

MONTHLY BUSINESS REVIEW

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and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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General business in this district apparently was just recovering from the slump of January and February when floods in the eastern and southern sections and severe storms and snow in the north central counties caused a sharp curtailment in many lines of activity. The effect of storms was only temporary, but damage done in western Pennsylvania and along the Ohio river and tributaries is estimated at hundreds of millions of dollars. The curtailment in retail and wholesale trade, steel-mill operations at Pittsburgh and Wheeling, and many other lines was severe, but it would appear that the chief effect of the shutdown on business of the companies in the flooded sections was to defer buying and shipments to a later date or until full operation can again be resumed. Large expenditures for repairs naturally are to be expected.

Steel mill operations for the entire country were scheduled to exceed 60 per cent of capacity in the week the floods occurred, but instead they dropped to an estimated 50 per cent because of the cessation at most Wheeling and Pittsburgh plants. Increases following the rehabilitation were sharp and at other centers gains were reported in the latest week. So far this year the trend of steel production has been generally upward, barring two weeks in late January and early February, and this occurred despite the fact that the largest single steel consumer—the automobile industry—failed to show a seasonal increase in February. Buying of capital goods for railroads, structural, and miscellaneous purposes at least maintained operations for several weeks when automobile specifications were limited.

Despite the slump in automobile production from the December peak, attributed in part to the bad weather, a gain of 4.7 per cent was shown in the first two months from the corresponding period of 1935. While some of February's output was reported to be for stock purposes, retail sales have improved considerably in most sections with the more seasonable weather and production schedules increased in the first three weeks of March.

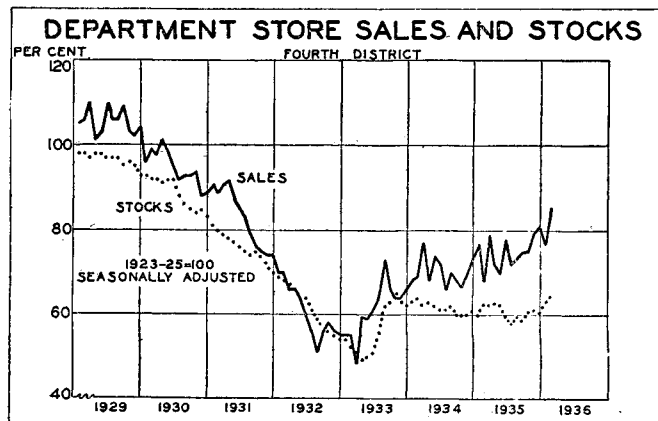
Department store sales in this district were 22.5 per cent larger in February than in the same month of last year at which time retail trade was dull in Ohio following the imposition of the three per cent sales tax in late January which caused many to anticipate their needs. In the first two months of the year, however, an increase of

nine per cent from 1935 was experienced, and preliminary reports pointed to additional gains in the first half of March. All reporting lines of wholesale trade in this section showed increases in February as compared with last year.

Construction work was retarded by unfavorable weather in February, but awards in the fourth district nevertheless were 105 per cent ahead of last year and additional gains were reported in the first half of March. Cement production so far this year has been much greater than in early 1935.

Clothing companies continued to operate at capacity levels in mid-March and shoe production in January and February was 19 per cent ahead of last year. Paint sales have exceeded those of early 1935. Makers of automobile parts and metal products reported an increase in early March, following the drop in February, and the first quarter was expected to approximate last year. Machine tool and electrical equipment sales were larger than a year ago in February. Sales of clay products also improved and those of paper and boxboard were ahead of last year. Most lines for which information is available indicate that, despite the slump in the first two months from the high rate at the close of last year, gains were experienced in the first quarter from the same period of 1935.

In principal cities of this district for which information is available, employment was lower in February in Toledo.



Cleveland, Elyria, and Akron, but slight gains were evident in Cincinnati and Pittsburgh. Increases from a year ago were reported generally except at Toledo and Akron, and in the case of the latter, the strike situation was the principal factor.

Debits to individual accounts at banks in leading cities of the district in the four weeks ended March 18 were 13 per cent larger than in the same period of last year. Life insurance sales in Ohio and Pennsylvania in the first two months were 21 per cent smaller than a year ago.

FINANCIAL

The banking situation showed little change in late February or the first three weeks of March, according to weekly condition statements of reporting member banks in leading cities of this district and of the Federal Reserve Bank of Cleveland.

In the case of the latter, total reserves, including gold certificates on hand or due from the Treasury, increased quite sharply to \$594 millions on March 25, the gain in the five weeks being about \$70 millions. Compared with a year ago total reserves were up \$139 millions and they touched a new high record in the latest week. Bills discounted increased slightly in mid-March, while holdings of Government securities and acceptances were unchanged in the five latest weeks. Industrial loans were reduced about \$50,000, but this bank's total holdings of bills and securities were almost identical with a month earlier. Due to a \$5 million increase in Government security holdings last summer, total credit extended by this bank on March 25 was approximately that amount in excess of a year ago.

Circulation of this bank's Federal reserve notes increased \$9 millions between February 19 and March 25 and, at \$63,010,000 on the latest report date, was \$52 millions in excess of last year at that time. Replacement of the retired national bank currency continues to be a factor accounting for part of the expansion in note circulation, and flooded bank vaults in some sections caused banks to request additional currency recently.

Reserve deposits of member banks increased up to mid-March, at which time they were estimated to be about 133 per cent in excess of requirements. The sizable drop of \$39 millions in the week ended March 18 reflected quarterly financing operations of the United States Treasury which absorbed considerable excess reserves as sales of new security issues for cash and Federal tax collections largely exceeded cash payments made by the Treasury. Government deposits at this Federal reserve bank increased nearly \$80 millions in the week of March 18.

At reporting member banks in this district there was a slight increase in commercial loans in the four weeks ended March 18 and the gain since the beginning of the year amounted to about 14 per cent. On March 18, at \$200 millions, they were approximately 14 per cent higher than a year ago at that time. Real estate loans and loans on securities showed little change in the four latest weeks.

Holdings of Government securities declined between February 19 and March 11, but increased sharply at the time of the Treasury quarterly financing by an amount more than enough to offset the reduction of the three earlier weeks and a new high record was established. Investments in other than Government securities declined

slightly in March. Adjusted demand and time deposits showed little change between February 19 and March 18, but both were larger than at the beginning of the year and much in excess of a year ago.

MANUFACTURING, MINING

Iron and Steel

Floods severely hampered iron and steel production in the Pittsburgh-Wheeling districts, but the interruption was comparatively short. The steelworks operating rate for the entire country, which averaged 54½ per cent in the week ended February 22, was scheduled to touch 60 per cent in the fore part of the week ended March 21, but the average for that week was reduced to about 50 per cent by reason of the curtailment in the flooded areas. Other districts showed consistent gains. At Cleveland-Lorain, operations advanced from 66½ per cent to 79 in the four latest weeks while at Youngstown the rate advanced from 65 to 74. Excluding the interruption caused by floods, steel operating rates have been increasing since early February and the average for the entire industry compares quite favorably with this time in 1935 or 1934. A year ago mills were producing at 46 per cent of capacity.

A generally strong market situation prevails, with more seasonal requirements beginning to assert themselves, the railroads releasing heavy tonnages on recent orders for cars and rails, and structural steel demand being more active. Automotive tonnage also is heavier.

The principal development in the month was the announcement of an open-price plan by the majority of steel-makers. They not only announced their base prices for second quarter—unchanged in most products from the official level in the first quarter—but also quantity differentials on sheets, strip, bars and some other products. They have pledged themselves to their trade to announce publicly any deviations from these base prices or differentials.

The net result has been to lift the average price of sheets and strip from the low levels to which they had fallen, but the quantity discounts probably will result in a little lower average on steel bars. No quantity differentials were announced on plates or shapes.

Scrap prices have continued to show strength, *Steel's* scrap composite for the week of March 21 standing at \$14.46, compared with \$14.29 the week of February 22. Pig iron producers have booked substantial tonnages for second quarter at \$1 a ton higher than in the first quarter.

Improvement in the heavy durable goods industries has predominated so far this year in steel demand. Railroads and structural work account for the largest gains. In contrast with these, the increase from automobiles and trucks has been insignificant, due to introduction of new models late last fall.

Freight car awards in January-February totaled 8,950, more than ten times the 830 placed in the comparable period last year. Rail orders amounted to 333,119 tons, over three times the 99,700 tons in the January-February 1935 period.

Structural awards of 100 tons or more, compiled by *Steel*, amounted to 214,062 tons, up 74 per cent. Reinforcing bar awards, at 83,186 tons, represent an increase of 72 per cent.

Against such gains, the number of automobiles and trucks produced in January and February was 4.7 per cent more than a year ago. Steelworks operations averaged 52½

per cent in the period, compared with 50½ per cent; ingot production was up 6½ per cent, and pig iron output was 26 per cent ahead of last year.

Daily steel ingot production averaged 118,712 gross tons in February, compared with 112,942 gross tons in January, an increase of five per cent. In February last year production was 115,740 tons. Only November and December of 1935, had a higher daily rate of production.

Daily average pig iron production in February—63,411 gross tons—was 3.1 per cent lower than in January, and the month's total—1,838,932 tons—was down 9.4 per cent. Total output for the two months was 3,868,236 tons. There was a net gain of two active blast furnaces in February, to 120 operating at the month end.

Coal Bituminous coal production at mines in this district increased slightly in February from the previous month and, at 14,735,000 tons, was 9.7 per cent greater than in February 1935. Part of the gain was traceable to the extra working day in the month, but even allowing for this fact the increase was more than seasonal and resulted from the unusual demand for household coal caused by the cold weather. In the first two months of this year coal production was 7.1 per cent ahead of the same period of 1935.

Mine operators in this district reported that conditions in the industry improved in February. Many mines were operating at capacity levels during the month and stocks of coal above ground, particularly the domestic grades, were reduced. Prices also improved somewhat.

As of February 1 total supply of coal above ground was 11 per cent smaller than a month previous and in terms of consumption at that time represented only 26 days' supply, a drop of 20 per cent from January 1 and of 7.7 per cent from last year. Coal in hands of industrial users was reduced 11 per cent in the month, but was still 6.8 per cent greater than a year ago. Coal in hands of retail dealers was 12 per cent less than on January 1 and was ten per cent below February 1, 1935. Rather sizable reductions in coal inventories were reported generally during February.

In the first half of March coal production was reduced quite sharply and in the second week of the month it was less than in the corresponding period of the two previous years.

Automobiles Automobile assemblies, which declined each week from the beginning of the year to mid-February, resumed their seasonal trend in the closing period of that month and ad-

vanced at a greater than seasonal rate in the first three weeks of March, according to *Cram's* estimates of factory output. In the week ended March 21, production was estimated at over 95,000 units. This was not much under the figure reported for the corresponding period of last year when slightly more than 100,000 cars were made, and the increase in the *Annalist's* seasonally adjusted weekly index from the low of late February indicates that about one half of the loss from the December peak had been recovered.

Retail sales showed marked improvement in many parts of the country in the first half of March, according to reports, and in some sections of this district they were running close to 50 per cent above last year at that time. Recent floods and storm conditions are likely to have an adverse effect on sales in some territories for a while at least.

The final production figure for February, 290,964 units, according to the *Department of Commerce*, was only 9,000 units below January, but was 13.3 per cent under February 1935. In most past years an expansion from January to February has been recorded as the effect of new-model stimulus is felt and the spring season approaches. This year the Board's seasonally adjusted index of daily average output, although allowing for a smaller increase from January to February than in previous years, dropped from 111 to 91 per cent of the 1923-25 average. Despite this decline and without the interest which new model showing generally arouses, total production in the first two months of this year was 4.7 per cent in excess of the same period of 1935. March output will have to be 408,000 units in order for first quarter production to equal that of 1935. Up to March 21 weekly figures totaled 261,000 cars and trucks.

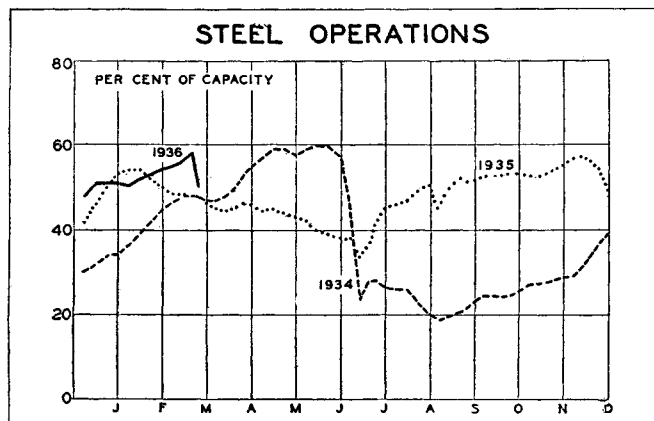
Passenger car production in February was 226,452 units, a reduction of 17.8 per cent from February last year, but for the first two months output was 526,378 units, a gain of 4.3 per cent from the corresponding period of 1935. Allowing for the shorter month, truck production in February was about equal to that of January and was 7.4 per cent greater than in February 1935. In the first two months there were 6.7 per cent more trucks made than in the same period last year.

Rubber and Tires

So far as the tire industry is concerned, the chief item of interest was the strike at one of the major Akron factories which curtailed production considerably at that plant for five weeks. The effect of this on total tire production is not expected to be marked in trade circles, for plants of the affected company located in other sections of the country have increased production and competitors also stepped up operations in March in response to larger orders, particularly for original equipment tires. The strike itself was settled and a resumption of operations began on March 23. Replacement tire sales fell off quite sharply in February, the drop being felt in the industry to have been largely on account of the inclement weather.

Employment was down quite sharply in Akron in February, with so large a factory idle, but other tire plants operated five days a week in most cases. Tire shipments to dealers were somewhat delayed, but inventories increased only slightly and an active spring season is expected in both replacement and original equipment tires.

Crude rubber consumption in February declined quite sharply as production programs were being adjusted to the strike situation. Reported at 36,746 long tons by the



Rubber Manufacturers' Association, it was down 24 per cent from January but part of this was seasonal. The decline from February 1935 was about 15 per cent. While this was somewhat greater than was expected in trade circles, domestic consumption still exceeded imports in the month. These amounted to 35,219 tons, an increase of 12 per cent over January and approximately the same as imported in February 1935. Stocks of crude rubber in hands of domestic manufacturers, reported at 273,284 long tons on February 29, were nearly 20 per cent smaller than a year ago.

The improved crude rubber stock situation continues to manifest itself in trading circles. Prices have been moving steadily upward on rather small sales since the beginning of the year. In mid-March crude rubber was quoted at better than 16 cents a pound compared with about eleven cents a year ago and less than three cents a pound as short a time ago as early 1933. The pronounced price advance has resulted from increased crude rubber consumption as well as the improved situation in producing countries.

Tire production in January, the latest month for which complete figures are available, was one per cent less than in January 1935.

Clothing

More moderate weather resulted in increased demand for clothing at retail stores; they in turn have been ordering in greater volume from manufacturers to build up inventories which had been allowed to decline. Advancing raw material prices, particularly wool and to a limited extent silk, has also stimulated purchases and local factories continue to operate at quite satisfactory levels. Estimates of first quarter production compared quite favorably with a year ago, but wool clothing manufacture was retarded at that time because it was difficult to obtain deliveries from textile mills on account of the strike earlier in the season. Little variation in employment or payrolls was reported in late February or the first half of March. Most plants were operating at capacity levels.

The improvement in the woolen branch of the clothing industry in part can be judged by the consumption of apparel wools in 1935. Totalling over 304,000,000 pounds it exceeded 1934 by 82 per cent, and was greater than in any previous peace time year, and in the first month of 1936 it was 28 per cent ahead of January 1935. This increase was only partly due to improvement in the clothing industry. Other factors were the sharp increase in automobile production which required large quantities of upholstery materials. Severe winter weather caused demand for blankets, woolens, and heavy clothing to increase. Government purchases of wool materials for CCC, Army, Navy, and other requirements were much larger than in previous years and increased use of wool in women's wear in fabrics as well as yarns by both manufacturers and home knitters was also an important factor. As a result total stocks of apparel wool, excluding that held by growers, were reduced 34 per cent in the year and there was a marked increase of foreign wools on hand. Wool imports in January were 21,167,000 pounds, compared with 8,583,000 pounds in January 1935.

This increased wool consumption has been accompanied by a sharp rise in raw wool prices and an advance in wholesale clothing prices. The former have risen nearly 50 per cent in the past year, fine territory wools being quoted at 95 cents a pound, Boston, in mid-March compared with

66 cents a year ago. While spring clothing prices have not been advanced appreciably, textile quotations for fall delivery are somewhat higher. *Fairchild's* index of prices at department stores throughout the country indicates that women's apparel prices were 1.9 per cent higher than a year ago, but prices of men's clothing were little changed.

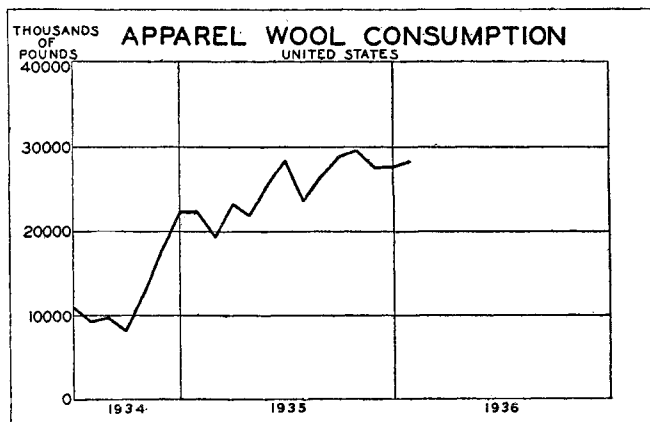
Other

While considerable variation was evident in operations of smaller industrial plants in this district in recent weeks, most of them reported that for the year to date a gain from 1935 had been experienced, despite the slump which occurred in many fields shortly after the beginning of the year. Employment and payrolls were reported to have increased in the first half of March although floods and storms around the middle of the month were disturbing to many companies.

Increased demand for automobile parts and accessories caused plants in this section to speed up operations in the first half of March following the contra-seasonal falling-off in late January and February. The increase was reported to have brought plant activity up to about the level of last year at that time. Inventories increased in February, but not to a marked degree. Payrolls at most plants declined in February since changes in production schedules resulted in fewer hours worked per week; little variation was reported in the number of employees at local plants in recent weeks.

Sales of hardware and metal products also decreased in February. Plants making electrical apparatus and supplies reported little deviation from the generally upward trend evident for some time. Orders received in February were considerably larger than a year ago and sizable gains for the year to date were reported up to mid-March. One encouraging sign to the industry was the fact that a greater variety as well as number of orders for capital goods had been received recently.

Machine tool sales in February, according to the *National Machine Tool Builders' Association*, had a slightly larger dollar value than in January and the increase from February 1935 was nearly 100 per cent. Orders from plants in this country were up 123 per cent from last year, while foreign buying was up only slightly. The *Association's* index in the latest month was 112 per cent of the monthly average shipments in 1926. Small tool sales in the first quarter were reported to be about 15 per cent above the same period of 1935. Employment has shown an upward tendency in recent weeks and plant activity in March was



about 95 per cent of the 1923-25 monthly average. Foundry equipment sales were down slightly from January, but continued much larger than a year ago. In the latest month they amounted to 110 per cent of the monthly average of the three years 1922-1924.

Demand for plate glass, which was retarded in February because of the bad weather and the slump in automobile production, improved slightly in early March. Despite the drop in sales, production rates held up quite well, so that inventories, which were reduced in the closing months of 1935, might again be built up. The china and pottery industry reported that sales and plant operations up to mid-March were approximately the same as in the corresponding period of 1935; activity was reported close to 70 per cent of capacity. Brick and tile production has increased since the beginning of the year in response to larger orders, but only a fraction of the potential machine capacity is yet being utilized. Paint sales have exceeded those of last year and the improvement for the entire industry in 1935 is shown on the accompanying chart.

Shoe production at 27 factories in this district was about 13 per cent greater in February than a year ago and output exceeded any similar month since 1928. The increase was smaller than was reported in January, the gain for the two months as compared with last year being 19 per cent. In the entire country output in January and February was reported to be nine per cent in excess of that period of 1935. Factories are completing orders for spring retail selling, but shoe sales have been retarded by weather conditions and inventories are reported larger than a year ago. Hide prices declined in early March from their recent peak, but remained above a year ago at that time.

Sales of paper and boxboard in early March were ahead of the corresponding period of last year, some recovery having been experienced from the February slump. Production of high-grade papers was close to capacity in the first two months of the year, but boxboard output was at a lower rate. Raw material prices are reported to have increased slightly.

BUILDING

Interest in new construction was adversely affected by weather conditions in February and the value of contracts awarded in this district in the month was smaller than in January, although the gains from last year were still large. Total contracts awarded were valued at \$13,388,000, according to the *F. W. Dodge Corporation*, a gain of 105 per cent from February 1935. More construction contracts

were awarded in the month than in any similar period since 1931. All classes of building except public works of the engineering type were ahead of last year, the largest increase being in factory construction, which was nearly three times as large as a year ago, or in January of the current year.

Residential building was 33 per cent ahead of February 1935, but the gain in contracts awarded in the first two months was 71 per cent. Considerable improvement was reported in the last week of February and the first half of March. Total contracts awarded since the beginning of the year had a 74 per cent higher value than in the same period of 1935.

Of the principal cities in the fourth district, gains in February awards over the same month of 1935 were recorded in Akron, Canton, Cincinnati, Cleveland, Columbus, Erie, Toledo, and Pittsburgh. Increases over January 1935 were shown in Cincinnati, Erie, Pittsburgh, and Toledo. In the first two months of this year improvement over the same period of 1935 was shown in every principal city except Youngstown, the largest gains being reported in Cleveland, Cincinnati, and Pittsburgh.

Contemplated building reported for this district in February was up about 22 per cent from January and was 15 per cent ahead of February 1935. Total contemplated construction was down quite sharply from last year because of the large volume of public works' contemplated projects which was announced at that time. These figures do not represent actual construction activity, but afford some indication of the probable trend in the building industry.

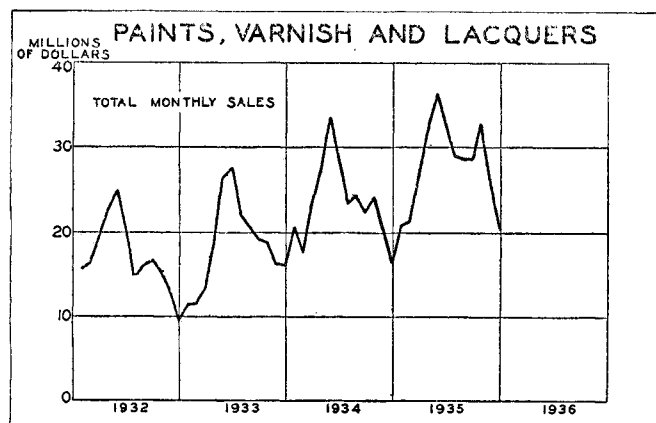
Dealers in building materials and supplies reported that February was a dull month, attributing this fact largely to the weather. Inventories have increased, due to a delay in deliveries, but also in anticipation of an active spring season. Lumber and cement production so far this year were ahead of 1935.

TRADE

Retail

An unusually sharp increase in retail trade circles was reflected in sales of leading department stores in this district in February and the seasonally adjusted index of daily average sales rose nearly nine points to 85.5 per cent of the 1923-25 average. It was the highest level touched by this index since 1931. Compared with a year ago dollar sales were up 22.5 per cent at 51 stores, partly a result of the fact that February contained one extra day and five Saturdays. The increase at stores in Ohio cities also was partly traceable to the fact that in February 1935 the sales volume was considerably depressed following the imposition of the three per cent sales tax which caused many persons to anticipate their needs.

Sales in all principal cities of the district showed large increases compared with last year, the gains ranging from 16 per cent in Akron to 26 in Cleveland and Cincinnati and 39 per cent in Youngstown. All principal departments of reporting stores showed gains from a year ago. In the first two months total dollar sales were up nine per cent from the same period of 1935 at all reporting stores in this district. Price changes apparently were of little importance in these comparisons, *Fairchild's* index being the same on March 1 as a month previous, while the gain from last year was only 1.9 per cent. According to this index,



prices have fluctuated in a very restricted area in the past two years.

Sales in basement departments of reporting stores were 13.8 per cent larger in February than a year ago, a somewhat smaller increase than in total store sales. Installment purchases increased seasonally in the month, and the ratio of all credit sales to total sales was slightly higher than in February 1935. Collections continued better than a year ago.

The value of stocks at reporting stores increased about seven per cent in February, a somewhat greater-than-seasonal increase, and since the first of the year the adjusted index has advanced approximately four points to 64 per cent of the 1923-25 average. At the close of February stocks were 2.8 per cent larger than a year ago.

Sales of reporting wearing apparel stores in this area were 23 per cent larger in February than in the corresponding month of 1935 and furniture stores reported an increase of 42 per cent in the month. A year ago, however, furniture purchases were quite limited, but the total gain for the first two months of this year was 8.3 per cent.

Wholesale

All reporting lines of wholesale trade in this district showed larger dollar sales in February than a year ago and there were indications that retailers were increasing inventories somewhat more than seasonally. Hardware sales were up 20 per cent in the month and 16.5 per cent in January and February from corresponding periods of 1935. Drug sales increased 8.1 per cent; dry goods 2.2 per cent; and groceries 4.9 per cent in February from a year ago. Gains for the year to date in drug sales were 5.7 per cent; groceries 1.1 per cent; but dry goods sales were 0.7 per cent smaller than in the first two months of 1935.

AGRICULTURE

The *Department of Agriculture's* March 1 report of farmers' planting intentions indicated that, with average conditions, a substantially larger acreage is expected to be planted this year than was harvested in 1935. Most of the 42,000 reports upon which the *Department's* estimates are based were made before the Soil Conservation Act was passed so that separate allowance will need to be made for such changes in individual planting plans as administration of the Act may cause.

The figures appearing in the table below should only be considered as indicative of planting plans at the present time. In computing the figures allowance has been made for developments which would tend to reduce the acreage harvested, such as difficulty at planting time, the usual damage from floods, drought or other causes, etc., but the final acreage harvested may vary materially from these figures because of other factors that may arise.

While the tendency to increase acreage is rather general,

over 60 per cent of the expansion is indicated to be in the Great Plain States where drought conditions were still serious last year thus preventing the seeding of the usual acreage of spring grains. According to the *Department of Agriculture*, however, the acreage farmers contemplate planting is "about what would ordinarily be expected as a result of the present supply and price conditions and prospective requirements for feeding livestock". Combined intended acreage of 16 principal crops which is expected to be harvested this year is 5.5 per cent larger than that harvested in 1935.

The table shows the estimated acreage of principal crops which might be harvested in the four states of this district and the entire country in the crop year just getting under way and that figure as a per cent of the acreage harvested in 1935. No recent complete report on winter wheat is available, but abandonment because of winter killing is expected to be rather heavy in the northern part of this district and from 15 to 20 per cent for the entire country. The estimate of combined spring and winter wheat acreage for harvest in 1936 is about 61,000,000 acres, an increase of over 11,000,000 acres from last year and of 1,115,000 acres compared with the average of the 1928-32 period.

Ohio farmers, judging by the March 1 report, plan to increase their corn acreage five per cent over that harvested in 1935 and to add three per cent to the acreage devoted to hay crops and 29 per cent to that planted to tobacco. Reductions of 10 per cent in oats and potato acreage and five per cent in soy bean acreage are contemplated at the present time although developments between now and harvest time might alter these figures materially.

Despite the 6.5 per cent indicated increase in corn acreage for the entire country over that harvested in 1935, it is still about four per cent under the average acreage of the five years 1928-32. In the Corn Belt alone the increase in contemplated acreage over that harvested in 1935 is 11 per cent.

The indicated potato acreage is smaller in each state of the district and the entire country than was harvested in 1935 and excluding Kentucky smaller acreages than the five-year average 1928-32 were indicated in each state and the country as a whole.

Removal of AAA restrictions on tobacco growing resulted in a ten per cent increase in contemplated acreage devoted to that crop over the acreage harvested in 1935, but it is still 15 per cent below the five-year average. Burley growers, many of whom are in this district, intended to increase the acreage of this type 16 per cent above that harvested in 1935. It still would be 21 per cent under the five-year average 1928-32.

All burley auction markets had closed by March 1 and preliminary figures indicate that 237,500,000 pounds were sold at an average of \$19.14 a hundred. This was about \$2

Farmers 1936 Planting Intentions

(Acreage figures in Thousands)

	Corn		Oats		Potatoes		Tobacco		Hay	
	Acres	% of 1935 harvest	Acres	% of 1935 harvest	Acres	% of 1935 harvest	Acres	% of 1935 harvest	Acres	% of 1935 harvest
Ohio.....	3,350	105	1,142	90	109	90	31	129	2,444	103
Pennsylvania.....	1,264	99	897	100	185	93	23	111	2,429	100
Kentucky.....	2,720	106	114	130	66	98	348	112	1,203	104
West Virginia.....	486	103	96	110	33	97	4	120	645	102
United States.....	98,775	106.5	39,785	100.2	3,160	96.6	1,602	109.8	53,312	102.5

a hundred above the average received for the 1934 crop.

Stocks of burley tobacco on January 1, 1936, were 6,325,000 pounds larger than on the corresponding date of the previous year, and there was an increase of 36½ million pounds in the fourth quarter of last year in contrast with a decrease of 10 million pounds in the fourth quarter of 1934. On the latest date they amounted to 697,269,000 pounds, larger than on any corresponding date since figures have been available back to 1930. Stocks of all types of to-

bacco were 6.5 per cent larger than a year ago.

The general level of farm prices was somewhat lower in early March than in mid-February; prices of hogs, dairy products, eggs, and a few other products declined, but grain prices advanced. The ratio of prices received by farmers to prices paid for goods purchased remained at 89 per cent of the pre-war level, a little higher than a year ago, chiefly because of a greater decline in prices paid than in prices received.

Wholesale and Retail Trade

(1936 compared with 1935)

	SALES February 1936	Percentage Increase or decrease		STOCKS February 1936
		SALES First 2 months		
DEPARTMENT STORES (51)				
Akron.....	+15.8	- 4.1	+ 5.3	
Cincinnati.....	+26.3	+ 4.5	+ 4.1	
Cleveland.....	+26.3	+ 9.7	- 2.8	
Columbus.....	+23.7	+ 5.1	+ 4.7	
Pittsburgh.....	+20.6	+15.3	+ 2.9	
Toledo.....	+16.9	+ 4.3	+ 6.2	
Wheeling.....	+17.9	+12.4	+ 1.4	
Youngstown.....	+39.1	+19.5	+15.9	
Other Cities.....	+20.3	+ 6.4	+ 1.3	
District.....	+22.5	+ 9.0	+ 2.8	
WEARING APPAREL (13)				
Cincinnati.....	+19.3	- 9.9	+12.6	
Cleveland.....	+31.9	+13.4	+10.1	
Pittsburgh.....	+23.7	+13.3	+ 1.7	
Other Cities.....	+17.0	- 1.5	+ 5.4	
District.....	+23.0	+ 2.3	+ 7.3	
FURNITURE (43)				
Cincinnati.....	-16.0	+ 0.3		
Cleveland.....	+58.2	+10.9		
Columbus.....	+61.9	+ 7.9		
Dayton.....	+55.8	+ 9.3		
Toledo.....	+28.3	+ 5.8		
Other Cities.....	+49.1	+19.3		
District.....	+46.7	+10.3		
CHAIN STORES*				
Drugs—District (4).....	+33.6	+21.8		
Groceries—District (5).....	+11.6	+ 2.9		
WHOLESALE GROCERIES (29)				
Akron.....	+19.3	+13.8		
Cleveland.....	- 8.8	-10.8		
Erie.....	+ 1.7	+ 1.4		
Pittsburgh.....	+ 0.8	- 2.7		
Toledo.....	+10.6	+ 4.5		
Other Cities.....	+11.8	+ 7.2		
District.....	+ 4.9	+ 1.1	+ 0.2	
WHOLESALE DRY GOODS (10).....	+ 2.2	- 0.7	- 2.2	
WHOLESALE DRUGS (12).....	+ 8.1	+ 5.7		
WHOLESALE HARDWARE (14).....	+20.1	+16.5		

*Per individual unit operated.

Fourth District Business Indexes

(1923-25 = 100)

	Feb. 1936	Feb. 1935	Feb. 1934	Feb. 1933	Feb. 1932
Bank Debts (24 cities).....	70	60	53	50	59
Commercial Failures (Number).....	54	52	59	110	175
(Liabilities).....	43	22	31	120	199
Sales—Life Insurance (O. and Pa.).....	82	96	85	85	106
—Department Stores (49 firms).....	70	56	57	45	58
—Wholesale Drugs (11 firms).....	93	86	91	66	87
—Dry Goods (10 firms).....	41	40	39	26	36
—Groceries (29 firms).....	66	62	60	43	56
—Hardware (14 firms).....	56	47	44	29	38
—All (64 firms).....	63	58	57	40	54
—Chain Drugs (4 firms)**.....	90	67	70	60	76
Building Contracts (Total).....	28	14	18	8	14
(Residential).....	14	10	5	5	12
Production—Coal (O., W. Pa., E. Ky.).....	81	74	67	55	53
—Cement (O., W. Pa., E. Ky.)*.....	12	5	17	14	18
—Elec. Power (O., Pa., Ky.)*.....	174	156	142	126	130
—Petroleum (O., Pa., Ky.)*.....	109	113	101	96	105
—Shoes.....	117	103	90	93	85

*January. **Per individual unit operated

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended March 18, 1936	% change from 1935	Year to date Jan. 1, 1936 to Mar. 18, 1936	Year to date Jan. 2, 1935 to Mar. 20, 1935	% change from 1935
Akron.....	\$54,677	+19.7	\$145,138	\$121,591	+19.4
Butler.....	6,996	+16.5	20,234	16,361	+23.7
Canton.....	27,790	+12.3	78,231	66,843	+17.0
Cincinnati.....	283,092	+10.8	769,337	672,150	+14.5
Cleveland.....	459,708	+20.5	1,292,546	1,024,388	+26.2
Columbus.....	148,615	+ 4.1	390,574	409,670	- 4.7
Dayton.....	52,887	+17.6	140,581	123,216	+14.1
Erie.....	21,304	+20.5	58,751	49,742	+18.1
Franklin.....	2,503	+ 3.7	7,733	6,661	+16.1
Greensburg.....	5,018	+12.4	16,587	11,931	+39.0
Hamilton.....	9,663	+27.3	23,962	20,798	+15.2
Homestead.....	2,048	+ 5.4	5,814	5,106	+13.9
Lexington.....	16,008	- 2.2	57,573	67,250	-14.4
Lima.....	9,486	+17.5	25,537	21,463	+19.0
Lorain.....	3,370	+25.1	8,677	7,306	+18.8
Middletown.....	8,058	+29.4	21,654	17,113	+26.5
Oil City.....	8,301	+ 3.6	23,911	20,700	+15.5
Pittsburgh.....	592,335	+ 9.2	1,645,205	1,451,092	+13.4
Springfield.....	13,789	+ 2.2	37,813	35,047	+ 7.9
Steubenville.....	6,732	+11.0	17,750	15,919	+11.5
Toledo.....	99,493	+19.9	274,333	219,471	+25.0
Warren.....	6,680	+ 8.4	18,056	15,682	+15.1
Wheeling.....	27,066	+ 9.4	75,357	66,630	+13.1
Youngstown.....	32,955	+ 7.0	92,339	82,749	+11.6
Zanesville.....	6,035	+ 9.1	17,137	15,184	+12.9
Total.....	\$1,904,609	+12.8	\$5,264,830	\$4,564,063	+15.4

Fourth District Business Statistics

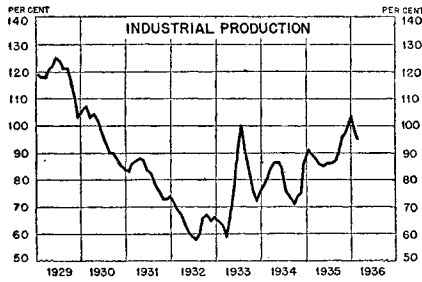
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	February 1936	% change from 1935	Jan.-Feb. 1936	% change from 1935
Fourth District Unless Otherwise Specified				
Bank Debts 24 cities.....	\$1,902,000	+17.6	\$4,037,000	+16.9
Savings Deposits—End of month: 40 banks, O. and Pa.....	702,904	+ 5.2	1	
Life Insurance Sales: Ohio and Pa.....	\$ 68,763	-14.2	141,170	-21.7
Retail Sales: Department stores—51 firms.....	\$ 14,831	+22.5	28,390	+ 9.0
Wearing Apparel—13 firms.....	626	+23.0	1,252	+ 2.3
Furniture—43 firms.....	726	+42.0	1,312	+ 8.3
Wholesale Sales: Drugs—12 firms.....	\$ 1,390	+ 8.1	2,883	+ 5.7
Dry Goods—10 firms.....	1,007	+ 2.2	1,926	- 0.7
Groceries—29 firms.....	3,488	+ 4.9	7,174	+ 1.1
Hardware—14 firms.....	1,098	+20.1	2,178	+16.5
Building Contracts—Total.....	\$ 13,388	+104.9	31,248	+73.7
—Residential.....	2,385	+33.2	6,272	+71.5
Commercial Failures—Liabilities.....	\$ 1,917	+99.5	2,602	+20.4
—Number.....	792	+ 3.9	141 ²	+21.2
Production: Pig Iron, U. S..... tons	1,839	+13.9	3,868	+26.3
Steel Ingot, U. S..... tons	2,968	+ 6.8	6,017	+ 6.5
Auto—Passenger Car, U. S.....	226,452 ²	-17.8	526,378 ²	+ 4.3
Auto—Trucks, U. S.....	64,512 ²	+ 7.4	131,838 ²	+ 6.7
Bituminous Coal—Ohio, W. Pa., W. Va..... tons	14,735	+ 9.7	28,660	+ 7.1
Cement—O., W. Pa., W. Va. bbls.	147	+141.0	291	+153.0
Elec. Power—O., Pa., Ky..... Thous. K.w.h.	1,460 ³	+11.5		
Petroleum—O., Pa., Ky..... bbls.	2,012 ³	- 3.7		
Shoes..... pairs	4	+12.9	4	+19.4
Tires, U. S..... casings	4,592 ³	+1.0		

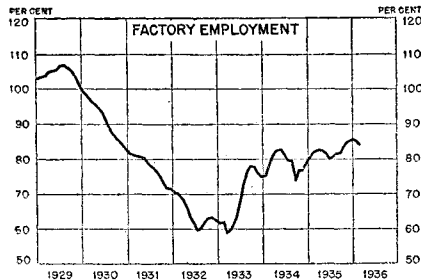
¹ not available
² actual number
³ January
⁴ confidential

Summary of National Business Conditions

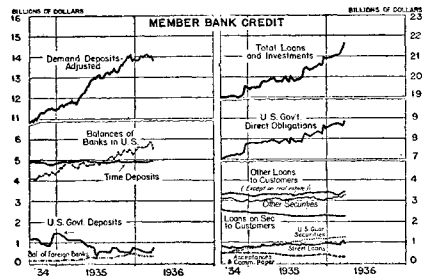
By the Board of Governors of the Federal Reserve System



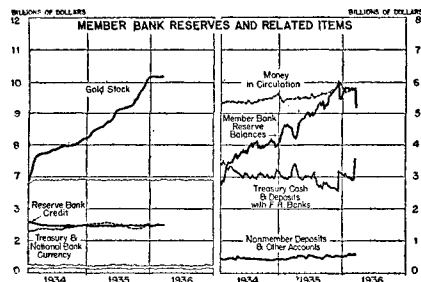
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average=100. By months, January 1929 to February 1936, the latest figure being 95.



Index of number employed, adjusted for seasonal variation, 1923-25 average=100. By months, January 1929 to February 1936, the latest figure being 84.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934 to March 18, 1936.



Wednesday figures January 1934 to March 18, 1936.

Volume of industrial production and employment showed little change in February, and the index of production, which makes allowance for seasonal changes, declined from 98 to 95 percent of the 1923-1925 average. Distribution of commodities continued at about the January level.

Production and Employment

Daily average output in basic industries was in about the same volume in February as in January. Since usually there is an increase in manufacturing activity at this season, the Board's seasonally adjusted index of factory output showed a decline. Output at mines increased. There was a substantial further decrease in automobile production in February, and the rate of operations at steel mills increased by less than the usual seasonal amount. In the first half of March production of steel expanded seasonally and output of automobiles showed a more than seasonal increase. There was little change in the volume of lumber cut in February, although an increase usually occurs in that month. At woolen mills production increased by about the seasonal amount, while activity at cotton textile mills, which is usually larger in February than in January, decreased, and at silk mills there was a larger than seasonal decline. Output at meatpacking establishments also declined. There was a substantial increase in the mining of both anthracite and bituminous coal, while output of crude petroleum declined somewhat.

Factory employment increased by less than the usual seasonal amount between the middle of January and the middle of February. There was little change in the number of workers at steel mills and a decrease in the number employed at automobile factories, although increases are usual in these industries in February. Employment declined at silk and rayon textile mills and showed a smaller than seasonal increase at shoe factories. Increases in employment were reported for railroad repair shops, for printing and publishing establishments, and for factories producing wearing apparel.

Distribution

Department store sales showed little change from January to February and, after allowance for seasonal variation, were at about the same level as that prevailing last summer and autumn. Freight-car loadings increased by a small seasonal amount in February. Loadings of coal were considerably larger than in January, while shipments of miscellaneous freight declined, and the Board's seasonally adjusted index of total loadings remained at the January figure of 70 percent of the 1923-1925 average as compared with 71 percent in December and an average of 63 percent for 1935.

Commodity Prices

The general level of wholesale commodity prices declined somewhat during the latter part of February and the first half of March, following a six-month period of little change. The recent downward movement reflected declines in prices of farm products and foods.

Bank Credit

Excess reserves of member banks decreased by \$650,000,000 during the four weeks ending March 18 and on that date amounted to \$2,400,000,000. This decrease reflected chiefly a transfer of funds to Treasury deposits at the reserve banks in connection with receipt of income taxes and of cash payments for newly-issued Government securities.

Loans and investments of reporting member banks in leading cities increased rapidly in March and on the 18th of the month were \$525,000,000 higher than four weeks earlier. Of this increase \$190,000,000 represented a growth in holdings of direct and guaranteed obligations of the United States Government and an \$80,000,000 increase in other investments. Security loans both to brokers and dealers and to others increased, and there was a substantial growth in so-called "other loans," which include loans for commercial purposes.

Adjusted demand deposits of reporting member banks declined by \$340,000,000 during the four weeks ending March 18.