

MONTHLY BUSINESS REVIEW

Covering financial, industrial
and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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No. 2

WEATHER conditions and the decline in automobile operations were the two dominant factors in the business situation in recent weeks. While the extreme and long-continued cold stimulated activity in a few lines, this was more than offset by the retardation it caused in other fields. The downward movement, however, has not been pronounced in lines not influenced by weather conditions.

Retail trade in January compared unfavorably with the same month of 1935 although the 2.6 per cent decline in dollar sales at department stores was not large when it is remembered that buying increased last year prior to the date late in January on which the Ohio sales tax became effective. The falling-off in January from December was more than seasonal, and the index of daily average sales dropped nearly six per cent. This was about the same as was reported for the entire country.

Industrial operations were at a slightly lower rate in January in this district than in December and little change from that level was reported in the first half of February, although in recent years an increase had occurred at that time.

Iron and steel production in the opening month of the year was down from December, contrary to the trend of past years, but the extent to which the automobile industry was responsible for this cannot even be estimated. In past years automobile assembly plants have been busily engaged in new-model production at this time of year and their steel requirements have been large. This season steel buying for that purpose occurred last November. Automobile requirements were further retarded, according to reports, by the weather which adversely affected sales and factory shipments.

The fact that steel mill operations have increased from the low of about 50 per cent in late January to 54.5 per cent by mid-February and remained at that level in the third week with automobile buying in limited volume was favorably regarded in trade circles. Orders have come from railroad, structural, and miscellaneous sources in encouraging volume since the beginning of the year and operations at all local steel centers, except Pittsburgh, remain much above the national average.

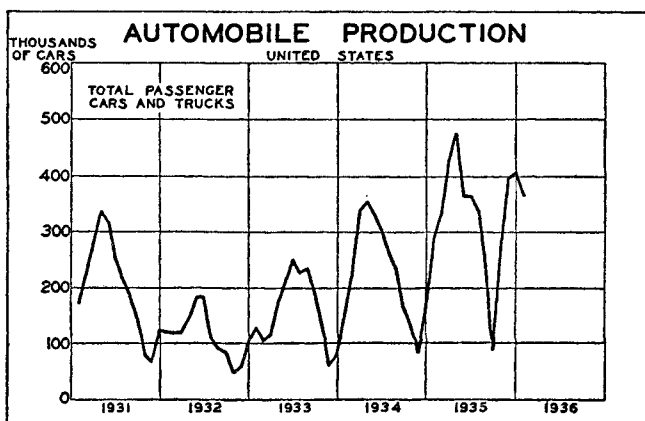
Construction contracts awarded in this section in January

remained considerably above a year ago, but some decline from December was evident. Residential building continues to lead the field so far as the percentage gain from last year was concerned. A large share of current construction is being financed by public funds; in 37 Eastern States 68 per cent of all contracts awarded in January were so financed, compared with 55 percent a year ago.

Activity at tire plants was little changed in January compared with December, but was reduced in the first half of February and was further complicated by labor disturbances which assumed major proportions at one factory. Clothing plants were operating at close to capacity levels on spring orders, although shipments were retarded by the continued cold, according to reports. Output of shoe factories in this section in January was 26 per cent ahead of last year.

Coal production increased quite sharply in early February when retail stocks were reduced as result of unusual demand for heating purposes. Inventories of industrial grades continue in volume large enough to have a depressing effect on the price situation.

In the smaller manufacturing lines, operations in late January and the first half of February were irregular, with most plants reporting a falling-off from the December level, some of which was seasonal. Compared with last year, however, gains were shown generally and indexes of employment and payrolls were substantially ahead of early 1935.



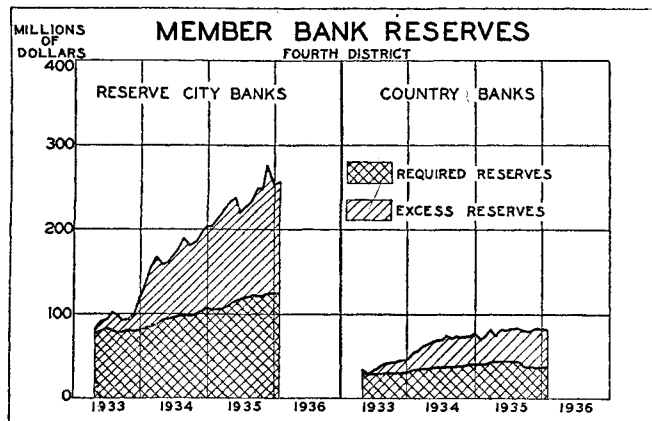
FINANCIAL

Current reports of member banks in leading cities of the fourth district and of the Federal Reserve Bank of Cleveland reflected no significant changes in the four weeks ended February 19. At the reporting member banks there was a further decrease in loans on securities in the four latest weeks and the downward trend evident in recent years, barring minor fluctuations, was continued despite advancing security prices and increased activity in the markets. At \$224,000,000 on February 19 these collateral loans compared with \$248,000,000 a year ago and were \$5,000,000 lower than a month previous. Loans on real estate were unchanged in the four latest weeks, but were slightly larger than a year ago. Commercial loans have increased moderately for three consecutive weeks; at \$183,000,000 on the latest date they were \$9,000,000 larger than four weeks previous and nine per cent greater than on February 20, 1935. This was more than enough to offset the decline in loans on securities so that total loans on the latest date were larger than a month ago and at this time last year.

Holdings of United States Government securities increased further between the third week of January and February 19 and investments in other securities also expanded slightly. The former were \$104,000,000 or 13 per cent larger than on the corresponding date last year while the latter were up only a nominal amount. As a result of these changes total credit extended by weekly reporting banks was up slightly in the four latest weeks and was 7.5 per cent greater than a year ago.

Deposits at these banks fluctuated somewhat in the four latest weeks. Adjusted demand deposits, at \$967,000,000 on February 19, were \$14,000,000 higher than on January 22, but between those two dates a rather sharp decline and recovery occurred. Compared with a year ago an increase of \$183,000,000 was evident. Time deposits were slightly larger on the latest date than a month earlier and at \$694,000,000, they were \$47,000,000 in excess of last year. Total deposits were up \$25,000,000 in the four latest weeks.

At the Federal Reserve Bank of Cleveland there was a very slight increase in bills discounted between January 22, and February 19, but the decline in industrial advances and acceptances more than offset the rise and total earning assets were down about \$90,000. At \$220,134,000 on the latest date, they were approximately \$5,000,000 higher than a year ago, due to increased holdings of Government securities. Total reserves were unchanged in the four weeks, but at \$524,772,000, they were \$111,500,000 larger than in February last year.



Circulation of Federal reserve notes increased \$8,000,000 between the third week of January and February 19 and on the latest date was over \$50,000,000 in excess of last year at that time. Member bank reserve deposits also increased in the four latest weeks by \$10,000,000 and the gain, compared with a year ago, was \$55,000,000. These reserves were approximately 118 per cent or \$192,000,000 in excess of legal requirements, a new high record.

Savings deposits at 40 representative banks throughout the district declined slightly in January, but at the month end they were still 5.5 per cent larger than a year ago. Debits to individual accounts at banks in 25 leading cities of the fourth district were 12.6 per cent larger in the four weeks ended February 19 than in the corresponding interval of 1935. This was less than was reported for preceding recent four-week periods.

MANUFACTURING, MINING

Iron and Steel So far as the steel industry was concerned a buying movement by the railroads served to sustain operations at a time when demand from automobile manufacturers has been comparatively light and adverse weather conditions have interfered with outdoor construction work, but most of the rails and cars recently ordered will not be delivered until spring. From December 1 to February 15, the period in which railroads ordinarily shape up their early season programs, rail orders totaled 314,569 tons, compared with 111,457 tons in the same period a year ago. Orders for freight cars numbered 16,676 in the same period compared with 940 last year. As freight cars average slightly more than ten tons of steel, it is probable that the car and rail orders thus far placed are equivalent to about 500,000 tons.

In structural steel, demand so far this year also has been fairly active. Structural shape awards from January 1 to February 15 totaled 150,240 tons. In the same period last year the total was 98,129 tons. Reinforcing bar orders have amounted to 67,564 tons, against 29,521 tons last year.

In the lighter finished steel products a strong demand has been experienced from manufacturers of household utilities, such as refrigerators, washing machines, and ranges. The agricultural implement industry is continuing to operate near the pre-depression peak to stock dealers for spring, and machinery manufacturers report a brisk demand.

Some revival in steel purchasing by automobile manufacturers began to be evident in late February as preparations were made for the spring season, and important machine tool and die orders for 1937 models are looked for in March.

Reports indicate that pig iron consumption in February has held up unusually well. Scrap has been active, and prices have mounted steadily. Steel's scrap composite on February 22 stood at \$14.30 compared with \$13.15 on January 18. Stocks of Lake Superior iron ore at lower lake ports and furnaces have been further reduced. On February 1 they were 28,405,335 tons compared with 32,027,268 tons a year ago. Preliminary estimates point to shipments of 35,000,000 tons this season, or 25 per cent more than in 1935.

Daily average pig iron production in January, 65,445 gross tons, was down 4.1 per cent from December, while the total showed the same percentage reduction, to 2,028,791 tons. Compared with a year ago output was up 40 per cent. There was a net loss of one active blast furnace stack, to 119 operating at the close of January.

Production of steel ingots in January was at the rate of 112,942 gross tons a day, compared with 123,272 tons in December, a decline of 10,330 tons, or 8.3 per cent. Operations in January averaged 51.18 per cent of capacity, compared with 55.68 per cent in December. Total production in January was 3,049,439 gross tons, compared with 3,081,807 tons in December and 2,872,000 tons in January 1935.

In the third week of February the entire industry was operating at 54.5 per cent of capacity, compared with 50 per cent a year ago. In the first half of 1935 the peak of operations occurred in early February at 54.5 per cent, a gradual decline being evident from that time to early July.

The current rate of operations was about three points above the January average; all local steel centers showed improvement in recent weeks and operations were considerably above the national average except at Pittsburgh. At Cleveland, mills were working at 66.5 per cent, about the same as in January, but compared with 79 per cent last year when automobile demand was extremely active. The rate at Youngstown was 65 per cent compared with 61 in January and 60 a year ago. At Wheeling, production was at 84 per cent, up 14 points in the four latest weeks. Pittsburgh mills showed a little improvement recently, but at 39 per cent of capacity operations were only two points above last year.

Coal January coal production figures only partly reflect the increased demand for fuel that has developed in recent weeks as a result of the long-continued cold weather, which has prevailed in nearly every section of the country. In this district and elsewhere stocks of household fuels were quite sharply reduced in January and many local mines increased operations almost to capacity levels in an effort to keep up with demand for this type of coal. This only aggravated the steam coal situation, stocks of which remain unusually large and constitute a problem in industry. Prices on steam grades continued depressed, but quotations on other fuels were advanced in several centers as shortages developed.

As of January 1 bituminous coal stocks were estimated by the *United States Bureau of Mines* to be 34,476,000 tons, an increase of 7.1 per cent from a year previous. Coal in hands of industrial users was up 12.9 per cent, but in retail coal yards the supply was down 8.8 per cent compared with the same date in 1935. At the rate coal was being consumed at the time the estimate was made stocks were 6.2 per cent smaller than a year ago and the heavy demands

on retail yards in January and the first half of February caused a further sharp reduction in those supplies. Coal stocks at upper lake ports were reported 10.8 per cent smaller on January 1 than a year earlier.

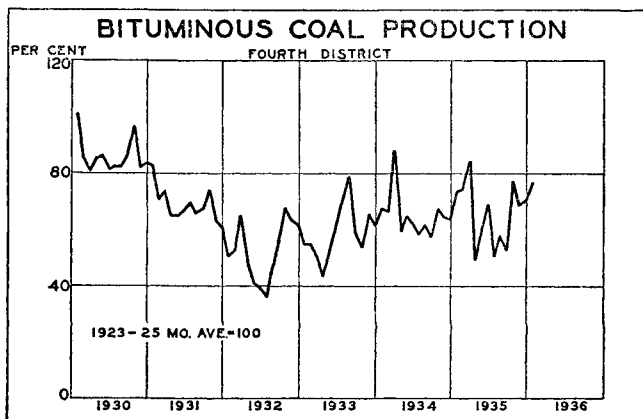
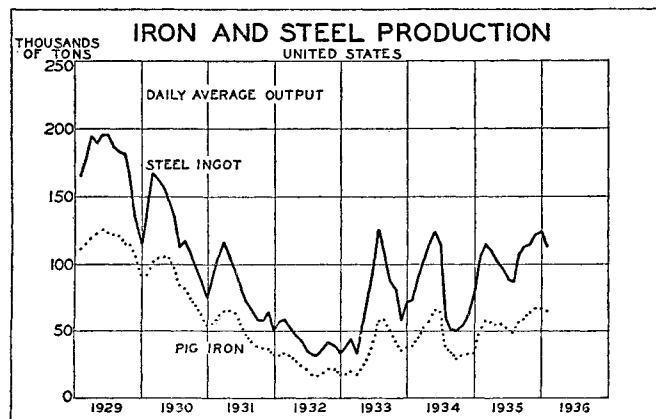
Production at fourth district mines in January was 13,925,000 tons, a gain of 4.6 per cent from last year and the best January since 1931. Compared with December, an increase of eight per cent was evident. This exceeded the average December-January change of previous years. In the entire country January production was 5.2 per cent greater than in the first month of 1935 and was up 10.8 per cent from December. Weekly production estimates for the first half of February indicate that mine activity was at the highest weekly rate since 1930.

Automobiles While estimated weekly automobile production tended downward in January and the early part of February partly on account of the continued unfavorable weather, a slight increase was reported in the second week only to be followed by a moderate decline in the ensuing period. It was indicated in trade circles that this gain in part represented the manufacture of cars for inventory purposes, it being felt that when weather conditions improved so that driveaways from assembly plants would be feasible and demonstrations to prospective purchasers possible the demand for cars would expand sharply.

It is quite evident that February production was below last year when 336,000 cars and trucks were made, but sales efforts were being directed toward the scaling-down of stocks of used cars in many cases and the extreme weather retarded sales of all types of vehicles. Dealers generally were well stocked with new models. Buying of parts and materials was in rather restricted volume in January and early February, but some improvement has recently been evident as preparations were made for the spring season.

Passenger car production in January was 299,926 units, a gain of 30.8 per cent from the corresponding month of 1935, but 22,000 units under the December figure, which, however, was an all-time record for that month. In the three months since the new-model show in early November 983,000 passenger cars were assembled whereas in the first three months following the showing of the 1935 cars output was 867,000 units and the approach of spring had some influence on production in the third month of that period.

Truck production in January was 67,326 units, an increase of 5.9 per cent from last year and of six per cent



from December. Model changes have less effect on production of commercial cars than passenger models.

Registrations of new automobiles in several principal counties of this district in January reached a new high level for that month, even exceeding last year when sales were stimulated by the fact that an Ohio sales tax was to become effective late in the month.

Rubber, Tires The tire industry was disturbed by labor developments which had increased in scope by the third week in February from a small departmental dispute to one affecting an entire plant. Manufacturers curtailed operations rather sharply in early February because sales of tires for both replacement and original equipment in January were adversely affected by weather conditions and the lag in automobile assemblies; this caused an increase in tire inventories. Some factories in early February were only working twenty-four hours a week, while others were more active. Little change in the number of employees was reported and wage rates generally remained at the level of other recent months.

According to reports, January tire production was approximately the same as in December, but some of this was in anticipation of spring demand, since the fall-dating program, under which tire dealers have, until recent years, placed advance orders for spring deliveries, has been all but discontinued. With automobile production and demand for original equipment tires reduced in January, inventories increased, although reports place them somewhat below last year at this time. Large shipments of original equipment tires in November and December prevented a building-up of inventories in hands of manufacturers similar to that occurring in the closing months of past years.

The report of the *Rubber Manufacturers' Association* for December, the latest available, indicates that shipments in that month, at 4,153,807 casings, slightly exceeded production and were 33 per cent greater than in the closing month of 1934. Production in the period was up 7.2 per cent, but tire inventories on January 1, at 8,195,863 casings, were 13 per cent smaller than a year previous.

Crude rubber consumption in January amounted to 48,506 long tons, almost a record figure. On only two other occasions has rubber consumption in the month exceeded 48,000 tons. The gain from December was 13 per cent and compared with last year was three per cent.

Imports of crude rubber in January were 31,292 long tons, a decrease of 25.6 per cent from January 1935. Consumption in the month exceeded imports by over 50 per cent and domestic stocks showed a corresponding reduction to 276,372 long tons on February 1. This compared with 348,981 long tons (revised) a year ago. Crude rubber prices, as a result of the continued improvement in the statistical position of the industry, advanced further in recent weeks. On February 20 ribbed smoked sheets were quoted at 15.6 cents compared with 12.9 cents a year ago.

Clothing Makers of men's and women's clothing in this district reported conditions little changed in mid-February from a month ago. Most plants were operating at capacity levels on orders for spring delivery which were received in larger volume than in early 1935, but cold weather has delayed shipments and retail sales. Inventories of finished goods, as a result, were reported rather large in some cases. The fact that

Easter is quite late this year also is affecting demand for spring merchandise.

Sales of clothing at fourth district department stores in January compared favorably with January 1935, considering that buying was stimulated last year by the fact that the sales tax was to become effective late in the month. Sales of women's and misses ready-to-wear clothing were 6.7 per cent smaller than a year ago, but men's clothing sales were up 6.5 per cent and sales of men's furnishings increased three per cent.

Clothing prices, according to *Fairchild's* index of prices at department stores, were little changed in the latest month. Contrasted with a year ago, however, prices of women's clothing were up about two per cent, the sharpest gain of all major departments.

Wool prices remain very firm and quotations on fall textiles recently announced are somewhat higher than a year ago. Little domestic wool is reported available and as a result there has been considerable buying of foreign wools.

Other Manufacturing In the smaller industries of the district little change as a whole was evident in employment, payrolls and operating rates in late January or the first half of February. Employment indexes in several principal cities of the district were slightly higher in the opening month of the year than in December; this was true of Cincinnati, Cleveland and Toledo. Despite the drop in orders and operations due to weather and changes in the seasonal pattern of the automobile industry most reports indicate that production so far this year compares favorably with early 1935.

Activity at auto parts plants was greater in January than a year ago, but a decrease from December was evident and a further contraction of about 15 per cent was reported for the first half of February. There were signs of increased buying of parts and materials in the latter half of the month. Hardware sales, particularly to makers of agricultural implements, continued above last year and production of screw machine products was in larger volume than a year ago. A falling-off in sales of engineering appliances and specialties occurred in recent weeks and orders for electrical apparatus and supplies were down seasonally from December, but continued in greater volume in January than a year ago.

Orders for new machine tools from domestic sources were 22 per cent larger in January than in December; foreign buying declined slightly, but combined sales were larger than since August and July last year, and, barring those months, than since 1929. The index of sales was 110 per cent of the monthly average shipments of 1926, according to the *National Machine Tool Builders Association*. In the first three weeks of February sales were reported to be at about the January level. Prices of some models have been advanced 15 per cent. Buying of foundry equipment in January was much ahead of last year at that time and orders placed in the month exceeded any period since 1930.

Paint sales in recent weeks have not been up to those reported at this time last year, but production rates have shown little change. Inventories are being built up in anticipation of an active spring season. The recent decline in sales from December was partly seasonal.

Pottery plants in this district in mid-February were operating at 50 to 60 per cent of capacity which was from

10 to 20 per cent under a year ago at that time. Sales have been limited since the beginning of the year and inventories have increased. Plate glass orders were curtailed quite sharply in late January and early February, the decline being largely due to the drop in automobile assemblies, although a lessened demand by other users, partly on account of the weather, was reported. Window glass production was down, about 40 per cent of the industry being affected by a strike which lasted most of the month. This curtailment prevented an increase in inventories which generally occurs at this season. Hourly wage rates are reported to be the highest ever paid. Prices of window glass remain quite firm.

Paper and boxboard production was down seasonally in January from the level prevailing at the close of 1935, but operations compared favorably with the opening month last year. Inventories have increased in recent weeks. Operations at shoe factories continue at capacity levels on spring orders, January production being 26 per cent ahead of last year, but sales at retail stores have declined sharply, according to reports. Collections have suffered as a result. Inventories of raw materials are rather large and leather prices were somewhat higher than a year ago.

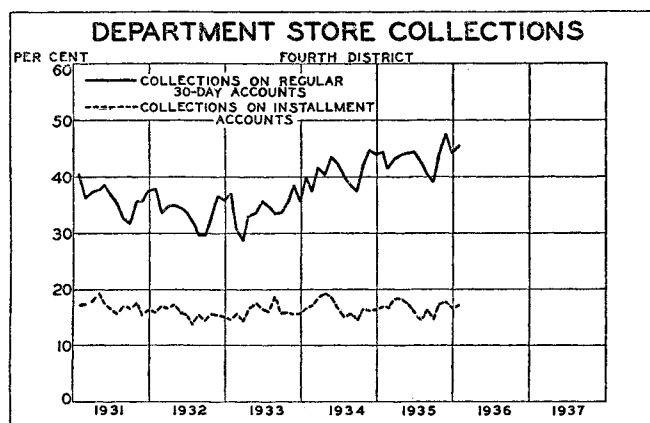
TRADE

Retail

Sales of 50 reporting department stores in leading cities of the fourth district, amounting to \$13,450,000, were 2.6 per cent smaller in January than in the same month of 1935. This reduction resulted from the fact that sales last year at stores in Ohio cities were abnormal, chiefly because a sales tax was to become operative late in the month. Youngstown was the only Ohio city to show an increase in January compared with last year; it was 4.4 per cent. At stores in Pittsburgh and Wheeling, sales in January were nine and six per cent greater, respectively, than a year ago.

Allowing for seasonal variation there was a decline of about six per cent in dollar volume from December; the index of daily average sales was 76.7 per cent of the 1923-25 average compared with 81.5 per cent in the previous month. For the fiscal year ending January 31, an increase in dollar sales of 4.1 per cent was shown at all reporting stores. Each city except Akron enjoyed an improvement in the year.

Sales of wearing apparel stores were 8.1 per cent smaller in January than a year ago and a drop of 16 per cent was experienced by reporting furniture stores. Chain grocery sales were down 4.9 per cent, but chain drug store volume was up 11.5 per cent in the month.



Dollar value of stocks at department stores declined less than seasonally in January and at the month end was 5.6 per cent larger than a year ago. The trend of stocks in the various cities of the district was irregular; sizable decreases were shown in some, while gains occurred in others. The seasonally adjusted index rose over two points, compared with December, to 62.8 per cent of the 1923-25 average in January. The ratio of monthly sales to average stocks was smaller than a year ago, but the turnover rate for the fiscal year 1935 was 4.15, the highest ever reported.

The ratio of credit to total sales in January was slightly larger than in December, but the increase was entirely in installment buying and was chiefly seasonal. The ratio of installment to total sales in the month was 7.9 per cent, the same as a year ago, while in December it was 5.2 per cent.

The total volume of accounts receivable at the end of January was 10.4 per cent larger than on the same date of 1935. Regular 30-day accounts receivable were up 7.8 per cent in the period and installment accounts showed an increase of 15 per cent. Collections on these accounts have held up very well recently; in fact, as shown on the accompanying chart, there has been a marked improvement in collections of 30-day accounts since the low point of 1933. This chart shows the ratio of collections during the month on installment and regular 30-day accounts receivable at the beginning of the period. There is rather a distinct seasonal movement evident in these collection ratios, they being low in August and September and high in November of most years. In January, collections of 30-day accounts were 45.6 per cent compared with 44 per cent last year and 40 per cent in 1934. Collections of installment accounts remain fairly constant. In the latest month they were 17.1 per cent.

Wholesale

Sales of reporting wholesale drug and hardware firms in this district in January were 3.5 and 13 per cent larger, respectively, than in the first month of 1935. Sales of dry goods and grocery firms were down 3.7 per cent and 2.1 per cent in the same period. Grocery and drug sales were larger in January than in December, but hardware and dry goods sales were down quite sharply; however, this was chiefly seasonal.

BUILDING

Building activity continued in substantially larger volume than a year ago in this section and in the entire country in January, although some decline from December was evident in the *F. W. Dodge Corporation* figures. Total contracts awarded in the fourth district in the month were valued at \$17,860,000 compared with \$11,452,000 in January 1935, a gain of 56 per cent. All major classifications except public works showed increases from last year and residential contracts awarded, which were valued at \$3,887,000, were up 108 per cent from January 1935. While actual construction has been hampered by the unusually cold weather, plans seem to be going forward and contracts are being let in encouraging volume, nevertheless.

Separate district figures are not available showing the volume of construction financed by public and private funds, but for the 37 Eastern States covered by the *Dodge* reports, 68 per cent of all contracts awarded in January were to be financed by public funds, while 74.3 per cent of all contracts

were so financed in December. A year ago 45 per cent of all contracts awarded were privately financed, the rest representing the spending of public money.

In the fourth district, non-residential contracts awarded, other than public works and utilities, were 70 per cent larger in January than in the first month of 1935. Contracts for public works were slightly smaller than a year ago, but those for public utilities showed a marked increase.

Contemplated construction reported in January for this section was about the same as in December, but was down quite sharply from January last year because a large public works project for western Pennsylvania swelled the figures for that section. Other areas showed gains from January 1935.

Lumber dealers reported sales of building materials much depressed, although better than a year ago. This was attributed to the unfavorable weather. Lumber production has been running much above last year and orders received by mills have held up well.

AGRICULTURE

The annual livestock inventory of the *Department of Agriculture* as of January 1 indicated that while the number of animal units declined from the preceding year, the total value of all livestock on farms increased about 50 per cent to \$4,885,302,000 in the year to the highest level since January 1, 1930. This inventory figure should not be confused with the value of livestock production or with the income from livestock.

The number of horses on farms in states of this district was little changed in the year, but for the entire country a decline of two per cent in number was evident. The value per head was higher than since 1921, and there was a decided increase in the number of colts on farms.

While there were more cattle on local farms than a year ago, there was a slight reduction in the entire country and there was a drop in the number of animals being kept for milk, although the value per head increased about 65 per cent

in this section and slightly less than that in the entire country.

The total value of hogs on farms on January 1 was 120 per cent higher than a year ago. Although there was an increase of nine per cent in number in the period there were still 30 per cent fewer hogs on farms than the average of 1932 and 1933. In states of this district the increase in number in the year was slightly less than average. The number of sheep and lambs on local farms was about two per cent greater than a year ago, whereas a slight decline was reported for the entire country. An increase of 46 per cent in total value of sheep was indicated for the United States.

Cash receipts by farmers from the sale of principal farm products and rental and benefit payments in the year 1935 amounted to \$6,943,000,000 in the entire country, a gain of 12 per cent from 1934. This was primarily due to a 20 per cent increase in the general level of farm prices for actual production and sale of livestock and crops was under the preceding year. While all states in this district shared in the rise, Ohio farmers received 28 per cent more income in the year than in 1934 and 68 per cent more than in 1932. Of the \$262,000,000 received in that State, only \$15,210,000 was rental and benefit payments.

The general level of farm prices in mid-February was little changed from a month earlier. Livestock and dairy products were somewhat higher as a result of the cold weather, but other products, including wheat and cotton, declined in the period. The composite index was only slightly higher than a year ago.

The burley tobacco selling season has practically closed, having continued longer than expected because of the cold weather. According to the *Department of Agriculture*, sales of burley tobacco for the season to February 8 amounted to 213,697,000 pounds, at an average price of \$19.35 a hundred, compared with 224,995,000 pounds at \$17.17 a hundred, in the same period of the preceding year. Late offerings have been small and of poor quality and the price consequently has dropped. Sales recently have been averaging around 14 cents a pound.

Wholesale and Retail Trade

(1936 compared with 1935)

	Percentage Increase or Decrease		
	SALES January 1936	STOCKS January 1936	COLLEC- TIONS January 1936
DEPARTMENT STORES (50)			
Akron.....	-19.8	+ 3.0	+13.7
Cincinnati.....	- 9.7	+ 4.6	+13.7
Cleveland.....	- 2.4	+ 3.2	+12.8
Columbus.....	- 7.6	+14.8	+12.0
Pittsburgh.....	+ 9.0	+ 5.2	+13.2
Toledo.....	- 6.2	+ 7.5	+14.4
Wheeling.....	+ 6.1	+ 2.2	+14.3
Youngstown.....	+ 4.1	+19.3	....
Other Cities.....	- 5.0	+ 2.9	+14.8
District.....	- 2.6	+ 5.6	+13.4
WEARING APPAREL (12)			
Cincinnati.....	-15.0	+14.1	+ 2.7
Pittsburgh.....	+ 4.4	+ 1.3	+17.6
Other Cities.....	+ 7.1	+17.9	+12.7
District.....	- 8.1	+12.6	+11.1
FURNITURE (43)			
Cincinnati.....	+25.5	....	+14.2
Cleveland.....	-21.5	....	+ 8.7
Columbus.....	-14.6	....	+17.2
Dayton.....	-27.4	....	+25.1
Toledo.....	- 9.3	....	+25.9
Other Cities.....	- 9.3	....	+16.3
District.....	-16.2	....	+14.2
CHAIN STORES*			
Drugs—District (4).....	+11.5	....	....
Groceries—District (5).....	- 4.9	....	....
WHOLESALE GROCERIES (30)			
Akron.....	+ 9.0	....	....
Cleveland.....	-12.6	....	....
Erie.....	+ 1.1	....	....
Pittsburgh.....	- 5.7	....	....
Toledo.....	- 0.7	....	....
Other Cities.....	+ 3.2	....	....
District.....	- 2.1	+ 0.7	+ 3.6
WHOLESALE DRY GOODS (10) ...	- 3.7	+ 1.2	- 8.8
WHOLESALE DRUGS (12)	+ 3.5	....	+ 8.9
WHOLESALE HARDWARE (14) ...	+13.0	....	+25.6

*per individual unit operated.

Fourth District Business Indexes

(1923-25 = 100)

	Jan. 1936	Jan. 1935	Jan. 1934	Jan. 1933	Jan. 1932
Bank Debits (24 cities).....	79	67	57	55	77
Commercial Failures (Number).....	43	71	71	172	221
(Liabilities).....	16	27	45	135	218
Sales—Life Insurance (O. and Pa.).....	87	120	88	89	116
Department Stores (49 firms).....	58	60	52	43	55
Wholesale Drugs (11 firms).....	100	97	100	75	84
Dry Goods (10 firms).....	38	39	37	24	29
Groceries (30 firms).....	69	70	61	48	57
Hardware (14 firms).....	55	49	50	30	37
All (65 firms).....	65	64	59	43	52
Chain Drugs (4 firms)**.....	86	77	73	65	77
Building Contracts (Total).....	38	24	69	9	15
(Residential).....	23	11	6	6	11
Production—Coal (O., W. Pa., E. Ky.).....	77	74	68	55	51
Cement (O., W. Pa., W. Va.).....	12	5	6	18	20
Elec. Power (O., Pa., Ky.)*.....	175	152	139	129	141
Petroleum (O., Pa., Ky.)*.....	108	106	97	97	112
Shoes.....	124	98	68	70	67

*December.

**Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

	January 1936	January 1935	% Change from 1935
Fourth District Unless Otherwise Specified			
Bank Debits 24 cities.....	\$ 2,135,000	1,833,000	+16.5
Savings Deposits—end of month:			
40 banks, O. and W. Pa.....	\$ 701,536	664,768	+ 5.5
Life Insurance Sales:			
Ohio and Pa.....	\$ 72,407	100,194	-27.7
Retail Sales:			
Dept. Stores—50 firms.....	\$ 13,450	13,805	- 2.6
Wearing Apparel—12 firms.....	\$ 642	699	- 8.1
Furniture—43 firms.....	\$ 586	699	-16.2
Wholesale Sales:			
Drugs—12 firms.....	\$ 1,493	1,443	+ 3.5
Dry Goods—10 firms.....	\$ 920	955	- 3.7
Groceries—30 firms.....	\$ 3,784	3,866	- 2.1
Hardware—14 firms.....	\$ 1,081	956	+13.0
Building Contracts—Total.....	\$ 17,860	11,452	+56.0
—Residential.....	\$ 3,887	1,867	+108.2
Commercial Failures—Liabilities.....	\$ 685	1,201	-43.0
—Number.....	62 ¹	103 ¹	-39.8
Production:			
Pig Iron, U. S..... Tons	2,029	1,447	+40.2
Steel Ingot, U. S..... Tons	3,019	2,872	+ 6.2
Auto Passenger Car, U. S.....	299,926 ¹	229,233 ¹	+30.8
Auto Trucks, U. S.....	67,326 ¹	63,552 ¹	+ 5.9
Bituminous Coal, O., W. Pa., E. Ky.....			
Tons	13,925	13,311	+ 4.6
Cement, O., W. Pa., W. Va..... Bbls.	144	54	+166.7
Elec. Power, O., Pa., Ky., Thous. k.w.h.	1,472 ²	1,280 ²	+15.0
Petroleum, O., Pa., Ky..... Bbls.	2,000 ²	1,964 ²	+ 1.8
Shoes..... Pairs	4,051 ²	3,778 ²	+26.1
Tires, U. S..... Casings	4,051 ²	3,778 ²	+ 7.2

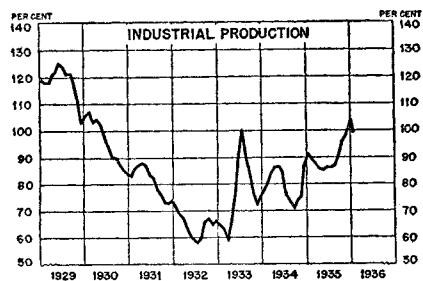
¹ actual number² December³ confidential**Debits to Individual Accounts**

(Thousands of Dollars)

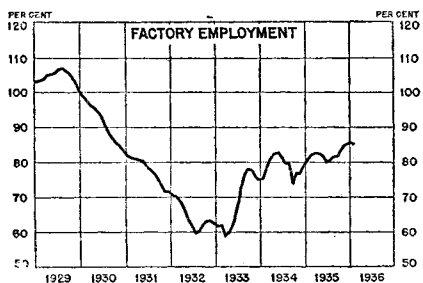
	4 weeks ended Feb. 19, 1936	% Change from 1935	Year to date Jan. 1, 1936 to Feb. 19, 1936	Year to date Jan. 2, 1935 to Feb. 20, 1935	% Change from 1935
Akron.....	\$ 49,121	+17.6	\$ 90,461	\$ 75,928	+19.1
Butler.....	7,196	+26.5	13,238	10,356	+27.8
Canton.....	25,897	+ 7.3	50,441	42,086	+19.9
Cincinnati.....	257,870	+ 8.6	486,245	416,732	+16.7
Cleveland.....	441,658	+26.3	832,838	642,732	+29.6
Columbus.....	125,029	-17.3	241,959	266,923	- 9.4
Dayton.....	48,756	+ 8.4	87,694	78,255	+12.1
Erie.....	20,148	+13.7	37,447	32,065	+16.8
Franklin.....	2,672	+21.0	5,230	4,247	+23.1
Greensburg.....	5,852	+38.8	11,569	7,468	+54.9
Hamilton.....	8,026	+ 5.5	14,299	13,208	+ 8.3
Homestead.....	2,069	+10.2	3,766	3,163	+19.1
Lexington.....	19,791	-23.0	41,565	50,889	-18.3
Lima.....	7,995	+11.9	16,051	13,387	+19.9
Lorain.....	2,918	+ 9.4	5,307	4,613	+15.0
Middletown.....	7,141	+22.4	13,596	10,888	+24.9
Oil City.....	8,426	+26.9	15,610	12,688	+23.0
Pittsburgh.....	585,489	+14.1	1,052,870	908,556	+15.9
Springfield.....	12,397	+ 4.6	24,024	21,552	+11.5
Steubenville.....	5,971	+ 5.3	11,018	9,856	+11.8
Toledo.....	95,470	+25.2	174,840	136,457	+28.1
Warren.....	6,290	+11.2	11,376	9,519	+19.5
Wheeling.....	24,556	+ 9.3	48,291	41,891	+15.3
Youngstown.....	32,502	+ 8.9	59,384	51,962	+14.3
Zanesville.....	5,656	+ 5.8	11,102	9,652	+15.0
Total.....	\$1,808,896	+12.6	\$3,360,221	\$2,875,125	+16.9

Summary of National Business Conditions

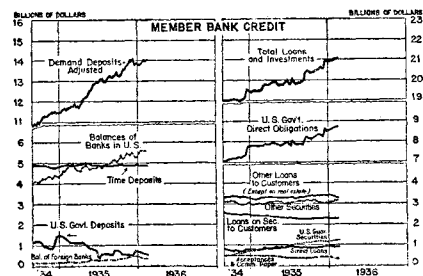
By the Board of Governors of the Federal Reserve System



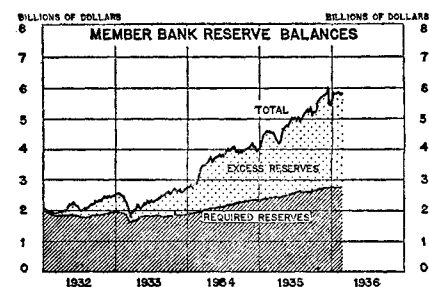
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average=100. By months, January 1929 to January 1936, the latest figure being 99.



Index of number employed, adjusted for seasonal variation 1923-25 average=100. By months, January 1929 to January 1936, the latest figure being 85.0.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934 to February 12, 1936.



Wednesday figures of total member bank reserve balances at Federal reserve banks, with estimates of required and excess reserves, January 6, 1932 to February 19, 1936.

Total volume of industrial production increased in January, but, owing to a decline in activity in the automobile and allied industries from an exceptionally high level in December, the increase was less than is usual at this season.

Production and Employment

Total output at factories increased by a smaller amount than is usual in January, while output at mines showed a seasonal increase. The Board's combined index of industrial production, which makes allowance for seasonal changes, declined from 104 percent of the 1923-1925 average in December to 99 percent in January. This decrease reflected chiefly sharp reductions in output of steel and of automobiles from the high levels reached in December. In the first three weeks of February the average rate of operations at steel mills showed a smaller increase over the January average than is usual, and at automobile factories output was estimated to be at a lower level than in January. Smaller than seasonal increases in activity were reported at textile mills and at shoe factories, while output of food products was in considerably larger volume in January than a month earlier.

Factory employment showed a small seasonal decrease between the middle of December and the middle of January. At automobile factories the number of workers, which usually increases at this season, was unchanged, and at textile mills employment declined. Factory payrolls decreased by more than the usual amount.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was smaller in January than in December. Awards for publicly-financed projects decreased from the relatively high December figure, and there was a seasonal decline in contracts for residential construction.

Distribution

Retail trade was reduced more than seasonally in January, reflecting in part the influence of unusually severe weather. Sales by department stores, variety stores, and mail-order houses all declined by more than the usual seasonal amount. Freight-car loadings showed little change; loadings of coal increased considerably, while rail shipments of miscellaneous freight declined.

Commodity Prices

The general level of wholesale commodity prices continued to show little change during January and the first three weeks of February. Prices of cotton textiles, flour, wheat, and silk declined, while prices of hogs, petroleum, coffee, and rubber increased considerably. Retail prices of foods decreased somewhat during January.

Bank Credit

Excess reserves of member banks fluctuated between January 22 and February 19 near a \$3,000,000,000 level, changes reflecting principally fluctuations in Treasury holdings of cash and deposits with Federal reserve banks.

Investments of weekly reporting member banks in leading cities increased by \$300,000,000 in the four weeks ending February 12, and reached the largest amount ever held by these banks, while loans decreased by \$130,000,000. Holdings of United States Government obligations increased by \$140,000,000, holdings of obligations guaranteed by the Government by \$50,000,000, and other securities by \$110,000,000.

Adjusted demand deposits of reporting member banks, which declined somewhat from the middle of December to the middle of January, increased by \$290,000,000 in the four weeks ending February 12, while United States Government deposits declined by \$150,000,000.