

# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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No. 4

Recovery from the slump of early March, when floods, bad weather, and strikes reduced the general level of trade and industry in this district, was unusually rapid. As in most instances of general devastation, first reports of damage done were somewhat exaggerated, but individual organizations in many cases suffered large losses and considerable time was required to complete repairs. Industry as a whole, however, soon attained its pre-flood stride and in several lines the pace was quickened materially in the first three weeks of April. This was particularly true of the important industries in this district.

Chief among these was iron and steel. Rising from an estimated 50 per cent of capacity in the flood week, operations in the week ended April 18 were above 70 per cent of capacity as a national average. A slight decline occurred in the following week of the month, but the rate was higher than in any seven-day period since June 1930 and compared with 46 per cent a year ago. The accompanying chart shows weekly operating rates for the past three years. Demand for heavy steels caused activity at mills producing those materials to increase most, and heavy steel consumption until recently has been in limited volume. Automobile requirements still exceed those of all other steel users, but railroad, structural and miscellaneous demands have increased. At least 13 blast furnaces were placed in operation in March and the first three weeks of April and more were active than since mid-1930. Steel production in mid-April was estimated to be within 20 per cent of the peak rate of 1929.

Automobile parts production, which precedes assemblies by about four weeks, increased in late March, but has shown little change since that time. Many factories have been operating at the best rate since 1929. Automobile production was up more than seasonally in March and first quarter output was slightly greater than in the same period of 1935, despite the unusually severe weather and moving forward of new-model production. Retail car sales in March in principal counties of this district touched a new high record. Assemblies in the first three weeks of April were up sharply from the March level and also were more numerous than in the same period of 1935. They exceeded any April since 1929.

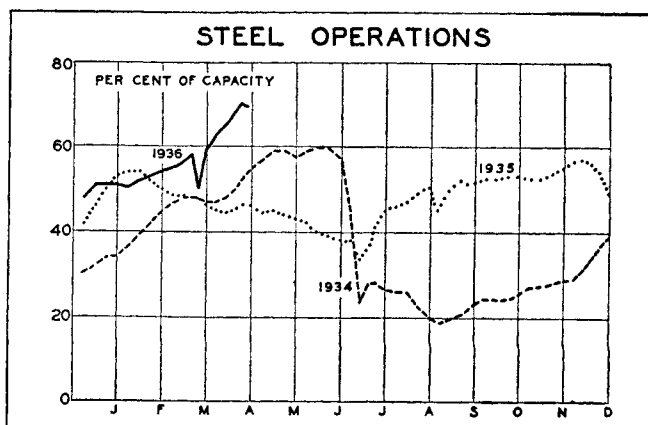
Building contracts awarded in this district in March compared more favorably with last year than the average for

the entire country; the increase was 92 per cent, while awards in the first quarter were 80 per cent larger than a year previous. Residential building has increased considerably and a large amount of contemplated construction has been reported.

Coal production in March was 24 per cent behind last year, having been retarded by floods. In April some improvement was evident, although the late opening of the lake shipping season was not helpful to local mine operations. Shoe and clothing factories had about completed work on spring and summer lines. Operations recently, which were largely dependent on repeat orders, declined, but this was seasonal. Generally local plants have produced more merchandise than in the comparable period last year.

Tire production has shown an upward trend in recent weeks, but this was modified by the weather which retarded replacement tire purchases. Crude rubber consumption in March was approximately the same as a year ago. In the smaller industries, increases, generally more than seasonal, have occurred in the four latest weeks.

Retail trade in sections not affected by floods or strikes was greater in March than a year ago. Department store sales in these centers were up about 12 per cent and further improvement was reported for the first three weeks of April. The fact that stores in Pittsburgh and Wheeling were closed for varying lengths of time reduced March sales volume, but reports for the first three weeks of April



indicate that some of this buying had merely been deferred. Inventories at reporting stores were increased in March, but the ratio of sales to average stocks on hand was larger than a year ago.

Employment improved in this district in March, judging by the latest data available. In all principal cities, except Toledo, gains from last year were reported. In Cleveland the number of industrial workers was eight per cent above a year ago and little changed from February. At Cincinnati the increase from last year was 13.5 per cent. Canton and Dayton employment was up five per cent and gains were shown in Pittsburgh, Springfield and Youngstown. Some evidence of increased demand for commercial bank credit was apparent in recent weeks, and loans made by reporting banks were 16 per cent larger than a year ago in late April.

Agricultural sections were adversely affected by weather conditions which have delayed spring work considerably, but crop prospects nevertheless were slightly better than average. Farm income in March was materially greater than a year ago.

### FINANCIAL

Increased business activity in the five weeks ended April 22 was partly reflected in debits to individual accounts at banks in 25 cities of this district. They were 19 per cent larger in the period than a year ago, whereas the increase for the year to date including these five weeks was 16.5 per cent.

Further evidence of expanding commercial business at weekly reporting member banks of the district was revealed by figures for the four latest weeks. Between March 25 and April 22 commercial loans increased \$8,000,000 or four per cent and the total expansion since the beginning of the year has been \$33,000,000 or 19 per cent. Compared with a year ago commercial loans at these banks were up 16 per cent. Loans on securities were little changed in the four latest weeks and remained smaller than on the corresponding date in 1935.

Investments in Government securities, although fluctuating slightly in the period, were the same on April 22 as four weeks previous. They were \$109,000,000, or nearly 15 per cent larger than a year ago.

Loans and investments of these reporting banks on April 22 totaled \$1,787,000,000, an increase of ten per cent from a year ago. Demand deposits at these banks, partly as a result of United States Treasury expenditures of funds obtained in mid-March, rose to a new high level in mid-April. They exceeded a billion dollars for the first time since the new "adjusted" figure has been available and the increase from a year ago was 23 per cent. Time deposits showed very little change in the four latest weeks and savings deposits at selected banks were up only slightly.

Changes in weekly condition figures at the Federal reserve bank reflected chiefly operations of the United States Treasury. Balances built up at the reserve bank in March were drawn upon in the latter part of that month and in April and found their way to banks throughout the country in the form of demand balances. Since these represented surplus funds in most cases, so far as the banks were concerned, they were transferred to the reserve banks as member bank deposits. Reserves of fourth district banks in late April were estimated to be 132 per cent in excess of actual requirements. In dollar volume this was a new high record.

Note circulation declined slightly in the four latest weeks, although at \$361,782,000 on April 22, it was \$48,000,000 greater than a year ago. A slight increase in loans to industry made under section 13b of the Federal Reserve Act occurred in the four latest weeks, but advances on April 22 were smaller than at the beginning of the year. Bills discounted declined to \$29,000, on April 22, from \$127,000 on March 25, while holdings of acceptances and Government securities remained unchanged in the four latest weeks.

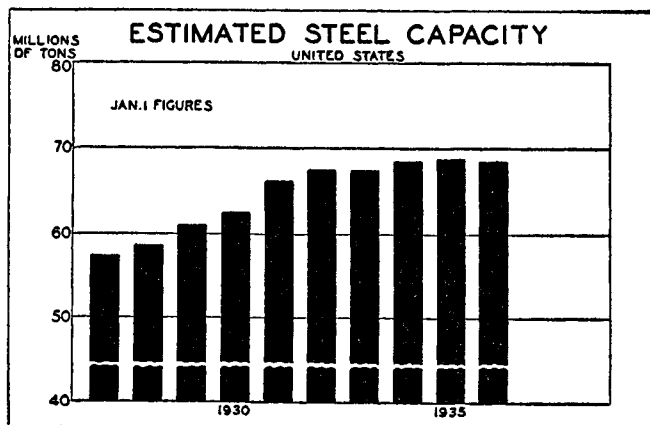
### MANUFACTURING, MINING

#### Iron and Steel

Demand for steel products in late March and the first half of April increased considerably and even exceeded expectations of steel makers. Plant operations as a national average were reported to be 58.6 per cent of capacity for the month of March having been reduced by floods and anticipation of them, but by the week ended April 18 the rate had advanced to above 70 per cent, the highest for any week since June 1930, and compared with 40 per cent a year ago. Some slackening in the week ended March 25 was reported, the national rate being down one point to 69.5 per cent of capacity. These figures are calculated on a basis of an annual capacity of 68,200,000 tons which is now theoretically possible with the mills which have recently been built or remodeled. In 1928 and 1929 the industry's capacity was estimated at 59,000,000 tons or 13.5 per cent less than at present. The accompanying chart shows the estimated annual capacities of steel plants of the country as of January 1 of the past ten years.

Steel production in January 1928 was 153,496 tons a day, and the official operating rate was 81.4 per cent. In May 1929 the industry operated at virtual capacity and output was 195,787 tons. April output has been about 150,000 tons daily, close to the amount produced in January 1928, and yet the operating rate was approximately 67 per cent of capacity. If figured on the basis of 1928, April production would be about 80 per cent, and annual production, if continued at the latest week's rate, would be only 14 per cent under the 1929 output.

In the principal steel centers of this district, the rise at Pittsburgh mills in recent weeks has been most encouraging because these have lagged behind the national average for many months and output of these mills, to a considerable extent, consists of steel used in the durable or capital goods industries. In the week of March 25 Pittsburgh operations were at 63 per cent of capacity, down two points from the



preceding period, but compared with 36 per cent in the corresponding week of 1935 and 43 per cent in 1934. In the week ended March 28 they were 46 per cent.

Cleveland-Lorain mills were operating at 84.5 per cent in the week of April 18, compared with 62 per cent a year previous but dropped to 79 in the latest week; Youngstown was at 79 per cent, Wheeling 92, as against 58 and 76 per cent, respectively, a year ago. In the vicinity of Cincinnati mills currently were producing at 84 per cent, up four points in the week.

Three major consuming groups have contributed voluminously to the rise in production in recent weeks; automobiles, railroads; farm equipment and materials. A fourth, which is essential to a well balanced demand—building construction requiring steel—has lagged. The market for heavy equipment has been good, and the container manufacturing industry has consistently taken a large tonnage of tin plate, keeping those mills operating at about 80 per cent.

The first few weeks of May should disclose how much of the April expansion was due to buying in advance of price adjustments which went in effect April 1, and whether demand is to be sustained.

The automotive industry has been the chief contributor to the increase in steel output. Railroads have placed about 620,000 tons of rails for delivery this year, and have issued liberal releases for early shipment. Freight car purchases this year have amounted to approximately 12,000 compared with 1,430 in the first four months of 1935.

The moderation in structural shape awards reflects the slowing down of new commitments for steel for Government projects. On the other hand, private building, especially industrial, is more active.

Steel prices are fairly steady, but higher prices on sheets and strip have not been subjected to a conclusive test. *Steel's* steelworks scrap composite declined from \$14.46 in the week ended March 21 to \$14.33 in the week ended April 25.

A loss of about 60,000 tons in pig iron production was incurred by reason of the floods; nevertheless, daily average output in March, 66,004 gross tons, was 4.1 per cent above February. The total for the month, 2,046,121 tons, was 15.5 per cent ahead of March 1935. Daily and total figures were the highest since last December. First quarter output, 5,914,357 tons, was 21.6 per cent more than in the first three months of 1935. There was a net gain of six stacks to 126 operating at the close of March, this being the highest since September 1930, when 126 also were in blast and seven ad-

ditional ones were placed in production in the third week of April.

March was the first month in the whole recovery period in which daily average ingot output exceeded that for the full year 1930, 128,711 gross tons daily in the month comparing with 127,500 tons, the 1930 average. It was the largest for any month since June 1930, when 136,000 tons were turned out. The March daily average was 8.4 per cent better than February's, while the total, 3,346,489 tons, exceeded last year by 16.7 per cent. Production in the first quarter, 9,363,731 tons, was 9.9 per cent larger than for the first three months of last year, but it failed by 17,769 tons to equal the fourth quarter of 1935 when new automobile models were introduced.

#### Coal

Soft coal production was seriously affected in March by the floods. Because of this and the fact that mines were unusually active a year ago prior to April 1 when a strike was scheduled but did not actually occur, mine output in this district in March was 25 per cent under last year. Mines were actually flooded in several sections and operations were curtailed in others because railroad facilities were seriously damaged. Production was increased in the last week of March and in the first half of April it exceeded similar periods of other recent years. Since the coal year starts on April 1, output early in that month is usually in limited volume.

The lake shipping season is later opening than usual, which also has affected operations at local mines recently. A rather heavy movement of coal to upper lake ports is looked for by the industry because coal stocks were reduced by the unusually severe weather.

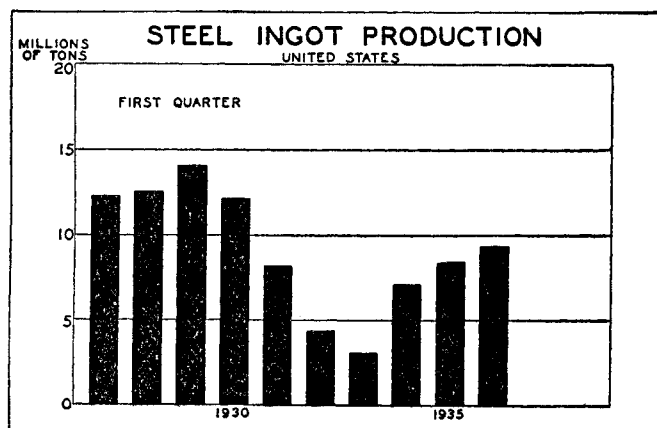
Coal production in the fourth district in the first quarter was 4.3 per cent under the same period of 1935, while for the entire country a slight increase was reported.

#### Automobiles

While the March production figure for the automobile industry somewhat exceeded earlier expectations, the sharp increases in the first three weeks of April raised factory output on a weekly basis to the highest level since July 1929. *Cram's* report for the weeks ended April 18 and 25 indicated that approximately 120,000 cars and trucks were turned out weekly, a gain of 13,000 in the two weeks and compared with about 110,000 in the corresponding period of last year. With April over two-thirds gone, assembly plants feel confident that the month's production will reach 500,000 units; if this figure is attained it would be the best month since 1929. In April last year output was 477,691 units.

The recent increases were reported to be in response to rising retail sales in practically every section. In principal counties of this district March automobile registrations exceeded any corresponding month on record and those in the first half of April were reported to be at about the same rate.

According to the *Department of Commerce*, 424,571 cars and trucks were made in March; this was 1.2 per cent fewer than in the same month of 1935, but represented a gain of 26.5 per cent over February this year, somewhat more than seasonal. The Board's index of daily average output was 110 per cent of the 1923-25 monthly average, up four points from a year ago, due to a revision in the seasonal



index, but it compared with 91 in February. A further rise in this index in April was indicated by the weekly production figures which were up more than seasonally in the first three weeks of the month.

In the first quarter 1,082,787 cars and trucks were made in the United States, approximately the same number as were assembled in the closing quarter of 1935, but a gain of 2.3 per cent from the first three months of last year. This increase was recorded despite the unfavorable weather and the fact that new-model and annual show stimuli affected production in the closing months of 1935 rather than in the early part of 1936.

The truck division of the auto industry compared more favorably with last year, both in March and the first quarter, than did passenger cars. Assemblies of the former in March numbered 79,404 units, a gain of 16.8 per cent from March 1935. This was the largest number of trucks made in any month since June 1929, and the increase in the first quarter from last year was 10.3 per cent. Passenger car production in March was 345,167 units, a reduction of 4.6 per cent from March 1935, but in the first quarter output exceeded the same period of the previous year by 0.6 per cent, or nearly 5,000 units.

#### Rubber Tires

Operations in the rubber and tire industry have lagged behind those of other lines so far this year, although some improvement was reported in the first half of April. Sales of tires for replacement were in disappointing volume in the first quarter, having been affected by weather and the fact that many cars in need of tires have been replaced by new models rather than be reconditioned. Sales to automobile makers have been at record levels and in part have made up for the limited replacement tire market, but total production so far this year has been less than in the comparable period of 1935. In the first two months, the latest period for which estimates for the entire industry are available, tire production was 9.5 per cent under the same period of last year. In February, when 3,577,000 tires were made, output was 22 per cent under January and 18.4 per cent less than in February 1935, according to figures of the *Rubber Manufacturers Association*. Despite this drop production was in excess of shipments, and inventories increased for the second consecutive month. They were reported to be "large but not excessive" and were 20 per cent smaller than a year ago.

Retail tire prices have remained firm for some time, a rather unusual situation in the tire industry, and manufacturers have stepped up production in anticipation of an improved replacement demand when weather conditions are more favorable and the vacation season gets under way.

Crude rubber consumption by manufacturers in the United States in March was estimated to be 42,703 long tons, a gain of 16.2 per cent from February, but approximately the same as in March 1935, when 42,620 long tons were used. Total rubber consumed continued in excess of imports which amounted to 37,451 tons in the latest month, but they were 15 per cent lower than in March a year ago. There was a further decline, as a result, in stocks of crude rubber in hands of manufacturers in the month and as of March 31 inventories were estimated to be 267,519 tons, compared with 338,700 tons on the corresponding date last year, a reduction of 21 per cent.

Prices of crude rubber continued to show strength and touched a new high for recent years of over 16 cents a

pound in mid-April. A year ago ribbed smoked sheets were quoted 11.5 cents and in 1933 rubber was bringing less than four cents a pound.

#### Clothing

Interest in the clothing industry now centers on the fall season for which production will soon be getting under way. Most local plants have completed shipments on their spring and summer orders and have salesmen in the field with samples of fall lines; as yet, however, they have not been out long enough to provide any fair indication of expected fall business.

Activity at local plants has declined recently, but this is entirely seasonal. In some cases it was reported that the period of reduced operations will be shorter than in other recent years. So far production and sales to retailers compare quite favorably with the same period of 1935, the latter in part representing buying to replenish stocks which had been allowed to decline for some time. Earnings also have increased.

Pre-Easter buying was reported good generally although in some sections inclement weather and flood conditions retarded sales. The effect of the latter apparently was somewhat over-emphasized in early reports except in a few cases and even there it was felt that the loss to clothing dealers might be compensated in the long run by business resulting from reconstruction.

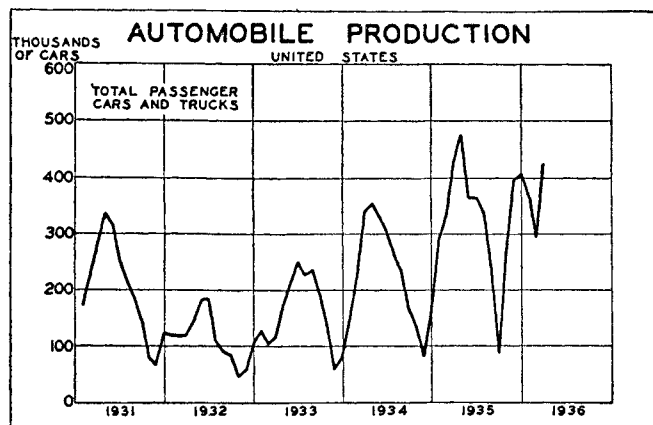
March sales of women's clothing at reporting department stores in this district, were only 0.8 per cent larger than in the same month of 1935 while sales of men's clothing were down five per cent. Rather large gains in some cities were offset by the fact that some stores in Pittsburgh and Wheeling were closed as much as two weeks and the strike in the rubber industry affected sales in Akron. Clothing prices showed little change in the period, but prices of women's apparel, according to *Fairchild's* index, were up about two per cent from last year.

Raw wool prices have declined somewhat in the past month, but they remain substantially higher than a year ago. Orders for textiles have been sufficient to keep mills going at close to capacity for some time yet.

#### Other

##### Manufacturing

In most lines operations continued to expand in late March and the first half of April. Some of this was seasonal and in a few areas resulted from the fact that work was held up by floods, etc., but in many instances it was more than could be explained by these two factors. Increases in employment and payrolls were reported in several fields, al-



though seasonal contractions were evident in the shoe and clothing industries.

Orders for auto parts and accessories increased in late March; since that time they have shown little change, although releases are reported to have been made in sufficient volume to keep plants working at about present levels to the first of June. Operating rates at most plants have been slightly higher than a year ago and in many instances the rate is the best since 1929. Employment and payrolls have shown corresponding increases.

Brick and tile plants continue to increase operations at a moderate rate. In the first two months of the year production was  $2\frac{1}{2}$  times as great as in the same period of 1935. Only a relatively small share of the industry's capacity was being utilized, however. China and pottery plants were operating in early April at about the same rate as a year ago, or 70-75 per cent of capacity. Flood damage was serious at only one important plant. Orders were increasing in mid-April.

Demand for plate glass in recent weeks has been excellent, chiefly because of the activity in the automobile industry; most plants were operating at capacity and shipping goods as rapidly as manufactured, but a similar situation prevailed at this time last year. Sales of molded glassware have been larger than a year ago. Window glass demand has improved slightly. First quarter production was under last year when demand was abnormal because jobbers were buying in excess of requirements on account of announced price increases. Paint sales were retarded by the unfavorable weather in the first quarter, although they were about equal to those in the same period of 1935. Seasonal increases in sales were reported in early April, but production has shown little change. Large paint inventories were built up in the slack season. Increased demand from flood sections is expected this spring.

Orders for electrical apparatus and supplies were received in better volume in March and the first half of April than in corresponding periods of 1935. Employment has increased slightly and payrolls were larger. Inventories of finished goods were smaller than a year ago, but raw material inventories were larger than at the end of the first quarter of 1935.

Small tool sales in the first quarter were about 15 per cent ahead of last year and a larger increase was evident in early April. Employment was up sharply. New orders for machine tools declined slightly in March from February, but compared with last year a marked improvement was evident, both in the month and the first quarter. Foundry equipment orders received in March were up four per cent from February and nearly 70 per cent from a year ago.

Boxboard production in March and early April was at about the same rate as a year ago, the industry as a whole operating at approximately 65 per cent of capacity. Prices have increased slightly. Demand for fine papers was little changed.

Shoe manufacturers have about completed their season's run and are now dependent on repeat orders, which have not been large because weather conditions retarded retail sales. March production at fourth district factories was 4.6 per cent smaller than in the same month of 1935, but first quarter output was 10 per cent greater than a year ago. The leather market has been firm recently, although heavy hide prices are lower than in February, but about equal to a year ago in April.

## TRADE

### Retail

Sales of merchandise were adversely affected in March in three leading cities of this district for which figures are available; these were Pittsburgh and Wheeling where floods did varying amounts of damage to retail stores, some finding it necessary to remain closed as long as two weeks while others more favorably situated in relation to the flooded areas were able to reopen in a reasonably short time. At all reporting stores in these cities March sales were 21 and 8 per cent smaller, respectively, than in the same month of 1935. At Akron, where a strike prevailed in one of the leading tire plants most of the month and other labor difficulties were reported, department store sales in March were 12 per cent smaller than in the corresponding period of last year.

Eliminating these three cities, all other reporting stores in the fourth district experienced a gain of 12.1 per cent in sales in March, but the combined figure for the 51 reporting stores was down 0.5 per cent from a year ago.

The increase from February in total sales was less than seasonal and the adjusted index of daily average sales was reduced nearly eight points to 77.9 per cent of the 1923-25 monthly average. Preliminary reports indicate that April sales compared quite favorably with last year, although Easter occurred a week earlier. Stores in the flood and strike areas reported unusually large increases in the weeks immediately following the resumption of operations. Dollar sales in the first quarter of 1936 were 5.4 per cent larger than in the comparable period of last year, all reporting cities except Akron showing increases.

Credit sales in the month represented 58.2 per cent of total sales, compared with 60 per cent in February and 57 per cent a year ago. The slight increase was due to proportionately more installment buying than in March last year.

Dollar value of stocks at reporting stores increased 8.3 per cent in March and at the month end was 3.8 per cent higher than a year ago. The monthly increase was slightly more than seasonal and the expansion in inventories evident since the beginning of the year continued. The ratio of sales to average stocks was up slightly in the first quarter compared with the same period last year.

There was a falling-off in collections in March, both from February and a year ago. The ratio of total collections in the month to accounts receivable at the beginning of March was 33.0 compared with 36.2 in March 1935, and 36.1 in February. The drop was general, but most pronounced in Pittsburgh.

Furniture stores in Ohio and Kentucky reported an increase of 23 per cent in March sales, compared with last year and a gain of 14.8 per cent for the first quarter. Sales at 13 reporting wearing apparel stores in March were only slightly larger than in the same month last year, but the gain for the first quarter was 3.2 per cent. Pittsburgh stores experienced a smaller volume than in March 1935, while gains were shown in other sections.

Sales of reporting chain grocery firms in this district in March were 10 per cent smaller per store operated than a year ago and a reduction of 1.7 per cent for the first quarter was experienced. Chain drug store sales were up 17 and 20 per cent, respectively, in the latest month and the first quarter from similar periods of 1935.

**Wholesale**

Evidence that retailers are again building up their stocks after allowing them to decline or remain at low levels has recently appeared in stock figures of retail stores and also in wholesale trade reports. Sales of all reporting wholesale lines in this district except dry goods were larger in March than a year ago. Wholesale drug sales were up 14 per cent, groceries 7 per cent, and hardware 15 per cent from March 1935. Gains for the first quarter were 8.4, 2.8 and 16 per cent, respectively. Dry goods sales were down 2.1 and 1.2 per cent in the month and first quarter from corresponding periods of 1935.

**BUILDING**

Accompanying the improvement in other lines of activity, building contracts awarded in this district in March compared more favorably with the previous month or March 1935 than in the 37 Eastern States included in the *F. W. Dodge* reports, despite bad weather and floods in several areas. Total contracts awarded in the fourth district in the month were valued at \$17,555,000, an increase of 92 per cent from last year and the best March since 1931. This gain from 1935 was somewhat larger than was reported for the first two months of 1936, and the increase in first quarter contracts awarded was 80 per cent. The dollar value of first quarter contracts awarded was \$48,803,000.

While construction of all kinds was in larger volume than a year ago, residential building continued to present an encouraging picture. Valued at \$5,062,000 in March, a gain of 111 per cent from last year was evident in residential contracts awarded and in the first quarter the increase was 87 per cent. Nonresidential building contracts, other than public works and utilities, awarded in March and the first quarter, were more than twice as large as a year ago. The gain in public works and utilities was somewhat less than in the other classifications.

Of principal cities in the district, each showed gains from February except Cincinnati, Columbus and Toledo. Compared with March 1935, increases were experienced for each city except Canton, Columbus and Youngstown. The latter city was the only important one in the district that did not record a gain in the first quarter over the same period last year.

Contemplated work reported for this district in March, excluding public work and utility building, had a greater dollar value than a year ago and at \$19,370,000, was about the same as in February.

In the 37 States covered by the *Dodge* report contracts

financed by private funds exceeded those for publicly financed for the first time since July 1935.

Building supply dealers stated that conditions have shown further improvement in recent weeks. Shipments held up by the weather recently have been about 60 per cent over 1935, with some items showing much larger increases. Prices are higher and lumber orders on hand exceed those of other recent years by a good margin.

**AGRICULTURE**

Crop planting in this district and in many sections has been considerably delayed by the unusually cold wet weather. Prior to the third week of April very little ground preparation had occurred and planting of early grains and truck crops was from two to three weeks late. Most spring work has been performed later than usual, but the delay as yet is not serious.

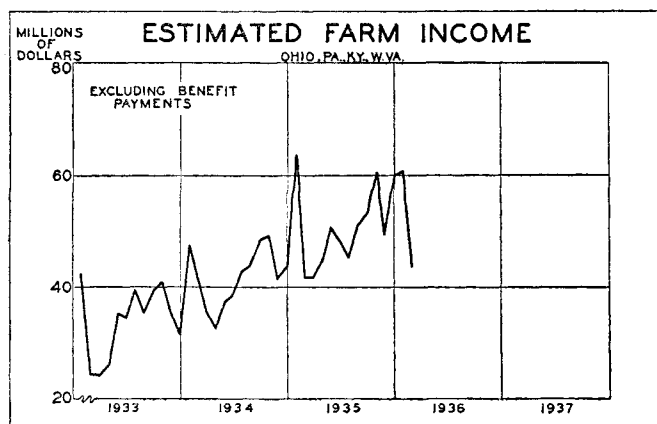
According to the *Department of Agriculture*, crop prospects for the entire country on April 1 appeared better than on that date in any of the past three years, but they were not particularly bright because of recent freezes and storms, excessively wet weather in the East, and continued dry weather over much of the Great Plains Area. Irregular weather conditions were largely responsible for the fact that more than the usual proportion of winter wheat acreage is expected to be abandoned.

On the other hand farmers generally appear to be expanding their operations, although the Soil Conservation Program is likely to cause some modification of individual plans as it is presented in various areas. Reports generally indicate that demand for farm labor has increased; compared with a year ago, the supply of labor is substantially lower and farm wages are higher.

Cash receipts from the sale of principal farm products in the first quarter of 1936 in the entire country were reported to be 20 per cent ahead of the same period of 1935. Rental and benefit payments have been very small this year, but even when they are included farmers' income in the first quarter was nearly eight per cent above last year. Increases in this section were derived more from the sale of livestock than crops and were largely the result of the higher prices paid for all classes of livestock as compared with a year ago. Increased income from chickens and dairy products also were contributing factors to the higher income. In Ohio receipts in the first two months of 1936, the latest available by areas, were estimated at \$41,897,000 compared with \$37,232,000 last year and \$28,703,000 in 1934. This excludes rental and benefit payments. For Pennsylvania the corresponding figures were \$33,335,000 in 1936, \$29,681,000 in the previous year and \$25,476,000 in the first two months of 1934. The accompanying chart shows monthly estimated cash income (excluding benefit payments) from January 1933 to February 1936 of the four states all or part of which are included in the fourth reserve district. Improved farm income is clearly evident; the sharp increases in January each year were due to marketing of the tobacco crop.

Market prices in mid-April indicated that the general level of farm prices had recovered a little from the rather sharp decline in the month ended March 15. Wheat and dairy products were lower, but potatoes, cotton, hogs, and other products increased.

The April 1 condition of winter wheat for the country, at 68.5 per cent of estimated normal, was ten points below



the ten-year average April 1 condition and slightly under last year. A 21 per cent abandonment of the large acreage planted was indicated and the crop was estimated at 493,000,000 bushels. This would compare with 433,447,000 bushels harvested in 1935 and 618,186,000 bushels, the average of the five years 1928-32. The average abandonment in the ten years 1923-32 was 12.6 per cent.

In Ohio the 71 per cent of normal condition on April 1 indicated a winter wheat crop of 31,248,000 bushels, about a million bushels in excess of the five-year average harvest, but considerably under the 42,343,000 bushels harvested in 1935. While the crop made a good start last fall the severe winter injured it considerably, particularly in the northern counties where snow protection was lacking when weather was most severe. Less acreage is expected to be abandoned in this section, however, than the average for the country, because local wheat fields are generally seeded to clover or other hay crops and if abandoned the rotation would be destroyed.

### Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	March 1936	% Change from 1935	Jan.-Mar. 1936	% Change from 1935
Bank Debts 24 cities.....	\$2,082,000	+12.7	\$6,119,000	+15.5
Savings Deposits—End of Month 40 banks, O. and Pa.....	704,622	+ 4.8	1	
Life Insurance Sales:				
Ohio and Pa.....	76,821	-10.2	217,991	-18.0
Retail Sales:				
Department Stores—51 firms..	15,777	- 0.5	44,167	+ 5.4
Wearing Apparel—13 firms....	778	+ 0.4	2,122	+ 3.2
Furniture—43 firms.....	791	+23.3	2,126	+14.8
Wholesale Sales:				
Drugs—12 firms.....	1,505	+13.9	4,389	+ 8.4
Dry Goods—10 firms.....	1,161	- 2.1	3,087	- 1.2
Groceries—30 firms.....	3,857	+ 6.9	11,193	+ 2.8
Hardware—13 firms.....	1,392	+15.2	3,538	+16.0
Building Contracts—Total.....	17,555	+92.2	48,803	+79.9
" " Residential.....	5,062	+110.7	11,334	+87.0
Commercial Failures—				
Liabilities.....	1,035	-40.7	3,637	- 6.9
Commercial Failures—Number	652	no change	2062	-15.6
Production:				
Pig Iron—U. S..... tons	2,046	+15.5	5,914	+22.4
Steel Ingot—U. S..... tons	3,346	+16.7	9,364	+ 9.9
Auto—Passenger Car—U. S.....	345,167 <sup>2</sup>	- 4.6	871,545 <sup>2</sup>	+ 0.6
" Trucks—U. S.....	79,404 <sup>2</sup>	+16.8	211,242 <sup>2</sup>	+10.3
Bituminous Coal, O. W. Pa., E. Ky..... tons	11,552	-24.3	40,212	- 4.3
Cement—O. W. Pa., W. Va. bbls.	191	-23.0	482	+32.8
Elec. Power, O. Pa., Ky.— ..... thous. K.w.h.	1,343 <sup>3</sup>	+17.0	2,803 <sup>4</sup>	+19.7
Petroleum, O. Pa., Ky..... bbls.	1,857 <sup>3</sup>	- 3.3	3,869 <sup>4</sup>	- 3.5
Shoes..... pairs	8	- 4.6	8	+10.3
Tires, U. S..... casings	3,577 <sup>3</sup>	-18.4	8,156 <sup>4</sup>	- 9.5
Bituminous Coal Shipments:				
L. E. Ports..... tons	162	-51.1	230	-42.4
<sup>1</sup> not available			<sup>4</sup> Jan.-Feb.	
<sup>2</sup> actual number			<sup>5</sup> confidential	
<sup>3</sup> February				

### Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ended April 22, 1936	% Change from 1935	Year to date Jan. 1, 1936 to April 22, 1936	Year to date Jan. 2, 1935 to April 24, 1935	% Change from 1935
Akron.....	\$ 65,850	+ 8.5	\$210,988	\$182,259	+15.8
Butler.....	9,254	+23.5	29,488	23,857	+23.6
Canton.....	39,366	+23.7	117,597	98,668	+19.2
Cincinnati.....	361,419	+12.7	1,130,756	992,732	+13.9
Cleveland.....	608,039	+21.0	1,900,585	1,526,944	+24.5
Columbus.....	221,765	+33.7	612,339	575,591	+ 6.4
Dayton.....	69,551	+17.5	210,132	182,404	+15.2
Erie.....	27,364	+13.2	86,115	73,905	+16.5
Franklin.....	3,595	+16.5	11,328	9,747	+16.2
Greensburg.....	6,853	+17.9	23,440	17,744	+32.1
Hamilton.....	12,470	+32.8	36,432	30,186	+20.7
Homestead.....	2,568	+13.7	8,382	7,365	+13.8
Lexington.....	18,487	+14.2	76,060	83,435	+ 8.8
Lima.....	13,502	+30.2	39,039	31,837	+22.6
Lorain.....	4,468	+23.8	13,145	10,915	+20.4
Middletown.....	10,618	+34.1	32,272	25,032	+28.9
Oil City.....	11,334	+ 8.5	35,245	31,145	+13.2
Pittsburgh.....	771,030	+16.1	2,416,235	2,115,418	+14.2
Springfield.....	18,038	+15.2	55,851	50,711	+10.1
Steubenville.....	8,587	+14.0	26,337	23,449	+12.3
Toledo.....	126,671	+21.5	401,004	323,736	+23.9
Warren.....	3,797	+14.3	27,853	24,253	+14.8
Wheeling.....	32,578	- 1.4	107,935	99,668	+ 8.3
Youngstown.....	66,351	+58.8	158,690	124,537	+27.4
Zanesville.....	8,502	+14.0	25,639	22,641	+13.2
Total.....	\$2,528,057	+19.0	\$7,792,887	\$6,688,179	+16.5

The Pennsylvania April 1 condition of winter wheat was above average, but the crop was estimated to be smaller than last year or the five-year average because of a reduced acreage.

Pastures on April 1 were in about average condition in states of this district; growth was slow in the first half of that month, however, and they do not look nearly as promising as a year ago.

In regard to fruit prospects, reports indicate that apples apparently have not been injured, although the exact condition of trees cannot be determined as yet. Considerable damage to peach trees was reported generally, estimates ranging from 50 to 100 per cent.

So far as tobacco is concerned, due to lack of information on State and Federal crop control this year, it is too early to make even a guess as to the 1936 crop. The situation at present indicates an increase in burley acreage. Cold weather in early April was reported to have damaged plant beds in some sections.

### Wholesale and Retail Trade

(1936 compared with 1935)

	SALES March 1936	Percentage Increase or decrease SALES first 3 months	STOCKS March 1936
DEPARTMENT STORES (51)			
Akron.....	-12.5	- 7.1	- 3.7
Cincinnati.....	+11.0	+ 7.0	+ 2.3
Cleveland.....	+14.2	+11.3	- 0.4
Columbus.....	+12.2	+ 8.0	+ 7.6
Pittsburgh.....	-21.3	+ 1.4	+ 7.1
Toledo.....	+10.8	+ 6.8	+ 2.7
Wheeling.....	- 8.0	+ 4.6	+ 3.4
Youngstown.....	+ 8.6	+15.0	+22.9
Other Cities.....	+11.6	+ 8.5	- 1.6
District.....	- 0.5	+ 5.4	+ 3.8
WEARING APPAREL (13)			
Cincinnati.....	+16.7	+ 4.9	+19.4
Cleveland.....	+ 5.6	+10.2	+ 1.1
Pittsburgh.....	-38.5	-10.9	- 0.4
Other Cities.....	+ 8.8	+ 2.8	+ 7.6
District.....	+ 0.4	+ 3.2	+ 7.0
FURNITURE (43)			
Cincinnati.....	+14.7	+ 7.1	
Cleveland.....	+31.7	+17.5	
Columbus.....	+28.4	+14.1	
Dayton.....	+14.5	+11.0	
Toledo.....	+29.1	+14.7	
Other Cities.....	+ 7.0	+14.6	
District.....	+23.3	+14.8	
CHAIN STORES*			
Drugs—District (4).....	+16.6	+20.0	
Groceries—District (5).....	- 9.8	- 1.7	
WHOLESALE GROCERIES (30)			
Akron.....	- 8.6	+ 5.5	
Cleveland.....	- 3.6	+ 8.5	
Erie.....	+ 7.0	+ 3.2	
Pittsburgh.....	+ 5.3	- 0.1	
Toledo.....	+ 6.8	+ 5.3	
Other Cities.....	+16.8	+ 9.6	
District.....	+ 6.9	+ 2.8	- 0.2
WHOLESALE DRY GOODS (10).....	- 2.1	- 1.2	-10.7
WHOLESALE DRUGS (12).....	+13.9	+ 8.4	
WHOLESALE HARDWARE (13).....	+15.1	+16.0	

### Fourth District Business Indexes

(1923-25=100)

	Mar. 1936	Mar. 1935	Mar. 1934	Mar. 1933	Mar. 1932
Bank debits (24 cities).....	77	68	60	45	60
Commercial Failures (Number).....	45	45	51	110	163
" (Liabilities).....	24	40	42	148	137
Sales—Life Insurance (O. & Pa.).....	92	102	99	82	114
" —Department stores (49 firms).....	68	69	71	41	61
" —Wholesale Drugs (11 firms).....	100	88	109	65	93
" " Dry Goods (10 firms).....	47	48	48	29	40
" " Groceries (30 firms).....	71	66	68	51	61
" " Hardware (13 firms).....	73	63	54	33	45
" " All (64 firms).....	70	65	67	45	59
" Chain Drugs (4 firms)**.....	88	76	83	61	79
Building Contracts (Total).....	37	19	30	13	23
" (Residential).....	29	14	13	8	13
Production—Coal (O. W. Pa., E. Ky.).....	64	84	88	51	65
" Cement (O. W. Pa., W. Va.).....	16	21	32	8	20
" Elec. Power (O. Pa., Ky.)*.....	160	144	137	106	122
" Petroleum (O. Pa., Ky.)*.....	101	104	85	84	98
" Shoes.....	117	123	117	105	85

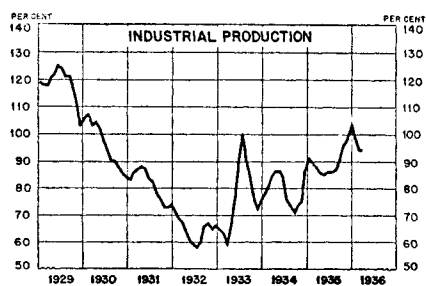
\*February

\*\*Per individual unit operated.

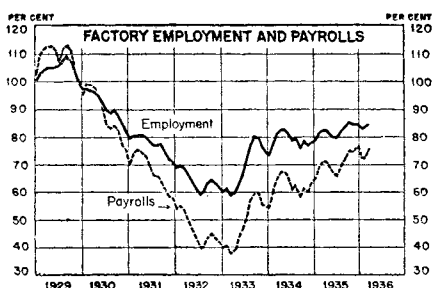


## Summary of National Business Conditions

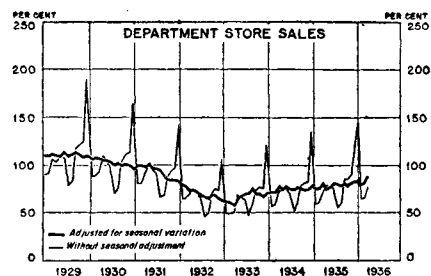
By the Board of Governors of the Federal Reserve System



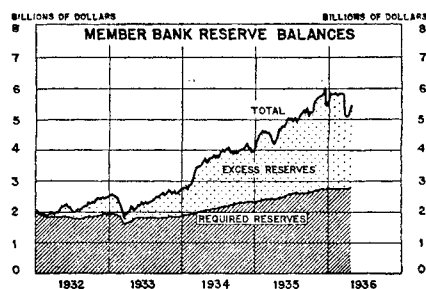
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to March 1936, the latest figure being 94.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average=100. By months, January 1929 to March 1936. Indexes compiled by the United States Bureau of Labor Statistics. March employment 84.2; payrolls 75.7.



Indexes of value of sales, 1923-1925=100. By months, January 1929 to March 1936. Latest figure, adjusted 88; unadjusted 78.



Wednesday figures of total member bank reserve balances at Federal reserve banks, with estimates of required and excess reserves, January 6, 1932 to April 22, 1936.

Production and employment at factories increased from February to March, while output of minerals declined. There was considerable expansion in retail trade.

### Production and Employment

The Board's combined index of industrial production, which includes both manufacturing and mining and makes allowance for seasonal changes, remained unchanged in March at the February figure of 94 percent of the 1923-1925 average. Production of automobiles rose sharply in March to a total of 425,000 passenger cars and trucks and continued to increase during April. There was a seasonal increase in output of steel in March, followed in the first three weeks of April by a rapid rise in activity. Estimates of the rate of production in that period averaged around 67 percent of capacity as compared with the rate of 59 percent reported for March. Production of cement and lumber increased more than seasonally from February to March, and activity at meatpacking establishments and at silk mills also increased, although a decline is usual in these industries at this time of the year. There was little change in output at cotton textile mills, while at woolen mills activity decreased by more than the usual amount. Production of anthracite and bituminous coal showed a substantial reduction from the relatively high level of February and this decrease accounted for the decline in total output at mines.

Factory employment increased by more than the usual seasonal amount from the middle of February to the middle of March, and payrolls showed a larger increase. Employment increased in the machinery industries, at sawmills, and at establishments producing wearing apparel. There was a decrease in the number of workers at plants producing rubber tires and tubes, where a strike was in progress in the middle of March. At automobile factories the number employed declined slightly, while payrolls showed a considerable increase.

The value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, showed a seasonal increase from February to March. Awards for residential building increased seasonally and contracts for other private construction advanced to the highest point since 1931.

### Distribution

Retail trade, which had been reduced in January and February by unusually severe weather, increased considerably in March. Sales at department and variety stores and by mail order houses serving rural areas showed a more than seasonal increase. The number of new automobiles sold was also larger than in February.

Freight-car loadings of most classes of commodities increased from February to March by more than the usual seasonal amount.

### Commodity Prices

The general level of wholesale commodity prices, which had declined somewhat between the third week of February and the middle of March, showed relatively little change in the following four weeks. Retail prices of foods declined during March.

### Bank Credit

Excess reserves of member banks, after declining sharply in the last half of March, increased by about \$300,000,000 in the first three weeks of April to a total of \$2,640,000,000. This increase, like the preceding decline, was due chiefly to operations of the Treasury. After the middle of March Treasury balances at the Federal reserve banks were built up through the collection of taxes and receipts from the sale of new securities, and in April these balances were drawn upon to meet expenditures.

Partly as a result of these expenditures, deposits at reporting member banks in leading cities, which had declined in March, increased in the first half of April, when total loans and investments of these banks also increased. From February 26 to April 15 total loans and investments of reporting member banks showed an increase of about \$800,000,000, reflecting increases of \$380,000,000 in investments, of \$180,000,000 in loans to brokers and dealers in securities, and of \$240,000,000 in so-called "other" loans, which include loans for commercial, industrial, and agricultural purposes.