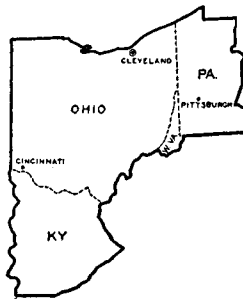


# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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No. 5

Complete reports for April showed that the advance in industrial activity in that month was more pronounced than preliminary figures indicated and in the first three weeks of May little change was evident in operating rates in major lines. Compared with a year ago sizable increases were shown in factory output in most every important line. Employment indexes for principal cities of this district showed further improvement in April and reports indicate that little change occurred in the first half of May. Shortage of highly-skilled labor was reported by some of the metal-working industries, despite the large number of unemployed. Failure of many companies to hire apprentices in the past few years is largely responsible for this situation.

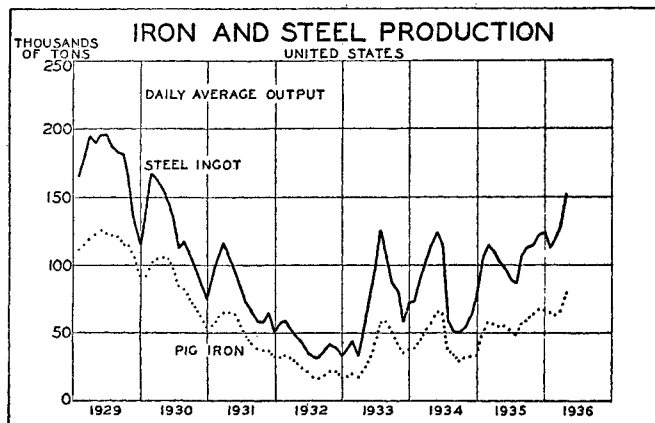
The stability of operating rates in the important lines of industry in this district in the greater part of May was in contrast with a seasonal decline which oftentimes occurs. Of chief importance in this connection was the automobile industry and its allied lines. April output of 503,000 cars exceeded any corresponding month on record except April 1929 and reports for the first three weeks of May indicate that the month's total would closely approximate the April figure. In most years April production has exceeded that of May. Sales of both passenger cars and trucks have been in large volume, the former in April being estimated at 60 per cent in excess of the same month of 1935. Interest in model changes, preparations for which are expected to start early in the second half of the year,

is growing and steel orders for current models are reported to be tapering off while buying of tools has increased. Machine tool orders in April were fractionally below the recent peak of last August when foreign buying was an important factor in the total reported. In the latest month it only represented about 12 per cent. Inquiries and orders received in the first half of May compared favorably with April, according to reports.

Steel ingot production declined slightly in the second and third weeks of May, but it was chiefly seasonal. Weekly adjusted indexes showed little change since the middle of April and operating rates compared very favorably with a year ago. Local mills, except at Pittsburgh, continued to report production at higher than average rates. At Pittsburgh the rate compared favorably with the previous month and last year as a result of improvement in the industries requiring heavy steel, but it was slightly below the national average. Scrap steel prices have been weak, but quotations on semi-finished and some finished steels have been advanced for the third quarter.

Retail trade increased more than seasonally in this district in April, judging by the 11.8 per cent gain in department store sales as compared with last year, and reports for the first half of May indicated that volume was holding up very well. Increased inventories were evident generally and shoe and clothing manufacturers in this district reported that orders for fall delivery received so far exceed those obtained in the comparable period of 1935. Collections were good generally.

Building contracts awarded in this district in April were 114 per cent in excess of the same month last year, the gain in residential construction being 128 per cent. These exceeded the percentage increases reported for the entire country. In the first four months new construction reported was just double that of the same period of 1935. Weather conditions have delayed actual work in this and other fields. The lake shipping season is very late. No iron ore was received at Lake Erie ports in April and very little coal was loaded. The latter fact retarded local mine operations, although a sizable gain from last year, when activity was limited, was reported. In the first four months coal production was up three per cent from 1935. Farm operations were much delayed and crop prospects were not favorable for fruits, early grains, or hay.



Life insurance sales in Ohio and Pennsylvania in April were reported to be 12 per cent smaller than in the corresponding month of 1935 while a reduction of 16.7 per cent was experienced in the first four months. Commercial failures continued to decline, only 61 being reported for this district in the month.

### FINANCIAL

Except for an increase in loans to industry to provide working capital and a slight rise in bills discounted little change was evident in the volume of credit extended by the Federal Reserve Bank of Cleveland in the four weeks ended May 20. Industrial advances rose over \$300,000 to a new high level of \$1,878,000 in the four latest weeks while bills discounted increased from \$29,000 to \$55,000. Part of this rise was offset by a moderate decline in holdings of acceptances, but total bills and securities remained above \$220,000,000, approximately the same as they have been for nearly a year. Investments in Government securities remained unchanged at \$218,025,000.

Total deposits with the reserve bank declined over \$50,000,000 between April 22 and May 20, but at \$406,000,000 they were still \$78,000,000 larger than a year ago. Member bank reserve deposits dropped nearly \$20,000,000 in the four latest weeks, but they remained approximately \$203,000,000 or 120 per cent in excess of actual requirements. This was below the peak touched earlier in the year when they were over 130 per cent above legal requirements.

Notes of this bank in circulation continued to increase in the four latest weeks and barring four weeks at the time of the banking holiday in 1933 they were at a record high level of over \$370,000,000. The increase so far in 1936 was over \$50,000,000 and little contraction occurred early in the year following the pre-Christmas expansion. In most previous years note circulation declined in the early weeks of the year. Compared with the corresponding date in 1935, note circulation is up \$57,000,000. Part of this represents the increase in business requirements for payrolls, etc., but it also reflects the continued retirement of national bank notes from circulation. Federal reserve notes and silver certificates have been substituted for them when presented at the reserve banks. County treasurers are known to be holding nearly \$5,000,000 in Federal reserve notes of large denomination (it is possible that considerably more than that is so held) representing tax receipts which banks were unwilling to accept as deposits of public funds. In addition banks in this district also were carrying slightly more cash in vault than a year ago. On the latest call date, March 4, the increase was about 12 per cent.

So far as weekly reporting member banks were concerned loans on securities were practically unchanged in the four weeks ended May 20 and were still 4.6 per cent smaller than a year ago. Real estate loans of these banks also were unchanged in the four-week period, while commercial loans and holdings of acceptances were slightly larger on the latest report date than in the third week of April, continuing the gradual increase evident since the beginning of the year. The gain in the past twelve months was about eight per cent.

Investments in both Government and other securities increased in the closing week of April, but showed little

change since that time. On the latest date holdings of Government securities and those guaranteed by the Government totaled \$909,000,000 at reporting banks in this district compared with \$788,000,000 a year previous, a gain of 15.4 per cent. Other security holdings were about eight per cent larger than in May 1935. Government securities represented 50.5 per cent of total loans and investments on the latest date compared with 48.6 per cent on the same date last year.

Demand deposits at one large bank, which increased in anticipation of a special financing transaction, caused total adjusted demand deposits to rise to a record high level late in April, but in early May they were reduced quite sharply to approximately the level of early April. In contrast with a year ago a net increase in demand deposits of 15 per cent was evident. Time deposits also increased in the four latest weeks and were 10 per cent higher than on the corresponding date last year.

Savings deposits at 40 selected banks in Ohio and Pennsylvania were down slightly in April, but at the month end they were still 4.2 per cent larger than on April 30, 1935.

Debits to other than bank accounts at banks in leading cities of the fourth district were 15 per cent larger in the four weeks ended May 20 than in the comparable period of last year; for the year to date the increase was 16 per cent.

### MANUFACTURING, MINING

#### Iron and Steel

The relative stability of iron and steel mill operations in late April and the first half of May at a level approximately 25 per cent above 1935 and the highest since 1930 has been favorably reflected in other fields of business in this district. A slight contraction in steel mill activity was reported in late May, but a falling-off is expected at this time of year and the drop was less than seasonal.

In the week ended May 23 the steel operating rate for the entire country was 66.5 per cent of capacity, down two points from the previous week and about four points from the year's peak in the third week of April. A year ago mills were operating at 44 per cent while in 1934 they were at 57 per cent. Although operations at Cleveland mills dropped five points in the four latest weeks to 74 per cent of capacity, they were 20 points above last year in the week ended May 23. Other local producing centers showed smaller declines between the third week of April and the latest week and, excluding Pittsburgh, they remained above the national average. Youngstown was operating at 79 per cent, Wheeling 89, Southwestern Ohio 80, and Pittsburgh 61. Compared with last year Pittsburgh has shown more improvement than other local centers.

While steel buying slackened in the first half of May several developments have tended to sustain demand and modify the seasonal contraction. Shipments to the automobile industry have held up very well although new buying has been curtailed as the time of model changes approaches. Railroad demand for steel is indicated by the placing of an order for 6900 freight cars in the week of May 23, making a total of 9750 cars for May, the largest buying of this nature since last December when an order for 10,000 cars was placed. Structural shapes show some decline in tonnage, but tin plate makers are operating at capacity to

meet heavy demand. Requirements of heavy equipment, farm tool, machine tool and allied industries gave evidence of sustained demand, although the seasonal peak in farm equipment has passed.

The fact that prices of billets for forging and re-rolling, sheet bars, shapes, plates, and sheets have been advanced \$2 a ton for the third quarter, effective July 1, might be expected to sustain buying in June, for orders will be booked at current prices for shipment in the remainder of this quarter, thus giving consumers an opportunity to acquire stocks.

Scrap steel prices have shown a moderate downward trend for several weeks, a reduction of about \$2 a ton having been registered from the March peak. The composite price was still nearly \$3 a ton higher than a year ago.

Daily average pig iron production in April, according to *Steel*, was 80,403 gross tons, 21.8 per cent over March, while the month's total, 2,412,080 tons, was 44 per cent above last year. Output in the first four months this year, 8,326,437 tons, was 27.5 per cent heavier than in 1935. A net gain of 17 blast furnaces in April brought the total number operating at the close of the month to 143, largest since July 1930.

Daily average steel ingot production in April, 151,625 gross tons, was 17.8 per cent higher than in March, and the largest since April 1930. Total output in April was 3,942,254 tons, compared with 2,641,000 tons in April 1935, a gain of 49 per cent. The 13,295,237 tons made in the first four months of this year was 19 per cent larger than in the same period of 1935.

#### Coal

Little change in the rate of coal production was evident in recent weeks, but output continued somewhat in excess of a year ago, or in 1934. Instead of declining sharply in early April as is generally the case, output increased and local mines produced 38 per cent more soft coal in the month than in April 1935. This more than offset the decline reported for the first quarter (largely a result of the curtailment in March) and a gain of 3.2 per cent in local mine production was evident in the first four months as compared with last year.

Local operators indicated that coal buying was in limited volume in April and early May, there being a tendency to delay forward commitments until after the Supreme Court decision. With that now out of the way and a price advance announced for June 1 an increase in coal buying is expected by the trade to replace stocks depleted

by the severe weather and on account of greater requirements of some industries than a year ago. Mine operations therefore were being maintained in anticipation of the increased demand.

As of April 1 total stocks of bituminous coal in hands of consumers were 27 per cent smaller than a year ago and the decline in the first quarter was 24 per cent. In terms of current consumption coal stocks were 35 per cent smaller than on April 1, 1935. There was 47 per cent less coal on hand at upper lake ports in early April than a year previous and a large movement by boat is therefore expected this summer. The late spring, however, has delayed shipments and retarded local mine operations. Loadings at Lake Erie ports in April were 46.5 per cent smaller than in April last year.

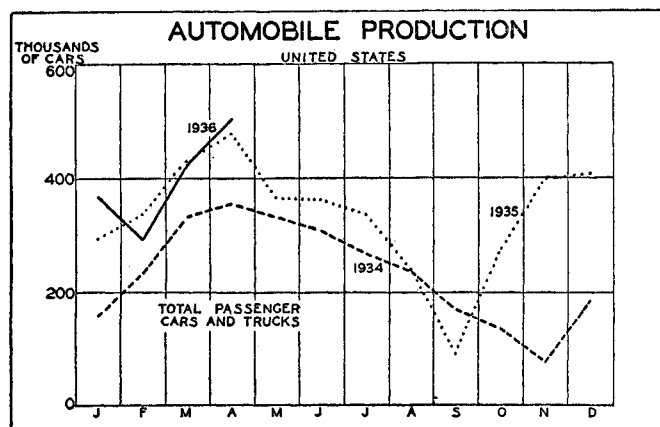
**Automobiles** Production of automobiles in April exceeded half a million cars for the first time since 1929 and the gain from March was somewhat more than seasonal. The Board's index of daily average output, adjusted for seasonal changes, was up 13 points to 123 per cent of the 1923-25 average. This compared with 110 in April last year. Notwithstanding the fact that auto production in the closing quarter of 1935 was up sharply because of the moving forward of the industry's new-model introductions which caused a lull in plant activity in January and February, total output in March and April increased more than seasonally as shown on the accompanying chart of monthly production in the past three years.

Generally April is the month of peak production and estimates for the first three weeks of May show that so far this year the trend of other periods is being followed, although May output held up very well. *Cram's* weekly reports indicate that a gradual sliding-off in assemblies occurred in the first three weeks, but output in the week ended May 23 was nearly 110,000 units compared with close to 118,000, the average of the previous three weeks, and 100,700 units in the corresponding week of last year.

The moderate drop was reported to be in the passenger car field which is subject to greater seasonal swings than the truck division. In addition the used car problem is still reported acute. A few manufacturers were said to be holding up deliveries of new cars to some dealers until used car sales were reported at least on a one-for-one basis. In this connection 1,327 representative auto dealers throughout the country stated that used cars were traded in on 85 per cent of all passenger cars sold by them in 1935. This compared with 75 per cent in 1934 and no figures are available for the elapsed months of 1936.

Passenger car production in April was 417,133 units, a gain of 13.5 per cent from last year and the largest monthly output since August 1929. In the first four months, 1,288,678 cars were made, a gain of 1.6 per cent from the same period of 1935, despite the fact that production was retarded in January and February as compared with the preceding year.

Truck production in April, at 85,642 units, exceeded output in every previous April, the gain from last year being 12.3 per cent. In the first four months of 1936, with 296,884 trucks turned out, a gain of 10.9 per cent from 1935 was evident. With the trend of trucks definitely toward smaller models and rural demand improved, output so far this year has even exceeded the same period of 1929.



There were indications in the closing half of May that the auto industry was soon to give most attention to the 1937 models. Steel orders for the current models were reported to be tapering off although shipments held up well. Machine tool orders by the industry are large, according to reports, and delivery dates in most cases are put at July 1.

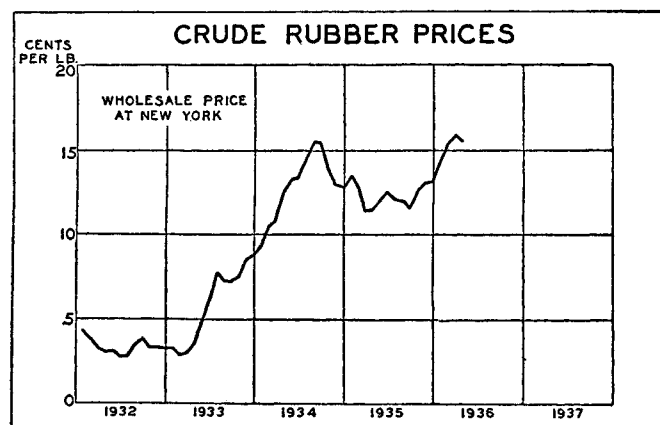
New passenger car registrations in principal Ohio counties, after advancing to a record high level in March just prior to the issuance of new licenses, declined in April. In May, however, sales were reported to be in very good volume. In the entire country April registrations were estimated to be 60 per cent ahead of the same month last year.

#### Tires, Rubber

Improvement in the tire industry occurred in April and the first half of May, judging by figures available and reports received from manufacturers. The gain was partly seasonal resulting from greater original equipment demand; sales for replacement lagged in April, but an increase was experienced in the first half of May following a clarification of the price situation, and more seasonal weather.

Prices of tires to dealers were advanced about 10½ per cent on May 4, the first rise since November 1934, but an upward revision was expected for some time since raw material prices and other manufacturing costs had been rising. Crude rubber currently is quoted at better than 15 cents a pound compared with less than 12 cents a year ago. The accompanying chart shows changes in crude rubber prices in the past five years, a marked recovery being evident from the low point of 1933. Coincident with the tire price rise, wages were increased at some local plants.

Crude rubber consumption by domestic manufacturers in April touched a new high level for all time at 51,897 tons. This was 21.5 per cent above March and 17.5 per cent greater than in April last year. The sharp increase from March represented in part the resumption of operations at a large local plant following a strike. With imports in the month reported at 40,365 long tons (an increase of 7.8 per cent above March although 7.3 per cent below last year) considerably below the amount absorbed by industry, domestic stocks of crude rubber were reduced to an estimated 264,178 long tons, according to the *Rubber Manufacturers Association*. This compared with 337,506 long tons on hand April 30, 1935 and was the smallest



since Sept., 1931. With production of crude rubber in Far Eastern countries being controlled and domestic consumption up sharply, the crude rubber situation is much improved.

Tire production in the first quarter of 1936 was 11.7 per cent less than in the corresponding period of 1935. March output was down 16 per cent from last year and was 7.2 per cent less than shipments made in March. Inventories have been considerably reduced as compared with other recent years. As of April 1 total tire stocks were 12 per cent smaller than on the same date of 1935 and were less than on any similar date since 1933. Manufacturers stocks were down 18.5 per cent, independent dealers five per cent, oil distributors 21 per cent, but chain stores had 4.2 per cent more casings on hand than on the same date in 1935. Despite these reductions stocks are reported to be adequate for replacement needs even though trade circles look for an increase as weather improves. Sales of tires for original equipment have been unusually good so far this year, in fact better than since 1929.

#### Clothing

Operations at local clothing plants were being resumed in mid-May following a seasonal period of reduced activity which occurs between the spring and fall runs. Manufacturers enjoyed a good spring season and the shut down, as a result, was shorter than in other recent years. Summer clothing sales have been active particularly in men's wear, popularity of light color clothing being greater than in any recent year. Department stores in this district enjoyed a good spring clothing season, dollar sales of men's clothing in the three months February through April being 10.5 per cent larger than in the corresponding period of last year. Women's and misses ready-to-wear clothing sales were up 8.8 per cent in the same interval. Price changes were relatively slight in the period compared with last year. *Fairchild's* index of prices of men's clothing at stores throughout the country was the same on May 1 as a year earlier, but prices of women's apparel were up 2.4 per cent.

Reports from salesmen on the road with new clothing samples indicate that orders for fall delivery are showing an increase from comparable periods of 1935. Retailers apparently are expecting an active fall season and are placing larger orders.

Wool textile plants continue quite active and output compares favorably with a year ago. Mills are dependent on foreign wools for current operation until this year's clip is available. Wool prices showed some weakness recently, fine scoured wool being quoted at 87 cents a pound, Boston, in mid-May compared with a high of 95 cents in mid-March, but only 66 cents a year ago. A recent report of the *Department of Agriculture* stated that United States wool production in 1936 is expected to be about the same as last year, but since the bulk of wool supplies of southern Hemisphere countries was marketed earlier than usual, wool still remaining for disposal in these areas is estimated to be 31 per cent less than a year ago, indicating a smaller than 1935 total world supply.

#### Other Manufacturing

Operations in the smaller industries of the district continued at a high rate in late April and the first half of May. Most reports indicated that activity was at the highest rate in over five years, and in some cases the highest since

1929. All industries in any way connected with the output of automobiles were enjoying a very active demand. Parts and accessory plants reported that May schedules were 15 to 25 per cent larger than in 1935, but that some contraction was expected in June. May and April operations were about equal, and better than since 1930 or 1929.

Paint plants have been very active, demand for automobile materials being unusually good. Other paint sales show improvement compared with last year as a result of the increase in building, renovating and the general expansion in business. Local paint plants have been operating at capacity levels in recent weeks and dealer requirements have exceeded last year.

Plate glass production in April attained an all-time record, members of the *Plate Glass Manufacturers Association* reporting that 19,455,000 square feet were made in the month, compared with 16,999,000 square feet in April last year. A gain of 11 per cent was experienced in the first four months. Safety glass requirements, which double the amount of plate glass used, were partly responsible for the increase. Window glass demand was about ten per cent less in the first four months of 1936 than in the same period last year, but according to reports, sales were retarded by weather conditions and a strike early in the year. Increased residential building has resulted in some rise in window glass sales, and specialty business, which uses flat rolled glass, has shown a marked improvement in recent weeks. Only a few factories are working at capacity while several small ones have been closed since the beginning of the year.

Operations of china and pottery plants were curtailed in late April and the first half of May, but this was partly seasonal. Production was reduced to between 50 and 60 per cent of capacity. Shipments in April and early May in some cases were reported somewhat below last year while in others little change was apparent. Inventories are normal for this season of the year and prices have been steady.

Makers of electrical apparatus and supplies reported further improvement in the four latest weeks. April orders were 15 to 25 per cent above last year and similar gains were experienced in the first half of May. Increases were greater than seasonal and more inquiries were reported than in over five years. Inventories of finished goods are smaller than at this time last year, but supplies of raw materials are slightly larger.

Machine tool makers reported a decided increase in new orders in April, all from domestic users, and the index of the *National Machine Tool Builders Association* was only fractionally below the peak of last August when foreign orders represented 37 per cent of the total. In the latest month they amounted to only 12 per cent. In the first four months of 1936 new orders were about 84 per cent larger than in the same period of 1935. Numerous inquiries were reported and a shortage of skilled labor was experienced. Small tool plant operations paralleled the machine tool industry generally. Foundry equipment orders increased quite sharply in April, both as compared with March and also April of last year.

Metal specialty, hardware, and heavy metal fabricating manufacturers in this district have received a larger volume of orders so far this spring than since 1930 and in some cases since 1929. Gains of 25 per cent or more from last year are quite common in this field. Recently placed

orders for railroad equipment have benefited several local plants. Demand for fine watches and jewelry has been much better than in 1935 and inventories are down.

Prices of boxboard and containers were advanced about ten per cent on April 1, but sales in the month were 12 per cent larger than a year ago for the industry as a whole, and early May requirements were at about the same rate. Demand for fine papers was little changed in the period, but sales were larger than a year ago.

Shoe factories in May were running on reduced schedule, having finished work on spring and summer lines. Current orders were being filled from stock in larger volume than a year ago to replace depleted store inventories. Retail sales of women's and children's shoes in department stores in this district in the spring quarter were five per cent larger than a year ago while sales of men's and boys' shoes were up 13 per cent. Leather prices have shown little change in recent weeks; they were lower than at the beginning of the year, although higher than at this time in 1935.

## TRADE

### Retail

Sales of leading department stores in principal cities of the fourth district increased more than seasonally in April from the low level of March caused partly by flood and storm damage in some sections. Gains from a year ago ranged from seven to twenty per cent in dollar volume, the largest increases being in the cities which were most depressed in March. The average increase for all reporting stores was 11.8 per cent in April as compared with last year while the gain in the first four months was 7.3 per cent. Larger sales were reported in each city except Akron where sales were three per cent smaller than in the first four months of last year. Except at Youngstown, where an increase of 16 per cent was shown, the gains ranged from seven to nine per cent. The adjusted index of daily average sales rose from 77.9 to 79.3 per cent of the average of 1923-25 whereas the index of sales for the entire country compiled by the Board of Governors of the Federal Reserve System declined several points in the same period.

In the individual departments of reporting stores April sales generally were larger than a year ago. Decreases were confined to sales of yard goods, art needlework, art goods, women's dresses, and electrical appliances. The ratio of all credit to total sales was 59.9 per cent in April, slightly greater than in March or a year ago. Both installment and regular charge sales shared in the increase.

The dollar value of stocks at fourth district stores increased further in April, but the gain was slightly less than seasonal and the adjusted index dropped one point. Inventories at department stores have been rising gradually since the middle of 1935, but the rate of increase was less than in dollar sales for the ratio of total sales to average stocks so far in 1936 is larger than in the same period of last year.

Collections, which fell off in March, recovered in April and in relation to accounts receivable at the beginning of the month, were slightly better than a year ago.

Sales of other retail groups, except chain grocery stores, for which figures are available, showed increases from last year in April. Furniture store sales were up 16 per cent and the gain for the first four months was 15 per cent. Wearing apparel stores experienced an increase of

8.5 per cent in the month and 4.8 per cent in the four-month period. Chain drug store sales were up sharply as compared with last year, but chain grocery store sales were 0.6 per cent smaller than in April 1935.

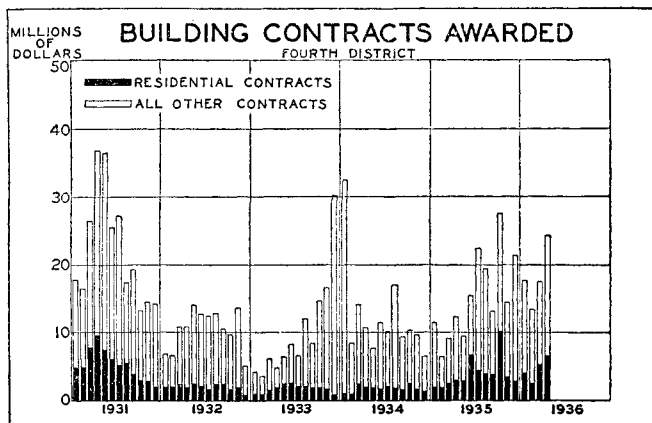
**Wholesale** In the wholesale field composite sales of four reporting lines increased more than seasonally from March to April and compared with a year ago the gain was about eight per cent. The largest increase was in wholesale hardware sales which were up 21 per cent in the month and 17.6 per cent in the first four months, compared with 1935. Drug sales were up 10 per cent in April, while the gain in grocery and dry goods sales was seven per cent from last year. Collections were good generally in the wholesale field.

### BUILDING

The percentage increase in the dollar value of building contracts awarded in the fourth district in April as compared with March was more than twice as large as was reported for the thirty-seven states covered by the *F. W. Dodge* figures. The 37.8 per cent gain also was somewhat greater than seasonal. Being valued at \$24,184,000, awards were larger than in any similar month since 1931 and the increase from last year was 114 per cent. In the first four months of 1936 a gain of 90 per cent in total contracts awarded was evident from the same period of 1935.

Residential building contracts awarded in April continued to lead all classes of work in the amount of improvement from last year. The gain was 128 per cent while in the first four months awards were just double the same period of 1935. In this connection title II of the National Housing Act, which provides for a single mortgage system on new and old houses has promoted considerable residential construction in this district. Since its inception in January 1935 to May 1 in Ohio alone 5,084 loans, valued at \$22,253,000, have been made both for old and new houses. New construction loans alone numbered 1,068 and had a value of \$6,285,757. Gains over a year ago were more pronounced in the small-house field than in multiple-family dwellings.

In the case of non-residential building, commercial structures, factories, and educational buildings have thus far featured the 1936 record. For public works of engineering descriptions the contract total for the first four months was only little better than the volume reported in the corresponding period of 1935. Public utility projects were about three times the size of last year.



In relation to pre-depression levels the improvement in building construction has been very modest, but it is encouraging to note that some progress is under way, particularly in the privately-financed work. Figures for various reserve districts on publicly and privately-financed construction are not available, although a further gain in the ratio of private to total contracts awarded was evident in April in 37 Eastern States.

Lumber and building supplies were in good demand in April in this territory. Prices are firm and inventories are not large. Sales of lumber by local dealers in the first four months were reported to be about 12 per cent ahead of last year. Cement production has improved; local plants made 23 per cent more in April than in the same month of 1935, while the gain for the four months was 27 per cent.

### AGRICULTURE

With temperatures below normal and rainfall somewhat excessive in most sections in April spring work in this district has been delayed. In the northern counties much of the oat crop was not planted before the middle of May, about a month later than usual.

The condition of winter wheat improved slightly in Ohio in May, but declined in Pennsylvania and in most sections of the country. Despite the drop in Pennsylvania, the May 1 condition for that state was above the ten-year average and also higher than last year, and the acreage abandoned was less than in previous years, averaging two per cent. In the southern part of Ohio the May 1 condition was about equal to the ten-year average, but it was much below last year. In northern counties considerable winter damage was evident, though rains in early May were helpful. The Ohio crop was forecast at 31,780,000 bushels by the *Department of Agriculture*, compared with 30,251,000 bushels, the ten-year 1923-32 average crop and 42,343,000 bushels harvested in 1935.

For the country as a whole winter wheat prospects as of May 1 were for 463,708,000 bushels. This compared with the very small crop of 433,447,000 bushels in 1935 and 618,186,000 bushels the five-year 1928-32 average harvest. Abandonment of the acreage seeded last fall was estimated to have been 24.4 per cent, almost double the ten-year average abandonment but less than the 30.4 per cent abandonment of 1935. Based on the May 1 forecast of winter wheat production and the intended spring wheat acreage under average yields, the total wheat crop for 1936, according to the *Department of Agriculture*, would be about sufficient to meet domestic requirements. So far as world wheat supplies are concerned estimated acreage planted in 23 northern Hemisphere countries, excluding Russia and China, is about one per cent above that harvested in 1935. European acreage is about four per cent under last year, outside of Russia, where an increase in winter wheat acreage of nine per cent is reported.

Pasture growth has been slow this spring, although warm weather following May 1 caused considerable improvement. The May 1 condition was below the average of past years in each State included in this district except Pennsylvania where it was just on a par with last year and the five-year average. Tame hay was in about the same condition as pastures and about the usual acreage is expected to be cut, although some winterkilling of alfalfa was reported in northern counties. Heavy yields of hay in 1935 resulted in a rather large carryover so that no

shortage is expected. In the entire country hay stocks on May 1 were the second largest in 15 years.

A smaller rye crop for this section was indicated by the May 1 condition report than was harvested last year and a similar situation was evident in the entire country. The Ohio crop is estimated at 528,000 bushels, compared with 1,320,000 bushels last year and a five-year average crop of 662,000 bushels. The reduction in Pennsylvania was not so great although this year's crop is estimated to be smaller than last season's or the five-year average harvest.

It is too early for a report on oats, but a reduction in acreage planted from that contemplated earlier in the year is expected. Weather conditions have not permitted planting of the crop as early as it should be and many farmers plan to sow substitute crops for part of their oat acreage.

Considerable variation in reports from tobacco-producing localities is evident, but the general opinion is that, without government restriction this year, the acreage will be increased, but to what extent it is too early to say. Transplanting started about the middle of May in Eastern Kentucky. Late frosts injured some seed beds considerably and these had to be replanted. The supply of good plants is reported adequate even though they are small in some cases. Recent weather aided ground preparation and little delay in setting of the Burley crop is expected.

Fruit prospects are poor generally. The peach crop is almost a complete failure and many older trees were killed. A fair crop of pears is in prospect, but the apple crop is expected to be very light in this district. Early varieties seem better than late ones in most sections. Cherries also were damaged by low temperatures and grapes were injured to some extent though not materially in the commercial sections.

Wholesale and Retail Trade

(1936 compared with 1935)

Table with 5 columns: Category, Increase or decrease (April 1936), Percentage (First 4 months), Increase or decrease (April 1936), STOKES (April 1936). Categories include Department Stores (51), Wearing Apparel (13), Furniture (44), Chain Stores\*, Wholesale Groceries (30), Wholesale Dry Goods (10), Wholesale Drugs (12), Wholesale Hardware (13).

Fourth District Business Statistics

(000 omitted)

Table with 5 columns: Category, April 1936, % change from 1935, Jan.-Apr. 1936, % change from 1935. Categories include Retail Sales, Wholesale Sales, Production, L. E. Ports.

Debits to Individual Accounts

(Thousands of Dollars)

Table with 5 columns: City, 4 weeks ended May 20, 1936, % change from 1935, Year to date Jan. 1, 1936 to May 20, 1936, Year to date Jan. 1, 1935 to May 22, 1935, % change from 1935. Lists cities like Akron, Butler, Canton, etc.

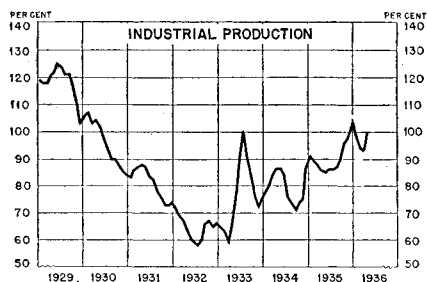
Fourth District Business Indexes

(1923-25 = 100)

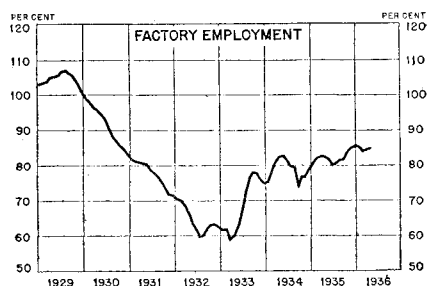
Table with 6 columns: Category, April 1936, April 1935, April 1934, April 1933, April 1932. Categories include Bank Debts, Commercial Failures, Sales—Life Insurance, Building Contracts, Production—Coal, etc.

## Summary of National Business Conditions

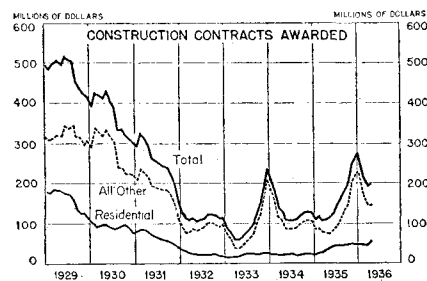
By the Board of Governors of the Federal Reserve System



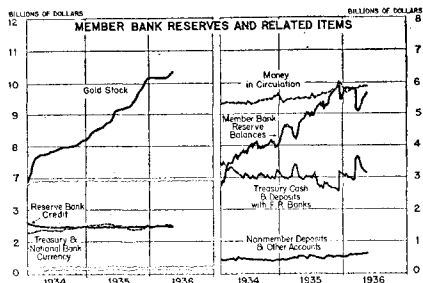
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to April 1936, the latest figure being 100.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to April 1936, the latest figure being 84.9.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States adjusted for seasonal variation. Latest figures based on data for March and April and estimate for May.



Wednesday figures. January 31, 1934 to May 20, 1936.

Industrial production increased in April, reflecting principally larger output of steel and of automobiles. Employment and payrolls in the durable goods industries showed advances.

### Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 93 percent of the 1923-1925 average in March to 100 percent in April. The average rate of production at steel mills in April was 69 percent of capacity as compared with 59 percent for the preceding month. At automobile factories output amounted to 503,000 passenger cars and trucks and, except for the spring months of 1929, was larger than in any previous month. In the first three weeks of May activity in both the steel and automobile industries was maintained at about the levels reported for April. Output of nondurable manufactures in April was slightly larger than in March, due chiefly to increases at cotton textile mills, meatpacking establishments, and tobacco factories. Activity at woolen and silk mills declined. Bituminous coal production showed little change from March to April, although a considerable decrease is usual at this season, while at anthracite mines there was a sharp rise from the low level of March. Output of crude petroleum continued to increase.

Factory employment and payrolls were larger in the middle of April than a month earlier. Increases in the number of workers were general in the durable goods industries, with the most marked advances at steel mills and at plants producing machinery, automobiles, and building materials. There was an increase in employment at rubber tire factories, which in March had been affected by a strike, while at woolen mills employment declined.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, increased in April by somewhat more than the usual seasonal amount. Contracts for residential building were in considerably larger volume, and privately-financed projects other than residential continued to increase.

### Distribution

Retail trade showed a seasonal increase in April, following a considerable advance in March. Department store sales rose by less than the usual seasonal amount, while at variety stores and mail-order houses there were further increases. Freight-car loadings increased from March to April.

### Commodity Prices

Wholesale prices of commodities showed little change during April and declined during the early part of May, reflecting decreases in the prices of farm products and foods, while prices of other commodities as a group continued to show little change.

### Bank Credit

Excess reserves of member banks have increased steadily since the latter part of March and by May 20 amounted to \$2,860,000,000. The growth was due in April to Treasury disbursements from accumulated balances and in May to continued disbursements together with substantial imports of gold.

Treasury disbursements and gold imports have also been reflected in a sharp increase of deposits at reporting member banks in leading cities since the beginning of April. Adjusted demand deposits at these banks increased to a new high level and time deposits rose to the highest figure in three years. Holdings of United States Government obligations by the reporting banks have increased further, while holdings of other securities and loans to customers have remained at the levels reached early in April. Loans to brokers and dealers in securities, which increased considerably in March and April, declined in the first half of May.

The rate charged on call loans with stock exchange collateral was raised on May 11 by New York City banks from  $\frac{3}{4}$  of one percent to one percent and that on time loans from one percent to  $1\frac{1}{4}$  percent. Rates on other open-market loans have continued at low levels.