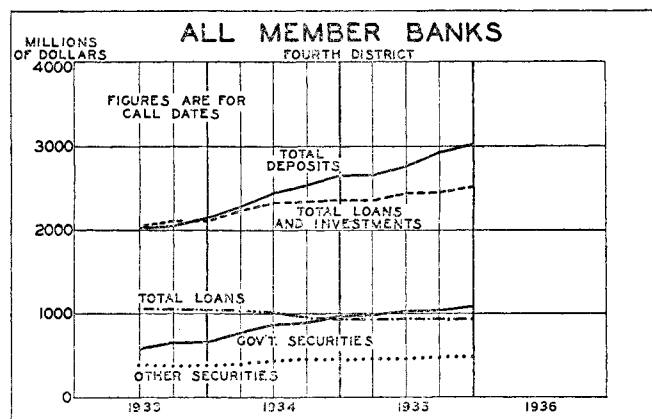
In the five weeks ended January 22 there was a decline of about \$11,000,000 in total credit extended by weekly reporting member banks in leading cities. Collateral and commercial loans dropped in the period and holdings of Government securities were reduced, but investments in other than Government securities increased in the five latest weeks.

Demand deposits at these banks declined quite sharply over the year end, but time deposits increased and were larger than on any report date in 1935.

Savings deposits at selected banks in Ohio and western Pennsylvania continued to show an upward trend in December and at the year end were 5.6 per cent larger than at the close of 1934. Debits to individual accounts at banks in 24 cities of the district were 16.3 per cent larger in the five weeks ended January 23 than in the comparable period of the preceding year.

MANUFACTURING, MINING

Iron and Steel For the first time since the depression year 1921, January failed to show an increase in steelworks operations over December. The average for December was 55.6 per cent, while so far this month the average has been only 51.1



per cent, and it is entirely unlikely that the deficit was made up in the closing week of the month.

The introduction of new automobile models last fall was largely responsible for the relatively high rate of operations in November and December, and the steel industry now is paying for that activity in reduced demand from the car manufacturers. Everything considered, the curtailment has been moderate.

Agricultural implement manufacturers are operating at 75 to 90 per cent of the 1928-30 average with orders on hand to continue at this rate for six months. Farm demand for wire and fencing has held fairly strong. Demand for structural shapes is sustained at about the level of the fourth quarter of 1935, while railroad buying has shown a slight increase. Orders received in the latest week were 46 per cent ahead of any of the past year.

Scrap prices, according to *Steel*, after remaining stationary for several weeks, have shown a further advance, the price composite in the two weeks ended January 25 rising 9 cents to \$13.21.

Steelworks operations in the Cleveland-Lorain district in the latest week were at 67 per cent, compared with 82 per cent in the week ended December 23. Wheeling was down from 78 to 70, while Youngstown advanced from 56 to 64, but dropped back slightly. At Pittsburgh, operations were down to 37½ per cent of capacity in the latest week. The national average was 50 per cent, compared with 52½ in the preceding week and 54 per cent prior to Christmas.

Pig iron production in December was 2,116,534 gross tons, the highest for that month since 1929; it compared with 2,836,917 tons in that year. Output was 2.4 per cent over November, but, due to an extra working day, the daily average was off 0.8 per cent. For the full year 1935, production of 21,041,521 tons was 31.7 per cent greater than in 1934, and largest since 1930. The number of active stacks at the close of December was 119, a net loss of three in the month, but 13 were dismantled in the year leaving 268 available for production.

December steel ingot production averaged 123,272 tons a day, up 1.6 per cent, and exceeding even that in December 1929, and largest for the month since 1928, with 160,728 tons. Total for December was 3,081,807 tons, compared with 3,153,247 tons in November. The year's output was 33,425,576 tons, a gain of 30.6 per cent from 1934.

Annual figures relating to the steel industry recently released indicate that per capita consumption of steel in the United States in the year was 583 pounds compared with 447 pounds in 1934 and the all-time record of 999 pounds

in 1929. This country led the world for the first time in three years. Belgium was second with 492 pounds per inhabitant and it was followed closely by Germany and Great Britain.

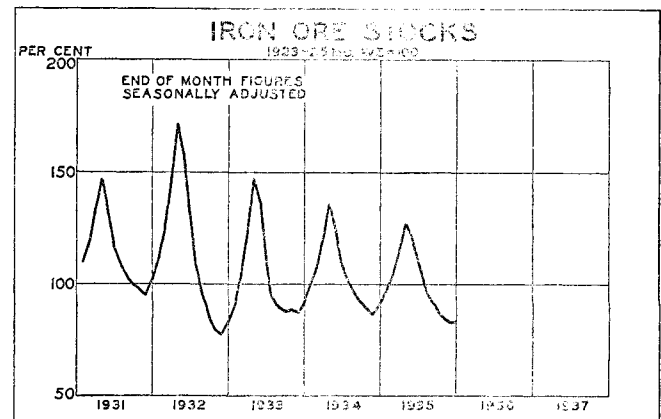
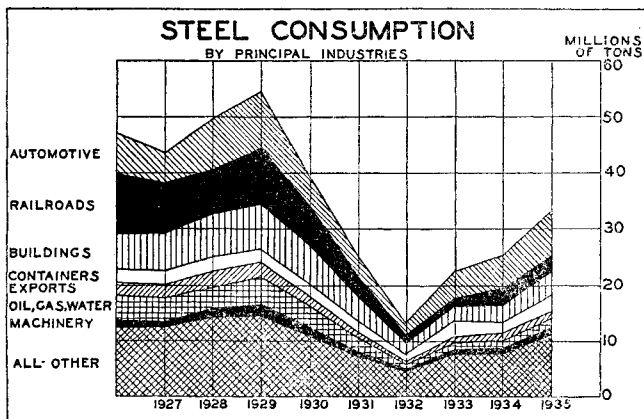
Of the principal steel-consuming industries in this country, automobile, parts and allied manufacturers led all others by a good margin taking 24.04 per cent of all steel made in the year. This compared with 20.9 per cent in 1934 and 18 per cent in 1932. The building industry ranked second, having taken 13 per cent compared with 12.7 per cent in the preceding year. Containers were third, using 9.34 per cent of all steel made and this was followed by railroads, 7.75 per cent; agriculture 4.74 per cent; machinery 4.37 per cent; and oil, gas and water 3.85 per cent. The foregoing percentages were used in constructing the accompanying chart of steel consumption.

Despite the fact that 28 per cent more iron ore was received at Lake Erie ports in 1935 than in the preceding year, stocks of ore on hand at furnaces and Lake Erie docks on January 1, at 31,341,660 tons, were smaller than on any corresponding date at least back to 1922. Ore stocks usually are at a peak in November and are smallest in April, little ore being shipped from mines in the winter months when navigation is closed.

Coal

A contrary-to-seasonal increase in coal production in this district in December, which amounted to 3.4 per cent from the previous month, counteracted the slight decline in the eleven-month output as compared with 1934. Local mines produced 143,008,000 tons in the twelve months, a gain of 0.4 per cent from 1934, and this exceeded any year since 1931. The rise compared with an increase of 2.4 per cent for the entire country. Coal production in 1935, month by month, was quite erratic and the year ended with stocks of coal above ground about ten per cent larger than a year ago. Because of the fact that coal was being consumed at a faster rate than at the close of 1934, inventories calculated in terms of days' supply were down slightly.

December production in this section was 12,871,000 tons, a gain of 10.6 per cent from the same month of 1934, and this figure was in excess of any corresponding period since 1930, when 15,121,000 tons were mined. Because of the cold weather recently, mine activity has been stimulated and output for the first half of January was somewhat ahead of early 1935. Dealers report that prices are too low to permit a profit, although average prices, according to the



Department of Commerce, are slightly higher than at this time last year.

Automobiles It is now evident that the pronounced increase in automobile production in November and December last year was at the expense of the early part of 1936, for production has dropped from the high level of December and buying of parts and materials has been curtailed. The falling-off in output so far has not been marked, production in the third week of January, according to *Cram*, being 87,400 units; this was about 15,000 cars per week below the high point of December. Compared with a year ago at this time sizable gains were still evident; in the corresponding week 68,409 cars were made. It was stated, however, that six producers were operating at lower rates than a year ago. According to reports, dealers are now well stocked and the used car problem is causing some concern. They do not sell as readily at this season of the year as in the spring and summer months.

According to the *Department of Commerce*, automobile production in December in the United States was 407,804 units compared with 398,024 in November and 153,624 in December 1934. The December figure was somewhat larger than was expected. It exceeded every month since May 1930 and was the largest December figure on record.

As a result of this unusual activity, the year's production figure was raised to 4,009,894 units, a gain of 45.6 per cent from 1934 and the largest annual output since 1929, when 5,358,000 cars were made. Passenger car assemblies in December totaled 344,613 units, an increase of 124 per cent from December 1934, and the yearly total, 3,285,836 units, was 51 per cent ahead of 1934. Truck production in December was 63,191 units, up 48.5 per cent from the closing month of the previous year, while the gain for the entire year was 26 per cent.

The importance of the automobile industry to this district is quite generally understood, but annual figures showing consumption of basic materials by it reveal that a greater proportion of some, which are important to this district, was used in 1935 than in 1934. Of all the plate glass produced in the United States, a great part of which is made in this section, 77 per cent was used by the automobile industry, compared with 70 per cent in 1934. Over 24 per cent of all iron and steel made in the year, 75 per cent of all rubber used, 8 per cent of the lumber, 22 per cent of all copper consumed, 16 per cent of the aluminum and 33 per cent of the nickel used in this country was taken by the automobile industry last year.

There was a rather sharp decline in sales of new automobiles in eight principal counties in this district in December from the very high level reached in November when new models were placed on the market. In these sections total 1935 sales were nearly 30 per cent above those of 1934 and represented the best year since 1929.

Rubber and Tires The record output of automobiles in November and December and the continuation of production in January at a relatively high rate necessitated the production of a large number of tires for original equipment alone. As a result the tire industry at the year end was operating at a very high rate for that season. The increase from 1934 was more than enough to offset the decline in replacement sales and exports in the year and total tire sales for the year were

estimated to be 48,800,000 units, a gain of six per cent, or 2,700,000 tires, from 1934.

In early January the daily rate of tire production at local factories was reported to be nine per cent above the same period of the previous year and Akron employment was up five per cent from early 1935.

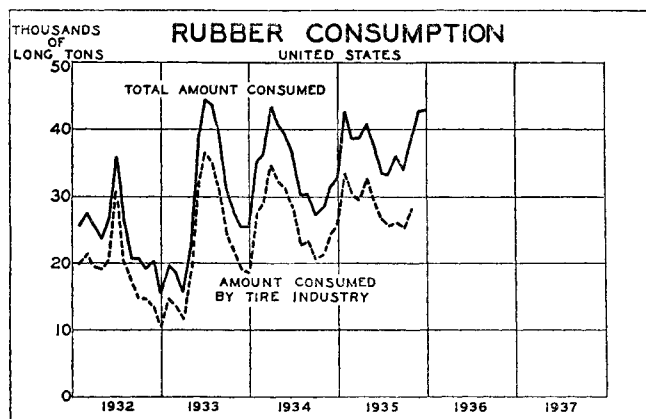
The industry's position has improved materially recently and appeared to be better at the start of 1936 than for some time past. Inventories of both finished tires and raw materials have been reduced; and price stability has been more evident although retail prices remain too close to production costs for very profitable operation, largely because of the intense competition within the industry.

Consumption of crude rubber by manufacturers in the United States last year was greater than in any previous 12-month period. It was estimated to be 497,150 long tons by the *Rubber Manufacturers Association*, compared with 453,223 tons in 1934 and the previous record of 467,400 tons in 1929. December crude rubber consumption was reported to be 42,942 tons, an all-time high for this month. It was slightly greater than in November and was up 17.4 per cent from last year. The accompanying chart shows estimated monthly total consumption of crude rubber in the United States and by the tire industry alone. The latter figures have been adjusted so that they represent approximately 100 per cent of the industry. This was necessary because of variations in the reports received. While the tire industry still absorbs over 75 per cent of the total amount of rubber used in this country, in earlier years it used a far greater proportion. Increased use of rubber in many fields, particularly in automobiles for engine mountings, etc., accounts for the spread between the two curves.

Crude rubber stocks in hands of manufacturers have been declining generally, and at the close of 1934, at 295,438 long tons, they were 16 per cent lower than a year ago and smaller than since late 1931. World rubber stocks were reported to be about 625,000 tons at the close of 1935, compared with over 700,000 tons a year ago.

The improved statistical position of rubber was thought to have been partly responsible for the better price situation evident in recent months. In mid-January crude rubber was quoted at 14½ cents a pound, up about four cents from the low last spring and slightly higher than at the beginning of 1935.

Clothing Employment at local clothing and textile plants declined 2.3 per cent from November to December. This was about the



same as the decrease reported for these months in the preceding five years. Compared with last year at this time the *Ohio State University Bureau of Business Research* employment index for December was up 5.7 per cent and the average for the year 1935 was about eight per cent better than in 1934. Manufacturers in this section generally reported a year of satisfactory operations, the increase in the fall months more than offsetting the period of relatively slack production last spring when considerable difficulty was encountered with woolen deliveries from mills. Most local plants reported a slight profit for 1935 in contrast with losses for previous periods.

While most makers of men's apparel continue to report a larger volume of orders for spring delivery than were received up to this time last year, makers of women's wear have not experienced a similar increase. Retail sales of women's clothing in the closing months of 1935 were in smaller volume at fourth district reporting department stores than in corresponding periods of the previous year. Men's clothing sales in December in this section were 12 per cent larger than in December 1934, while sales of men's furnishings were up 9 per cent and boys' wear 4.2 per cent.

Prices of men's clothing, according to *Fairchild's* index, were little changed in December, both as compared with November and the previous year. Women's apparel prices were slightly higher than a year ago. Raw wool markets remained firm, partly because demand in 1935 exceeded domestic production, and mill consumption in 1935 was almost as large as in any previous peace-time year. According to reports, stocks of apparel wool on January 1 were smaller than since 1920, and were 29 per cent below the ten-year average.

Other Manufacturing Smaller manufacturing lines in this district in summing up the results of 1935 operations reported a relatively satisfactory year in most cases, in some instances the best since 1929. Activity at the year end was at an unusually high rate and up to mid-January deviation from this point was confined to relatively few lines. Employment in most industries in December showed a contra-seasonal increase from the preceding month and payrolls were up sharply as compared with 1934, in part due to a greater number of hours worked, but also to higher wages in some cases.

Makers of auto parts reported a slight decline in orders and shipments in the first half of January from the high level of December. In past years an increase was generally experienced at this time, but the industry's seasonal pattern has been greatly changed. The falling-off has not been pronounced and seems to have caused little concern in trade circles. Machine tool sales were slightly smaller in December than in November, but the largest dollar volume for that month since 1928 was reported and sales for the year were 85 per cent ahead of 1934. Orders for foundry equipment received in December were somewhat larger than in November and, compared with late 1934, a gain of over 90 per cent was reported by the *Foundry Equipment Association*. Small tool sales in early January were about 20 to 25 per cent above last year, but inventories have increased slightly. Prices remain firm and collections have been good.

Plate glass production in 1935 was larger than in any previous year, being 50 per cent in excess of 1934. Plants

operated practically at capacity throughout the year and employment and payrolls were better than in five years. Operations of local plants in January were on a par with early 1935, but were down from the recent peak, due to seasonal influences and adjustments thought necessary because distributors' inventories were slightly above what was considered normal. Manufacturers' stocks of both raw materials and finished glass were normal or below. Glass container sales in recent weeks compared favorably with the same period of last year. Attendance at the annual china and pottery show at Pittsburgh was larger than in recent years, but sales were slightly under those reported in 1935. Production of china and pottery in early January compared favorably with last year, according to reports. Brick production was down seasonally at the year end, but gains continued to be shown in comparison with late 1934.

Sales of electrical apparatus and supplies in early 1936 compared favorably with last year at that time, although a seasonal drop from late 1935 was reported. Paint sales in recent weeks were larger than at that time last year, but industrial demand was down from the high level of late 1935. Inventories at the year end were slightly larger than a year ago.

Boxboard production in 1935 was 20 per cent ahead of the previous year, but the entire industry only operated at about 65 per cent of capacity. Early 1936 sales were larger than a year ago; raw material inventories were up slightly from last year, partly in anticipation of increased demand this spring. Shoe production at fourth district factories in December was 32.6 per cent ahead of the same month of 1934 and exceeded any corresponding month on record back to 1923. Yearly production also reached a new high level. Factories in early January were operating at capacity and had sufficient orders on hand in most cases to run through the first quarter. Inventories were larger than a year ago, most companies purchasing in excess of requirements before hide prices advanced to their present level.

TRADE

Retail Dollar sales at reporting department stores in this district in December rose to the highest level in over four years and the gain from the corresponding month of 1934 was 8.4 per cent. The seasonally adjusted index of daily average sales was 81.3 per cent of the 1923-25 monthly average, a gain of two points from the preceding month. Retail prices were little changed in the two periods, according to *Fairchild's* index, the increase from last year being less than one per cent. Larger sales were shown by stores in all reporting cities in this district, gains ranging from five per cent at Akron to nearly 20 per cent at Youngstown. All cities showed increases for the year from 1934, although in some cases they were slight.

So far as individual departments were concerned, increases in December were shown generally, with the exception of piece goods and women's ready-to-wear clothing. The decline in sales of the latter from December 1934 was about five per cent.

Despite the increased volume of sales in December, the ratio of all credit to total sales at reporting stores was smaller than in November, but a greater proportion of sales was charge purchases than in December 1934. Both

installment and regular 30-day charge sales were larger in relation to total sales than a year ago. Basement sales at reporting stores represented 16.2 per cent of total store sales in contrast with 17.1 per cent in December 1934.

Dollar value of stocks at reporting stores was reduced 20.7 per cent in December, but at the year end it was two per cent larger than at the close of 1934. The drop from November was slightly more than seasonal, but the index was only 60.5 per cent of the 1923-25 monthly average. Stores reported a relatively larger volume of sales in relation to the value of stocks than in 1934.

Collections in December at reporting stores were 9.2 per cent higher than in the same month of 1934, but the ratio of collections in the period to accounts receivable at the beginning of December was 36.1 per cent compared with 36.4 per cent in December 1934. Stores in Cleveland, Pittsburgh, Wheeling and the group of smaller cities reported an improvement in collections from last year, while other cities showed declines.

Sales of reporting wearing apparel stores in this district in December were 5.5 per cent larger than in the closing month of 1934 and the gain for the entire year was 3.4 per cent. Furniture store sales were up 20.2 and 5.2 per cent, respectively, in the same periods. Chain drug stores reported an increase of 20 per cent for December and over nine per cent for the year. Chain grocery sales were down 5.6 per cent in December from 1934, but for the entire year an increase of 4.1 per cent was reported.

Wholesale All reporting lines of wholesale trade in this district experienced a larger increase in sales in December, compared with the closing month of 1934, than was recorded in the first 11 months of the year. Smaller sales of groceries, dry goods and hardware were reported in December, as compared with November, but the drop was seasonal and less than occurred at that time in recent years. Grocery sales in December were 7.3 per cent larger than in the same month of 1934 and for the entire year an increase of 5.3 per cent was shown. Dry goods sales were up 10.4 per cent in the month and 3.4 per cent for the year; drug sales increased 18.7 per cent in December and 3.5 per cent in the year, while the gains for the same periods in hardware sales were 30 per cent and ten per cent, respectively.

BUILDING

In view of the fact that this is the dull season for construction work, the volume of building contracts awarded in this district in December was unusually large, amounting to \$21,322,000. The value of awards was over three times as large as in December 1934, and it exceeded any similar month back to 1929, excluding the year 1933, when CWA work was at its peak.

The December volume of contemplated work was slightly smaller than was tabulated in November, but the relatively large volume reported in the closing months of last year was rather encouraging to the construction supply industry. Cement production in this district in December was 72 per cent ahead of the same month of the previous year, but little change for the entire twelve months was evident from 1934.

Continuing the trend of earlier months, awards in this section in the first half of January 1936 were considerably above the comparable period of last year, but down slightly

from the December level. Residential contracts awarded in this section in December were 146 per cent larger than in the closing month of 1934. Total value of these awards was \$2,679,000, slightly smaller than was reported in November, but it was larger than in any December of the three preceding years. In the entire year 1935 residential contracts awarded in the fourth district were 133 per cent larger than in the preceding 12 months. All other building in the period was 5.5 per cent greater than was reported in 1934, public works and utility construction being about one-third less in 1935 than in the previous year. Nonresidential work up about 40 per cent, excluding public works and utilities.

Of the principal cities in the district, construction gains in 1935 from the previous year were recorded for Pittsburgh, Erie, Akron, Canton, Cincinnati, Cleveland, Dayton and Toledo.

AGRICULTURE

Except for developments entirely outside the agricultural industry as such, and the scope of this review, there is little to report at present. Grain stocks on farms on January 1 were considerably larger than a year ago. The harvest of principal grains in 1935 was much larger than in 1934 and a relatively smaller share of that harvest had left farms prior to January 1 than a year ago. A greater part of the corn and oat crop remained than the average of the five years 1928-32, but much of the corn, in some sections at least, was of relatively poor quality.

Acreage planted to winter wheat in the fall of 1935 for harvest this year was 6.7 per cent greater than was sown in 1934 and 5.7 per cent above the five year (1927-31) average. It amounted to 47,529,000 acres in the entire country, but abandonment because of winterkilling, etc., was expected by the Department of Agriculture to be between 15 and 20 per cent since the December crop condition report was 4.2 per cent below the 10-year average. Production of winter wheat, much of which was sown in accordance with the AAA control program, was expected to be about 530,000,000 bushels this year, compared with 433,500,000 bushels harvested in 1935.

Condition of wheat in this section was better than average at the beginning of 1936. The December estimate was 89 per cent of normal in Ohio, six points above average and a five per cent increase in acreage from that sown in 1934 was reported. The crop was planted late and ample rains and an open fall enabled it to become well-established, but severe weather in January with little snow in some sections was not helpful. Acreage planted to wheat in this section has been increasing in recent years. Last fall in Ohio it was 1,953,000 acres while the average of the years 1927-31 was 1,820,000 acres. Ten-year average abandonment 1922-31 was 13 per cent, but in recent years it has been much less than that.

Tobacco. By January 17 it was estimated that approximately 85 per cent of the 1935 burley tobacco crop had been marketed. Total sales throughout the belt up to that time were about 205,000,000 pounds of which 41,373,000 pounds were sold at Lexington at an average price of \$21.29 a hundred pounds. For identical grades, prices this season have been running slightly ahead of a year ago. Some price weakness was evident in mid-January following the AAA decision, but it was not marked. Crop estimates for 1935 have been revised downward recently because tobacco offered for

sale has been weighing lighter than was expected last fall. It is now placed at about 230,000,000 pounds, compared with 249,000,000 pounds, the earlier figure.

Prices. The general level of farm prices in mid-January appeared to be about the same as in December, when it was 110 per cent of the five-year pre-war average, which was over nine per cent above the previous year. At the same time prices paid by farmers for goods purchased de-

clined and the exchange value per unit of farm products, at 90 in December, was 10 points higher than at the close of 1934, and higher than since early 1930. The effect of the recent removal of processing taxes on commodity prices has been mixed. Hog prices have increased, but this has been offset in part by declines resulting from heavy marketing. Wheat prices are somewhat higher, but flour has declined. Cotton showed little change, although distant future prices were down.

Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ended Jan. 22, 1936	% Change from 1935	Year Jan. 2, 1935	Year Jan. 2, 1934	% change from 1934
Akron	\$66,884	+18.3	\$620,585	\$546,592	+13.5
Butler	9,394	+22.7	88,366	81,213	+8.8
Canton	38,373	+29.0	364,607	307,285	+18.7
Cincinnati	363,043	+20.1	3,447,706	2,982,645	+15.6
Cleveland	644,676	+30.0	5,704,052	4,820,524	+18.3
Columbus	186,628	+3.4	1,876,343	1,472,571	+27.4
Dayton	61,828	+9.0	599,075	496,246	+20.7
Erie	27,347	+13.5	261,243	229,618	+13.8
Franklin	3,992	+24.5	34,677	30,871	+12.3
Greensburg	8,094	+8.3	67,129	61,392	+9.3
Hamilton	10,444	+15.8	105,601	93,207	+13.3
Homestead	2,811	+25.1	26,580	22,841	+16.4
Lexington	34,455	+4.6	242,123	211,577	+14.4
Lima	13,096	+30.8	112,862	93,305	+21.0
Lorain	3,855	+20.7	40,543	32,575	+24.5
Middletown	10,279	+31.3	91,859	75,580	+21.5
Oil City	11,145	+18.2	107,582	86,712	+24.1
Pittsburgh	803,874	+7.6	7,789,117	6,940,937	+12.2
Springfield	17,999	+17.6	170,774	146,441	+16.6
Steubenville	8,232	+20.5	83,432	72,388	+15.3
Toledo	130,227	+24.8	1,149,472	1,038,236	+10.7
Warren	8,236	+31.2	82,516	72,501	+13.8
Wheeling	36,935	+14.1	347,708	329,558	+5.5
Youngstown	44,757	+23.9	460,661	392,329	+17.4
Zanesville	8,231	+15.5	78,914	70,152	+12.5
Total	\$2,554,836	+16.3	\$23,953,527	\$20,707,296	+15.7

Fourth District Business Statistics

(000 omitted)

	Dec. 1935	% change from 1934	Year 1935	% change from 1934
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities	\$2,332,000	+15.4	23,452,000	+15.6
Savings Deposits—End of month:				
40 Banks, O. and Pa.	704,167	+5.6	1	
Life Insurance Sales:				
Ohio and Pa.	82,159	-10.4	942,383	+0.2
Retail Sales:				
Department Stores—50 firms	29,680	+8.4	204,591	+5.2
Wearing Apparel—12 firms	1,222	+5.5	9,679	+3.4
Furniture—43 firms	983	+20.2	9,087	+5.2
Wholesale Sales:				
Drugs—13 firms	1,496	+18.7	16,192	+3.5
Dry Goods—10 firms	1,171	+10.4	13,597	+3.4
Groceries—30 firms	3,774	+7.3	46,358	+5.3
Hardware—14 firms	1,480	+29.5	15,526	+10.3
Building Contracts—Total	21,322	+219.6	181,868	+22.5
—Residential	2,679	+146.0	46,336	+133.5
Commercial Failures—Liabilities	1,069	+46.6	15,620	-34.8
—Number	592	-3.3	8932	+1.6
Production:				
Pig Iron, U. S.	2,117	+105.9	21,042	+31.7
Steel Ingot, U. S.	3,082	+58.8	33,426	+32.3
Auto—Pass. Car, U. S.	344,6132	+210.3	3,285,8362	+50.9
Auto—Trucks, U. S.	63,1912	+48.5	723,6602	+25.8
Bituminous Coal	12,871	+10.6	143,008	+0.4
Cement—O., W. Pa., W. Va. Bbls.	403	+71.5	7,304	-0.7
Elec. Power—O., Pa., Ky. k.w.h.	1,4183	+18.3	14,1734	+11.0
Petroleum—O., Pa., Ky. Bbls.	2,1483	+7.0	23,2424	+7.5
Shoes	5	+32.6	5	+17.1
Tires, U. S. casings	3,9973	+19.6	45,3104	+4.3
Bituminous Coal Shipments:				
L. E. Ports	323	+32.9	35,837	-0.4
Iron Ore Receipts:				
L. E. Ports	18		19,907	+27.8

1 not available
2 actual number
3 November

Wholesale and Retail Trade

(1935 compared with 1934)

	SALES December 1935	Percentage Increase or Decrease SALES Year 1935	STOCKS December 1935
DEPARTMENT STORES (50)			
Akron	+4.7	+1.2	+2.3
Cincinnati	+5.4	+4.8	+7.5
Cleveland	+7.6	+3.2	+0.9
Columbus	+7.8	+5.3	+9.8
Pittsburgh	+10.8	+6.3	-1.0
Toledo	+8.0	+7.5	+4.2
Wheeling	+7.2	+8.5	+3.0
Youngstown	+19.6	+9.3	+15.5
Other Cities	+8.0	+6.5	-2.7
District	+8.4	+5.2	+2.1
WEARING APPAREL (12)			
Cincinnati	-3.4	-1.3	+10.9
Pittsburgh	+18.3	+9.5	+2.1
Other Cities	+5.8	+4.1	+17.1
District	+5.5	+3.4	+11.5
FURNITURE (43)			
Cincinnati	+9.4	+10.7	
Cleveland	+15.4	+5.6	
Columbus	+25.5	+13.1	
Dayton	+30.3	+12.9	
Toledo	+27.8	+18.3	
Other Cities	+25.0	+23.4	
District	+20.2	+5.2	
CHAIN STORES*			
Drugs—District (4)	+20.6	+9.4	
Groceries—District (5)	-5.6	+4.1	
WHOLESALE GROCERIES (30)			
Akron	+19.4	+29.2	
Cleveland	-6.6	+6.5	
Erie	+0.6	+6.1	
Pittsburgh	+1.6	+6.1	
Toledo	+10.8	+9.9	
Other Cities	+15.5	+9.4	
District	+7.3	+5.3	-0.6
WHOLESALE DRY GOODS (10)	+10.4	+3.4	+3.5
WHOLESALE DRUGS (13)	+18.7	+3.5	
WHOLESALE HARDWARE (14)	+29.5	+10.3	

*Per individual unit operated.

Fourth District Business Indexes

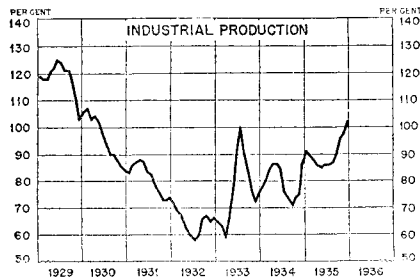
(1923-1925=100)

	Dec. 1935	Dec. 1934	Dec. 1933	Dec. 1932	Dec. 1931
Bank Debits (24 cities)	86	75	57	58	83
Commercial Failures (Number)	40	42	62	135	180
(Liabilities)	24	17	36	187	136
Sales—Life Insurance (O. & Pa.)	98	110	91	91	140
—Department Stores (48 firms)	134	123	108	91	123
—Wholesale Drugs (12 firms)	100	83	99	83	83
— Dry Goods (10 firms)	48	43	34	33	49
— Groceries (30 firms)	70	63	55	51	67
— Hardware (14 firms)	76	59	56	37	49
— All (66 firms)	70	61	57	49	63
—Chain Drugs (4 firms)**	112	93	86	79	90
Building Contracts (Total)	45	14	63	11	30
(Residential)	16	6	5	4	17
Production—Coal (O., W. Pa., E. Ky.)	71	64	62	62	61
—Cement (O., W. Pa., W. Va.)	34	20	8	53	35
—Elec. Power (O., Pa., Ky.)*	169	143	129	120	134
—Petroleum (O., Pa., Ky.)*	116	109	99	97	112
—Shoes	98	74	51	51	59

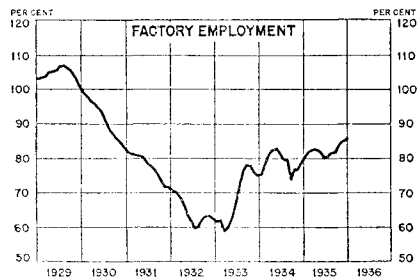
*November.
**Per individual unit operated.

Summary of National Business Conditions

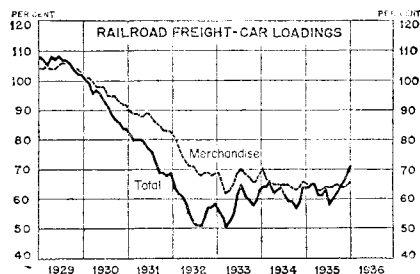
By the Board of Governors of the Federal Reserve System



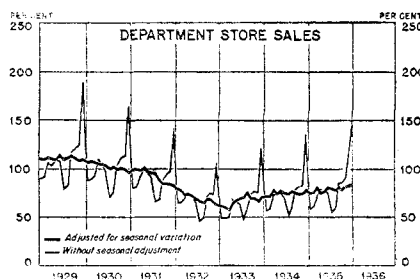
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1929 to December 1935, the latest figure being 103.



Index of number employed, adjusted for seasonal variation 1923-25 average = 100. By months, January 1929 to December 1935, the latest figure being 85.6.



Indexes of number of cars loaded, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1929 to December 1935. Latest figures, total 71, merchandise 66.



Indexes of value of sales, 1923-25 average = 100. By months, January 1929 to December 1935. Latest figure adjusted 84, unadjusted 145.

Industrial production and employment showed a further increase in December, when allowance is made for the usual seasonal changes, and distribution of commodities to consumers was in increased volume.

Production and Employment

The Board's seasonally adjusted index of industrial production, which takes account of the considerable decline that usually occurs in December, advanced from 98 per cent of the 1923-1925 average in November to 103 per cent in December, the highest level reached by this index since the spring of 1930. As in other months during the last half of 1935, the rise in the index was due in large part to increases in output of durable manufactures, particularly iron and steel and automobiles. During the first half of January production of steel and automobiles increased somewhat, following declines in the holiday period. Output at mines was also larger in December than in November. Activity at cotton and silk textile mills declined less than is usual in December, while at woolen mills there was a more than seasonal decrease in operation. Output at shoe factories increased.

Factory employment showed little change between the middle of November and the middle of December, when a slight decline is customary. The number employed continued to increase at steel mills, automobile factories, foundries and machine shops, and at railroad car building plants. There was also an increase in employment at shoe factories. Seasonal declines were reported by many other important industries. Factory payrolls were larger in the middle of December than a month earlier.

The value of construction contracts awarded increased sharply in December, according to figures of the F. W. Dodge Corporation, although a decline is usual in that month. There was a further substantial growth in the volume of awards for publicly-financed projects and residential building also increased.

Distribution

Sales at department stores and variety stores, as well as sales by chain stores and mail order houses serving rural areas, showed larger increases than are usual in December. Freight-car loadings decreased by less than the usual seasonal amount in December, and the Board's adjusted index increased from 66 per cent of the 1923-1925 average in November to 71 per cent, continuing the advance begun last August.

Commodity Prices

The general level of wholesale prices showed little change during December. In the first three weeks of January there was some decline in the general index, reflecting in part lower prices for cotton gray goods, flour, pork, and silk. Prices of hogs, rubber, and petroleum increased.

Bank Credit

Excess reserves of member banks, which declined by \$600,000,000 in the third week of December, increased by \$320,000,000 during the following five weeks, reflecting the usual seasonal return flow of currency from circulation, a decline in Treasury balances with the Federal reserve banks, and a small increase in monetary gold stock. On January 22 excess reserves totaled \$3,030,000,000, as compared with the peak of \$3,300,000,000 on December 11, 1935.

Changes in the condition of reporting member banks in leading cities between December 18 and January 15 reflected largely the influences of seasonal factors.