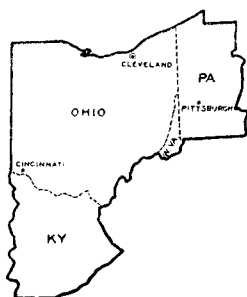


# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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Business continued in favorable volume in the latter part of August and the first half of September in the fourth district at substantially the highest level of the recovery movement. Some fluctuation in industrial operations was evident in the period, but it apparently was more a result of the shift to new models in the automobile assembly industry than to any change in underlying conditions. The slowing down in automobile parts plant operations in late August and the drop in steel mill activity over the Labor Day holiday had largely been made up by the third week of September and even at the low point substantial gains were evident from last year at that time.

Industrial employment was greater in August than in July in Akron, Canton, Dayton, Columbus, Pittsburgh and Springfield, but was down in Cleveland and Toledo, because of the reduced requirements for auto materials. Sizeable gains were evident in all centers over last year and by mid-September Cleveland and Toledo employment had recovered most of the loss sustained in the previous month. Payrolls continue to expand. Shortages of highly-skilled workers are still reported in some industries.

Retail trade in this district, judging by department store and other reports, increased from July to August by more than the seasonal amount and the gain in dollar volume from last year at that time was 12.6 per cent. In the first eight months, sales were 11.7 per cent larger than in the corresponding period of 1935. Local stores reported rather a sizable increase in the value of inventories in August, somewhat more than seasonal, in anticipation of an active fall season. This is the first expansion of any amount for some time, the dollar value of stocks after the increase being only 68 per cent of the 1923-25 average, while the adjusted sales index in August was 85 per cent of this same base. Sales in smaller cities of the district were larger in comparison with last year than were those in principal industrial centers.

Agricultural conditions improved in this district in August and September as a result of rains and more favorable growing weather. Crop estimates are still much below average and a spotty situation exists, some sections having good late crops while in others the rains were too late to be of much help except to meadows and for fall plowing. Estimated farm income continues to rise and so far this year it has exceeded any similar period back to 1930. Higher

farm prices are the principal factor responsible for the increase.

Building operations in the residential classification improved further in August and the first half of September. In the latter period contracts awarded were nearly three times as large as in the same interval of 1935, and a sizable gain over August was evident. Public works and utility construction have been lagging recently and nonresidential construction was about the same as a year ago. Contemplated building reported in this district in August was larger than in the corresponding month of 1935.

Steel ingot production in August averaged over 73 per cent of capacity and allowing for seasonal variations was greater than in any month since late 1929. Output in the month, at 4,195,000 tons, was 44 per cent greater than in August 1935, notwithstanding the fact that orders from the automotive industry were relatively light. Demand from miscellaneous consumers and the construction industry held up well and was supplemented by increased railroad purchases. Steel buying has been so persistent recently that attention is again being given to production facilities. Several new rolling mills soon are to be placed in operation and open hearth capacity is being increased in some centers. The high price of steel scrap and its relative scarcity is being reflected in blast furnace activity. The first contract for the erection of a new blast furnace since 1928 was recently let in this district and some other stacks are being rebuilt and enlarged. While a slight slump in mill operations was apparent in early September, by the third week of the month the rate had been advanced to the highest level of the year.

Although automobile assemblies were down sharply in August and the first half of September, they exceeded last year by approximately the same margin as was evident in factory output for the first eight months; this was 15 per cent greater than in the corresponding period of 1935. Excluding that year, which enjoyed two sets of new models, output in the first eight months has been above any annual output since 1930.

Other industries continued to show improvement in the four latest weeks. Operations of brick, china, pottery, and glass factories have increased recently in response to better demand. Tire production has held up well, judging by rubber consumption reports. Machine tool orders fell

off in August, chiefly because of a drop in foreign purchases. Early September plant operations continued substantially above other recent years. Activity at coal mines increased in August and output was 30 per cent in excess of last year. Shipments to upper lake ports are up sharply as compared with 1935 and consumption generally is greater.

Life insurance sales in Ohio and Pennsylvania in August were seven per cent larger than in the same month last year whereas in the first eight months new life insurance written was eight per cent less than in the corresponding period of 1935. Commercial failures continue to be reported in the smallest number in over fifteen years in this section.

#### FINANCIAL

Although the volume of debits to individual accounts at banks in principal cities of the fourth district declined seasonally in August from July, the dollar value surpassed any August since 1930, and the gain in the five-week period ended September 23 from the corresponding interval of 1935 was 17 per cent. For the year to date approximately the same increase in debits was shown over last year.

Weekly reports from member banks in leading cities of the district and of the Federal Reserve Bank of Cleveland revealed few changes in the financial situation in the five weeks ended September 23. Demand deposits of member banks rose quite sharply, reflecting in part increased Treasury expenditures. On the latest date adjusted demand deposits were only slightly below the highest level reported since the banking holiday, touched one week in late April. Time deposits declined in the five weeks ended September 23, but remained substantially above last year.

Little change was evident in loans of reporting banks in the five-week period. Commercial loans increased slightly, loans on securities were unchanged, but real estate loans were down moderately. Total loans on the latest date were over four per cent larger than at the beginning of the year, the increase in commercial loans being more than enough to offset the drop in loans on securities.

Member bank investments in Government securities increased somewhat in mid-September, but on September 23 they were smaller than in the third week of August and also were under the alltime peak of late July. Investments of these banks in Government securities and those fully guaranteed by the Government on the latest date exceeded total loans of all types by 47 per cent and represented 51 per cent of total loans and investments. Holdings of other than Government securities showed little change in the five latest weeks.

At the reserve bank, total credit extended was practically unchanged in the period between August 19 and September 23, a slight reduction in direct loans to industry being offset by a very moderate increase in bills discounted. On the latest report date the latter amounted to \$227,000, compared with \$171,000 on August 19 and \$131,000 a year ago. While the higher reserves against deposits which member banks must now maintain resulted in a slight increase in borrowings, relatively few banks were affected by the change. Excess reserves of all member banks in this district in the third week of September were estimated at \$170,000,000, or 63 per cent. This was a moderate contraction from the beginning of the month (bank excess reserves being used to buy Government bonds), but was slightly larger than the amount reported in the third week

of August. Banks in smaller centers had proportionately more excess reserves than did those in Federal reserve and branch cities.

Total reserves of the Federal Reserve Bank of Cleveland (including gold certificates on hand or due from the United States Treasury) rose to \$668,000,000 on September 23, a new high level and a gain of \$194,000,000 from a year ago. Circulation of this bank's Federal reserve notes rose to \$400,000,000 in the week of Labor Day and on the latest date was only slightly under that figure. The increase from a year ago exceeds \$60,000,000 and, barring two weeks at the time of the Banking Holiday in 1933, note circulation was at an alltime record level.

#### MANUFACTURING, MINING

##### Iron and Steel

After sagging to 69.5 per cent in the week of the Labor Day holiday, steel-works operations rebounded to a new high level for the year of about 74 per cent in the third week of September. Demand from miscellaneous consumers was strong and served to sustain markets despite the sharp falling-off due to the changeover to new automobile models. In all fourth district steel centers the rate of production was above the national average in the week ended September 26. Cleveland mills were producing at 80.5 per cent; Youngstown 80 per cent, southwestern Ohio at 84 per cent, and Wheeling at 95 per cent, while Pittsburgh mills were at 74 per cent. So far this year Pittsburgh mills have shown the greatest amount of improvement rising from about 40 per cent of capacity as demand for the heavier steels has expanded.

In some lines, such as rerolling billets, sheet bars, slabs and hot-rolled annealed sheets, announcement was made that prices would be advanced \$2 a ton, effective October 1. The natural result of this was to drive in tonnage from consumers who wished to get the benefit of third quarter prices, but speculative buying following these increases was somewhat slow appearing. Of far more importance to consumers, apparently, was the problem of obtaining prompt deliveries, indicating small stocks and insistent demand for fabrication.

Scrap prices continued to make broad advances during September, furnishing the most spectacular performance since predepression days. In the third week of the month heavy melting steel touched \$18.50 a ton at Pittsburgh, a level not attained since September 1929, and within 75 cents a ton of the peak price in August 1929.

Building construction work continues to improve at a good rate and is consuming much steel. Awards in the third week of September totaled 42,000 tons and pending work also was heavy, including numerous inquiries for bridges and highway grade separations in the eastern states.

During September the steel industry began to exhibit more interest in plant expansion than at any time since the predepression era. The recent awarding of a new blast furnace contract at Cleveland was the first since 1928. Ingot capacity also was being increased at Lorain and Cleveland, and four new wide strip rolling mills are under construction.

A number of sheet producers had difficulty cutting down their backlogs. Some Cleveland mills were forced to discontinue booking orders temporarily on certain grades for third quarter delivery.

Demand for coke has held at an unusually high level with many operators completely sold out. Pig iron shipments in September continued in about the same volume as in August, and iron ore stocks on hand on September 1, at 21,158,000 tons, were 10.6 per cent smaller than a year ago, despite the fact that ore receipts so far this year have exceeded the corresponding period of 1935 by over 50 per cent.

Production of steel ingots in August totaled 4,195,130 gross tons, compared with 3,922,731 tons in July, a gain of 272,399 tons, or close to seven per cent. The daily rate increased from 150,874 tons to 161,351 tons in August. In August 1935, total production was 2,915,930 tons, at an average daily rate of 107,997 tons. Production facilities were 73.52 per cent engaged in August, 68.74 per cent in July and 48.78 per cent in August 1935. August production is the highest since March 1930, when 4,254,441 tons were made.

For eight months of 1936 production was 29,444,196 tons at a daily rate of 142,242 tons, with capacity 64.81 per cent engaged. For the same period in 1935 production was 21,226,408 tons, the daily rate 102,050 tons, and capacity was engaged 46.10 per cent.

Production of coke pig iron in the United States in August reached the highest level since June 1930. This improvement in production was accompanied by a gain of two more active blast furnaces, bringing the total on August 31 to 148. Average daily output in August was 87,484 gross tons, an increase of 3,749 tons, or 4.5 per cent, over the July rate. The June rate of 86,551 tons had previously been the highest since June 1930, with 97,817 tons. In August, one year ago, production was 56,767 tons per day.

Total production for August was 2,712,009 tons, which, like the daily rate, was the best since June 1930, when 2,934,508 tons were made. The August 1935 figure was 1,759,782 tons. Eight months' production for the current year aggregated 18,887,802 gross tons, this being a gain of 44 per cent, or 5,777,746 tons, over the 13,110,056 tons made in the corresponding period of 1935.

**Coal** Improvement in the soft coal industry was reported in August and the first half of September, both from the standpoint of demand and production. Operations at local mines were up only slightly from July, but compared with a year ago, production of 13,634,000 tons represented a gain of almost 30 per cent. While mine operations last August were not at a high rate, the increase in coal production in the first

eight months of 1936 over the same interval of 1935 was slightly over ten per cent.

Increased consumption of coal in industrial fields, particularly by steel mills in the form of coke, and by electric utility companies, greater domestic demand and heavier coal shipments from Lake Erie ports, were factors which have kept many local mines operating at capacity levels of thirty-five hours a week, under the union schedule. Coal shipments from Lake Erie ports prior to September 1 were 26,815,000 tons, a gain of 19 per cent from last year, and much of this is mined in the fourth district. August shipments were 26 per cent ahead of the same month of 1935.

Industrial stocks of coal in the entire country in August were estimated to be 24,211,000 tons, compared with 32,272,000 tons a year ago, and retail dealer stocks were reported to be low. Car shortages in some mining sections are further complicating the situation.

Despite the improved statistical position of the coal industry from the demand and supply standpoint, prices of coal for industrial use continue at low levels and balancing of the various sizes is difficult. For some time large supplies of steam grades have had a depressing effect, though recently these stocks have been reduced.

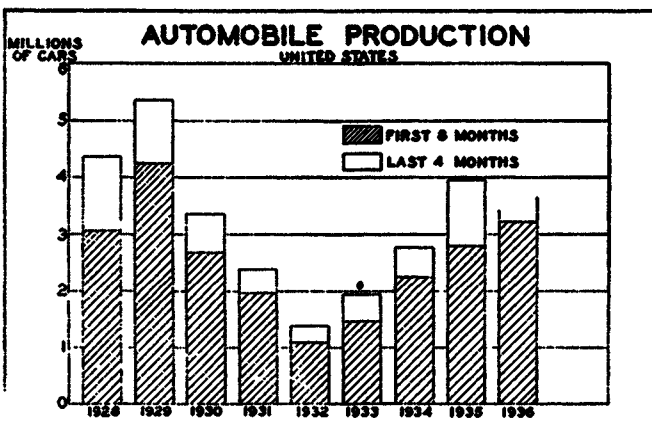
**Automobiles** Although automobile assemblies declined quite sharply in August to 271,291 units from 441,000 in July, or 38.5 per cent, total output in the month exceeded August 1935 by 14 per cent, which was approximately the increase reported for the first eight months. The shift in the time new models are introduced makes it difficult to adjust daily average production indexes for seasonal variations, but the Federal reserve index for the month was 96 per cent of the 1923-25 average, down 27 points from July. While the drop was sizable, the July figure was high by reason of the fact that production schedules on 1936 models were maintained at a high rate, considering the imminence of new models, because of the continued active retail demand.

In the entire country July passenger car sales were at the highest rate since December 1929, allowing for seasonal variations, and preliminary estimates for August indicate little change from the July level. Sales have held up very well despite the curtailment of assemblies, and stocks of 1936 cars are reported to have dropped to very conservative levels; fewer price concessions on old models have been necessary as a result.

Up to September 1 output of cars and trucks totaled 3,201,166 units, a gain of 14.8 per cent over the same period of 1935, and exceeding any similar eight-month period except 1929. More cars were made in these eight months than in the entire years of 1931, 1932, 1933, or 1934 and output was only slightly less than the combined production of 1932 and 1933.

Production estimates for the first three weeks of September have been larger, according to *Cram* than in similar periods of 1935, and if output in the closing four months of the year only equals that of the same period last year, when 1,059,000 units were turned out, 1936 annual production would be approximately 4,300,000 units. If attained, this would exceed every year except 1928 and 1929. In 1928 output was 4,460,000 cars and trucks, while in 1929 United States factories made 5,358,000 units.

The low point in this year's production apparently was



passed in September. In the week ended September 12 output was 26,750 units, according to *Cram*. In the following week production was increased to nearly 34,000 units, but in the week ended September 26 it dropped to 15,680 units, as production of 1936 models ceased. Changes in models, while reported as not being drastic, are of sufficient importance to have necessitated much retooling, re-vamping of assembly lines and changed specifications for parts and supplies. The shift in one small car to an all-steel top increases steel requirements sixty pounds per car. Local steel mills, parts makers, glass and rubber factories in mid-September were operating at high rates on new car material orders.

Truck production in August failed to show the gain from last year that was exhibited in earlier months, although output of 61,537 units was nine per cent ahead of August 1935. In the first eight months 574,000 trucks were produced in the United States alone, a new high record for the industry and a gain of 18 per cent from last year.

Passenger car production in August was 209,754 units, an increase of 15.8 per cent from last year, while the gain for the first eight months was 14.1 per cent.

There was a decline in new passenger car registrations in principal counties of this district from July to August, but they were 34 per cent ahead of August 1935. In the first eight months passenger car sales in these counties exceeded the same period of last year by over 40 per cent.

#### **Rubber, Tires**

Allowing for seasonal fluctuations, the rubber industry continued to show improvement in August, judging by reports from manufacturers and of rubber consumption in the month, which was estimated at 46,657 long tons. This compares with 48,127 long tons in July, a decrease of about three per cent, but is 20 per cent above August 1935, according to the *Rubber Manufacturers Association*. United States' consumption for the first eight months of the year totaled 378,000 tons. This was 15.3 per cent above last year and a new high record for the period. September usually shows a drop from August; however, consumption in the first half of the month apparently was well sustained. In each month since July 1935, rubber consumption has exceeded imports of crude rubber from producing countries and as a result rubber inventories have declined 106,000 tons, or over 30 per cent, in the period. Despite this drop, inventories (including rubber afloat) still represent more than five months' supply, while a three to four months' supply usually is considered sufficient. Imports in August were 42,563 long tons, an increase of 18.7 per cent over July and of ten per cent over the 38,655 long tons imported in August 1935. The meeting of the international committee which determines rubber production quotas for producing countries meets late in September and this is awaited with considerable interest. Prices have advanced a little to above 16.5 cents a pound, compared with 11.5 cents a year ago. They are slightly under the peak of July, but barring that are higher than since 1929.

Latest production figures are for July and at 5,744,000 casings, output was only 2.6 per cent less than in June and was 55 per cent greater than in July 1935. In the first seven months 32,694,000 tires were built, a gain of 11 per cent over the same period of 1935. Shipments to dealers and auto assembly plants in July and the first seven months exceeded production in both periods of 1936

and inventories of pneumatic casings in hands of manufacturers as of August 1 were 12.5 per cent smaller than a year previous and also smaller than at any time since August 1933. Shipments have exceeded output for five consecutive months; this is largely seasonal, but at the current rate of consumption inventories represent only 1.3 months' supply, smaller than since 1933.

Manufacturers reported that August sales actually increased over July, whereas in most years a seasonal decline is experienced. Some of this is reported to be forward buying, although no marked amount is evident.

While labor conditions were thought to have improved in the first half of September, closing of one large Akron plant in the third week, following another departmental strike, indicated that the problem was still present.

#### **Clothing**

Operations at clothing plants began to taper off seasonally in mid-September as fall and winter production programs neared completion. Textile plants, however, are now turning out materials for 1937 spring clothing production, but insufficient time has elapsed to afford any indication as to the probable textile needs next spring. So far this year activity in the woolen industry has been considerably below the 1935 monthly average, although some increase in wool consumption and spindle activity was reported in July, the latest month for which figures are available for the industry.

Makers of both men's and women's apparel report that sales of fall merchandise to retailers have been in good volume, somewhat above last year. No more than normal forward buying has been evident this fall and, while weather conditions have not been particularly conducive to winter clothing sales, retailers are reported to be placing repeat orders in good volume to replenish stocks.

Dollar sales of men's clothing in August at fourth district reporting department stores were 13 per cent larger than in August 1935, but sales of furnishings showed little change and boys' wear sales were down seven per cent. Women's clothing sales in the latest month were five per cent larger than in August 1935, all principal branches sharing in the gain. Stocks of clothing at these reporting stores were from 18 to 20 per cent larger than a year ago.

#### **Other Manufacturing**

While production rates in lines allied with the automobile industry declined slightly in late August, the period of reduced operations was relatively short and in mid-September most plants were again working at about the level prevailing before the curtailment. Industries not particularly connected with automobile production reported little change from the relatively favorable conditions reported a month ago. Skilled labor shortages are still complained of in some lines; inventories are not excessive and numerous plant expansions and rebuilding programs have been reported in industrial centers.

Automobile parts and material production passed its low point in August, although in that month output held up better than expected at some large plants. With assemblies of 1937 cars now under way and factories ordering parts for cars to be built in the closing months of the year, local plants have been stepping up operating rates.

A slight decline in new machine tool orders was reported in August from the high level of July, but the drop principally was in purchasing by foreign countries. Domestic

orders receded slightly as automobile machinery purchases passed their peak, but they remained substantially above last year and all years back to 1929. Foreign buying declined one-third in the latest month and represented 24 per cent of total purchases, whereas in July it amounted to 30 per cent and in August 1935 it was 37 per cent. Despite the drop in orders, plant operations continue unabated at the highest rate in several years. Foundry equipment orders also were received in smaller volume in August than in July, but they were still 28 per cent larger than in August 1935. The drop in the latest month was approximately ten per cent. Special machinery, engineering equipment, and appliances continued to move in approximately the same volume in late August and early September as was evident earlier in the summer. Plants making this type of heavy metal products have been operating at the highest rate since 1929.

Paint sales declined seasonally in August from July, but continued much above a year ago. In July, sales for the entire country were valued at \$33,919,000, compared with \$28,975,000 in the same month last year, industrial and other paint sales both sharing in the increase. Little evidence of forward buying either of paint or raw materials was reported.

Pottery plants in this district in mid-September were operating at close to 80 per cent of capacity, a decided improvement from the rate reported earlier in the year. While this was partly seasonal as buying for Christmas trade began, future orders were larger than in several years. Inventories have declined slightly. Tile and brick plants also continue to experience a much better demand for materials than in several recent years, but output is still much below the industry's capacity, in most cases. Fire brick is an exception, a shortage being reported. Building tile shipments have been more than double last year, and sales of common brick have increased by smaller amounts.

The accompanying chart shows monthly production of plate glass and containers. July is the latest month for which figures are available and the increase in plate glass output in that period over 1935 was 18 per cent. Container production was up 7.5 per cent in the same period. Reports in mid-September indicated that plate glass production was at capacity levels, the auto industry having placed advance orders for 1937 model requirements. Other buying represented only present needs, although some increase in building and mirror glass orders was reported. Shipments of window glass in July and August were larger than since

1929, and orders were received in early September in very encouraging volume. Inventories are down substantially from a year ago and the price increase made in June has been maintained.

Paper boxboard mills in mid-September were operating at about 75 per cent of capacity, a decided improvement from a year ago and they have a more substantial backlog of orders on hand than for some time. This normally is the start of the busy season, but demand so far has exceeded expectations. Sales of paper, other than boxboard, continue in good volume, somewhat above last year; production is at about 80 per cent of capacity.

Shoe production at fourth district factories in August increased 18 per cent from July, but was four per cent less than the alltime high touched in August 1935. In the first eight months output exceeded the similar period of last year by 2.6 per cent and 1935 was the best full year since 1923. Retail sales this fall have been retarded by the continuation of good weather. Manufacturers have finished their fall production and are dependent on repeat orders to maintain operations for the next few weeks. Raw material prices are firm, some leathers advancing and inventories are lower than they have been for some time.

## TRADE

### Retail

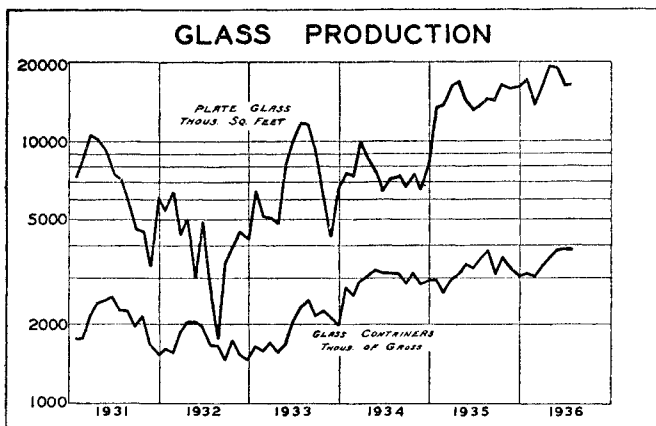
Department store sales in leading cities of the fourth district increased more than seasonally in August from July and the index of daily average sales rose two points to 85.4 per cent of the 1923-25 average. The August level has only been exceeded twice (May and June of this year) since 1931, and the increase from August 1935 was 12.6 per cent. The percentage gains in principal cities are shown in the table on page seven, but for the second month in succession the gains in smaller cities exceeded those in the large industrial centers. In the first eight months of the year dollar sales of these 51 reporting stores were 11.7 per cent larger than in the comparable period of 1935.

In the various principal departments, large gains continued to be shown in sales of house furnishings, while clothing sales also were larger than a year ago. Sales of yard goods, some ready-to-wear accessories, such as gloves, millinery, men's hats and caps, and notions were reported in smaller volume than in August last year.

Other retail distribution continued in good volume in August. Reporting furniture stores experienced a gain of 30 per cent in the month and of 29 per cent for the first eight months over similar periods of 1935. The increase in August sales at wearing apparel stores was two per cent, but for the year to date it was over five per cent. Chain drug and chain grocery stores reported gains of 6.5 and 5.4 per cent, respectively, in August sales.

Total credit sales reported in August represented approximately the same proportion of total sales (57 per cent) as in July and also as in August 1935, but there was an increase in installment purchases and a drop in regular charge sales in the latest month. Basement departments of reporting stores experienced a smaller increase in sales than did other departments, the gain in August over last year being seven per cent.

Dollar value of stocks at reporting stores on August 31 was up more than seasonally from the previous month and was 14 per cent higher than a year ago. The adjusted



index rose five points to 68 per cent of the 1923-25 average and was higher than since February 1932. Clothing inventories were somewhat larger on August 31 than a year previous and many other departments showed increases. Less yard goods was on hand than a year ago and stocks of jewelry, silverware, toilet articles and small wares also were down.

Collections were slower in August than July, but represented the same proportion of accounts receivable at the beginning of the month as in August 1935.

**Wholesale** Wholesale sales of dry goods increased in August from July, but all other reporting lines revealed a falling-off, chiefly seasonal. Substantial gains from last year, however, continued to be shown. Wholesale hardware sales were 24 per cent larger in August than a year ago. Dry goods sales were up 16 per cent in the same period, while drug and wholesale grocery sales were each nine per cent larger than in August of last year. Collections continue to be reported as "good".

### CONSTRUCTION

Residential building continued to lead the upward movement evident in the construction industry in this district as well as in the 37 states covered by the *F. W. Dodge* reports. Not only was the value of residential contracts awarded in August greater than in July, a contra-seasonal development, but it was 95 per cent larger than in August 1935, and further gains were reported in the first half of September. Improvement over a year ago was shown in all types of dwellings, but the greatest gains were in apartments and in housing developments, several of the latter reaching the contract stage in August. For the first eight months, residential contracts awarded were valued at \$46,570,000 in this area, a gain of 75 per cent over the same period last year and this exceeded each similar eight-month period since 1931.

Excluding public works and utilities, building contracts awarded in August in this district were only slightly under July, but there was rather a sharp drop in public construction so that total awards of \$21,101,000 were down 25 per cent from the high level of July. Nevertheless, an increase of nearly eight per cent in total contracts awarded was evident in August from a year ago. In the first eight months total awards were 56 per cent larger than in the corresponding period of 1935.

Nonresidential building started in August was less than in the preceding month, but a gain from last year was evident. Commercial building started had a higher contract value than in August 1935, but the value of new factories was smaller than in either July of this year or August 1935.

The August record for public utilities disclosed losses in this section from both the previous month and August of last year. For the first eight months of the current year, however, chiefly as a result of new power plants and water supply systems, this class of work was more than twice as important as in the same period of 1935. Heavy public works contracts awarded in August were less than half as great as in August last year and a loss for the first eight months of nearly one-third was evident. Large contracts for water front developments last year raised the total.

While district figures showing the amount of building that is financed by public funds are not available, in the 37 states covered by the *Dodge* reports privately-financed contracts awarded in August were 44 per cent of the total, the rest being financed by public funds. In July this per cent was 48 and in June it was 50, while a year ago privately-financed contracts awarded represented 45 per cent of the total.

### AGRICULTURE

Showers in early August and rains later in the month and also in September resulted in an improvement in most growing crops in this district, although they were too late to be of any particular benefit to corn in some sections. As a result Ohio crop estimates made by the *Department of Agriculture* as of September 1 were five per cent higher than on August 1, but they nevertheless were still nine per cent below the average of other recent years. The late crops apparently are turning out somewhat better than was expected earlier in the season, although conditions throughout the district and the entire country were very irregular.

The accompanying table shows that the increase in estimated production of fourth district late crops in August ranged from 2 to 15 per cent, but despite the improvement the discrepancy from last year is still great, notwithstanding the fact that last year's harvest was not much above the average of preceding years.

#### Fourth District Crops

	(000 omitted)		% change	Harvest 1935	% change Sept. 1, 1936 from 1935
	Estimate Sept. 1, 1936	Estimate August 1, 1936			
Corn, bu. ....	139,252	132,654	+ 5.0	196,279	-29.1
Oats, bu. ....	46,750	42,271	+10.6	61,382	-23.8
Tobacco, lbs. ....	77,533	75,764	+ 2.3	88,046	-11.9
Potatoes, bu. ....	19,087	16,572	+15.2	25,216	-24.3

**Corn** The estimated corn crop was five per cent larger on September 1 than a month earlier and with continued favorable weather during most of September, further improvement to late corn in the northern part of the district was reported in that month, although many fields are in danger of frost. Plantings in southern Ohio and Kentucky were too badly damaged by heat and drought to make much recovery. In central Kentucky the crop is reported to be only 25 to 30 per cent of estimated normal, while in Pennsylvania the September 1 estimate was 76 per cent of normal, about the same as the ten-year average.

**Oats** Although oat yields were disappointing, they turned out to be better than expected earlier in the season. The crop estimate was increased ten per cent in the past month, but on September 1 total production was still 23 per cent under 1935, when harvest was below the ten-year average. Rains interfered with late harvesting and the grain was very light in northeastern Ohio, but much better in the western part of the state. Straw was short generally.

**Potatoes** Marked improvement in potato prospects was reported in August and September as a result of rains, but the crop on September 1 was still estimated to be 24 per cent below last year in this district. Yields of early varieties have been light and early-planted winter varieties were damaged considerably by the dry weather. Fields planted late because of dry weather have shown most improvement,

but length of the growing season will be the determining factor as to whether a crop can be harvested.

**Tobacco** Estimated production of tobacco in the fourth district was two per cent greater on September 1 than a month earlier, although it was still 12 per cent under last year and 40 per cent less than the ten-year average harvest. Rains came too late in central Kentucky to aid the burley crop materially. Hot weather in late August checked growth and damaged plants so seriously that many fields were cut before they even blossomed. This materially reduces yield, but weather has been good for curing and some tobacco is turning out quite well. On September 1, condition of the burley crop was reported to be 51 per cent of normal, a much-below-average figure. Estimated production of 215,909,000 pounds is only 2.6 per cent less than the small crop of 1935, but 36 per cent less than the five-year (1928-32) average production. Cigar leaf tobacco in Ohio and Pennsylvania improved considerably in August, although the crop estimate was still under last year. While total 1936 tobacco production is estimated to be somewhat smaller than in other recent years, stocks of leaf tobacco in hands of manufacturers were 8,000,000 pounds larger than in 1935. Total stocks were 2,171,000,000 pounds, but the increase was chiefly in the fire- and flue-cured types. Burley tobacco stocks, at 655,276,000 pounds, were down 72,000,000 pounds from a year ago.

**Other Crops** Pastures and meadows have improved materially, although they are still below the average for this season of past years. Buckwheat has done quite well, even though it was planted late. Barley production was greater than in 1935. Late fruits have improved slightly, but apples and grapes are small and the crop is light. Harvesting of the grape crop began about two weeks earlier than in 1935.

**Fourth District Business Statistics**

	(000 omitted)		Jan.-Aug. 1936	% change from 1935
	August 1936	% change from 1935		
Fourth District Unless Otherwise Specified			\$17,652,000	+17.1
Bank Debits—24 cities	\$2,201,000	+15.0		
Savings Deposits—End of Month:				
40 banks, O. and W. Pa.	\$ 719,529	+ 4.6		
Life Insurance Sales:				
Ohio and Pa.	\$ 76,573	+ 7.4	596,052	- 7.8
Retail Sales:				
Dept. Stores—51 firms	\$ 16,696	+12.6	136,641	+11.7
Wearing Apparel—13 firms	\$ 766	+ 2.2	6,220	+ 5.2
Furniture—42 firms	\$ 1,083	+30.3	7,597	+29.1
Wholesale Sales:				
Drugs—11 firms	\$ 1,387	+ 9.4	11,265	+11.0
Dry Goods—10 firms	\$ 1,320	+16.4	9,180	+10.0
Groceries—30 firms	\$ 4,359	+ 8.8	31,906	+ 6.6
Hardware—13 firms	\$ 1,487	+23.5	11,563	+22.4
Building Contracts—Total	\$ 21,101	+ 7.8	164,132	+55.6
—Residential	\$ 7,547	+94.8	46,570	+74.1
Commercial Failures—Liabilities	\$ 1,747	- 8.7	9,140	-16.8
—number	43 <sup>2</sup>	-40.3	492 <sup>2</sup>	-21.0
Production:				
Pig Iron—U. S.	tons 2,712	+54.1	18,888	+44.1
Steel Ingot—U. S.	tons 4,195	+43.9	29,454	+38.7
Auto—Passenger Car—U. S.	208,754 <sup>2</sup>	+15.8	2,627,303 <sup>2</sup>	+14.1
Auto—Trucks—U. S.	61,537 <sup>2</sup>	+ 9.4	573,863 <sup>2</sup>	+18.3
Bituminous Coal, O., W. Pa., E. Ky.	tons 13,634	+29.7	103,808	+10.2
Cement—O., W. Pa., W. Va.	bbls 1,373	+68.1	6,059	+37.1
Elec. Power, O., Pa., Ky.	Thous. k.w.h. 1,505 <sup>3</sup>	+17.4	9,943 <sup>4</sup>	+13.9
Petroleum—O., Pa., Ky.	bbls 2,304 <sup>3</sup>	+ 5.1	15,057 <sup>4</sup>	+ 1.7
Shoes	pairs 5	- 4.1	5	+ 2.6
Tires, U. S.	casings 5,465 <sup>3</sup>	+54.7	32,694 <sup>4</sup>	+10.9
Bituminous Coal Shipments:				
L. E. Ports	tons 6,152	+26.2	26,815	+18.8
Iron Ore Receipts:				
L. E. Ports	tons 5,120	+47.0	17,527	+46.0

<sup>1</sup> not available <sup>4</sup> Jan.-July.  
<sup>2</sup> actual number <sup>5</sup> confidential  
<sup>3</sup> July.

**Debits to Individual Accounts**

(Thousands of Dollars)

	5 weeks ended Sept. 23, 1936	% change from 1935	Year to date to Sept. 23, 1936	Year to date to Sept. 25, 1935	% change from 1935
Akron	\$ 67,240	+28.3	\$ 429,932	\$ 429,579	+19.4
Butler	9,949	+19.1	73,620	59,748	+22.6
Canton	39,792	+14.9	289,683	247,823	+16.9
Cincinnati	378,025	+22.2	2,801,236	2,391,368	+17.1
Cleveland	654,112	+25.3	4,769,522	3,915,975	+21.8
Columbus	202,353	+25.9	1,495,883	1,332,092	+12.3
Dayton	69,224	+33.3	537,625	425,791	+26.3
Eric	30,163	+27.2	220,771	181,803	+20.8
Franklin	3,877	+22.3	28,427	24,360	+16.7
Greensburg	7,204	+18.8	58,377	48,172	+20.2
Hamilton	13,715	+31.3	95,322	74,498	+28.1
Homestead	3,191	+28.2	22,882	18,742	+22.1
Lexington	17,672	+ 4.8	131,379	124,525	+ 5.5
Lima	12,627	+15.6	97,245	76,876	+26.5
Lorain	5,325	+19.1	34,321	28,476	+19.3
Middletown	11,598	+30.4	77,929	62,329	+24.8
Oil City	10,974	+11.4	85,353	75,181	+12.6
Pittsburgh	698,068	+ 2.4	6,026,094	5,319,912	+13.5
Springfield	18,312	+12.1	138,311	124,707	+12.1
Steubenville	10,496	+33.4	71,524	58,585	+22.1
Toledo	153,871	+25.7	992,087	786,702	+27.8
Warren	9,606	+35.0	70,661	56,738	+24.5
Wheeling	38,082	+21.1	275,372	244,098	+12.8
Youngstown	54,556	+24.7	387,820	326,170	+18.9
Zanesville	8,152	+11.9	63,195	55,688	+13.5
Total	\$2,508,384	+17.3	\$19,396,567	\$16,517,592	+17.4

**Fourth District Business Indexes**

(1923-25=100)

	Aug. 1936	Aug. 1935	Aug. 1934	Aug. 1933	Aug. 1932
Bank Debits (24 Cities)	81	71	59	57	53
Commercial Failures (Number)	30	30	46	81	190
—(Liabilities)	40	41	44	86	146
Sales—Life Insurance (O. & Pa.)	92	85	87	92	86
—Department Stores (49 firms)	72	61	60	61	43
—Wholesale Drugs (10 firms)	94	86	80	73	71
—Dry Goods (10 firms)	54	46	50	44	29
—Groceries (30 firms)	80	74	72	66	56
—Hardware (13 firms)	78	63	59	57	39
—All (63 firms)	77	68	66	61	49
—Chain Drugs (4 firms)**	87	82	71	66	70
Building Contracts (Total)	44	41	36	25	27
—(Residential)	44	23	40	12	13
Production—Coal (O., W. Pa., E. Ky.)	75	58	62	79	45
—Cement (O., W. Pa., E. Ky.)	114	68	78	78	54
—Elec. Power (O., Pa., Ky.)*	179	153	131	136	115
—Petroleum (O., Pa., Ky.)*	125	119	111	101	106
—Shoes	159	145	124	126	91

\*July.  
 \*\*Per individual unit operated.

**Wholesale and Retail Trade**

(1936 compared with 1935)

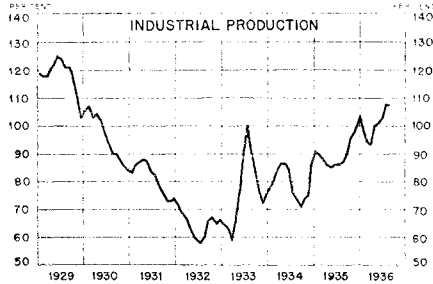
	Percentage Increase or decrease		
	SALES August 1936	SALES First 8 Months	STOCKS August 1936
<b>DEPARTMENT STORES (51)</b>			
Akron	+12.5	+ 4.8	+15.7
Cincinnati	+ 5.0	+ 9.1	+20.0
Cleveland	+12.7	+12.4	+23.3
Columbus	+ 6.0	+11.5	+10.8
Pittsburgh	+18.1	+13.4	+ 9.7
Toledo	+ 8.3	+ 9.3	+13.1
Wheeling	+13.6	+13.2	+12.6
Youngstown	+12.6	+18.7	+12.3
Other Cities	+16.2	+14.2	+11.3
District	+12.6	+11.7	+14.4
<b>WEARING APPAREL (13)</b>			
Cincinnati	- 8.2	- 0.7	+12.5
Cleveland	+ 0.4	+ 8.6	+22.5
Pittsburgh	+19.7	+ 6.2	+16.0
Other Cities	+ 4.6	+ 7.7	+31.0
District	+ 2.2	+ 5.2	+19.9
<b>FURNITURE (42)</b>			
Cincinnati	+34.5	+31.3	
Cleveland	+29.8	+27.7	
Columbus	+28.5	+23.9	
Dayton	+34.0	+27.7	
Toledo	+34.7	+32.2	
Other Cities	+26.8	+35.2	
District	+30.3	+29.1	
<b>CHAIN STORES*</b>			
Drugs—District (4)	+ 6.5	+16.3	
Groceries—District (5)	+ 5.4	+ 1.8	
<b>WHOLESALE GROCERIES (30)</b>			
Akron	+ 6.9	+ 5.5	
Cleveland	+ 8.1	+ 1.5	
Eric	+ 3.1	+ 6.4	
Pittsburgh	+ 2.5	+ 3.2	
Toledo	+ 4.5	+ 3.9	
Other Cities	+12.2	+11.2	
District	+ 8.8	+ 6.6	+ 7.5
<b>WHOLESALE DRY GOODS (10)</b>	+24.3	+10.0	- 0.02
<b>WHOLESALE DRUGS (12)</b>	+ 9.4	+11.0	
<b>WHOLESALE HARDWARE (13)</b>	+23.5	+22.4	

\*Per individual unit operated.

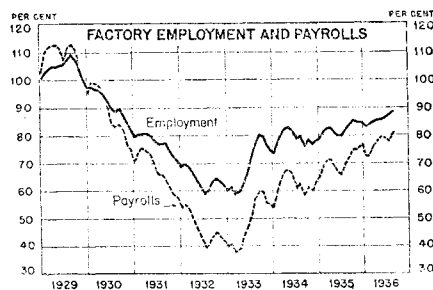


## Summary of National Business Conditions

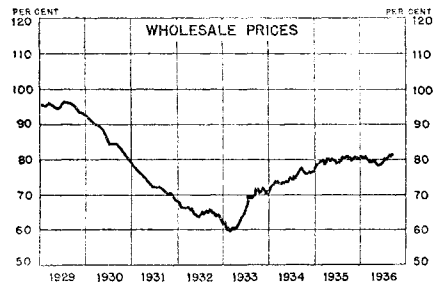
By the Board of Governors of the Federal Reserve System



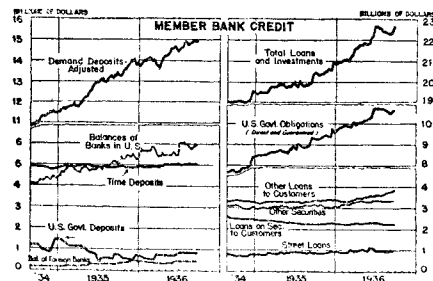
Index of physical volume of production, adjusted for seasonal variation, 1923-25=100. By months, January 1929 to August 1936, the latest figure being 107, preliminary.



Indexes of number employed and payrolls with-out adjustment for seasonal variation, 1923-25 average=100. By months, January 1929 to August 1936, the latest figures being employment, 88.7, payrolls, 81.0.



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By months 1929 to 1931; by weeks 1932 to date. Latest figure for week ending September 19 is 81.4.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to September 16, 1936

Industrial activity increased seasonally in August, and there was a substantial increase in factory employment and payrolls. Commodity prices, which had advanced for three months, showed little change after the middle of August.

### Production and Employment

The Board's index of industrial production, which makes allowance for usual seasonal movements, remained unchanged in August at 107 per cent of the 1923-1925 average. Output of steel increased by more than the seasonal amount and the higher level was maintained in the first three weeks of September. Production of automobiles was sharply reduced as plants were closed for inventory taking and for mechanical changes in connection with the introduction of new models. Output of nondurable manufactures increased further in August, reflecting chiefly continued expansion in activity at textile plants and shoe factories. At bituminous coal mines output increased less than is usual at this season and at anthracite mines production declined. Output of petroleum showed an increase.

Factory employment rose further between the middle of July and the middle of August by an amount larger than is usual at this season. There were substantial increases in working forces at establishments producing textiles and wearing apparel and smaller increases in most other lines, partly offset in the total by a decline in employment in the automobile industry. Factory payrolls increased.

Value of construction contracts, which had increased sharply in July, declined somewhat in August, according to the figures of the F. W. Dodge Corporation. The value of non-residential projects was smaller than in July but larger than in other recent months. Residential building increased considerably, reflecting a marked increase in contracts for apartments, several of which were publicly-financed projects. Awards for single-family houses, which have accounted for most of the increase in residential building during the past year and a half, showed little change in August.

### Distribution

Freight-car loadings of most classes of commodities showed about the usual seasonal increase from July to August. Shipments of grain, however, declined sharply and the increase in total loadings was less than seasonal. Department store sales increased by less than the usual amount and the Board's seasonally adjusted index was 86 per cent of the 1923-1925 average as compared with 91 per cent in July and 87 per cent in June.

### Commodity Prices

Wholesale commodity prices showed little change between the middle of August and the third week of September, following three months of advance. Prices of steel scrap and chemicals and drugs continued to advance and there were also increases in the prices of hides and nonferrous metals. There was a seasonal decline in hog prices. Cotton, which advanced in price early this month at the time of the official crop report, declined after the middle of the month.

### Bank Credit

Demand deposits of reporting member banks in leading cities increased somewhat further in the four weeks ending September 16, reflecting gold imports, Treasury expenditures, and an increase in bank loans. Growth in loans was principally in so-called "other" loans, which include loans to customers for agricultural, commercial, and industrial purposes. These loans are now at the highest level since early in 1933. Loans to security dealers showed an increase, as is usual, prior to flotation of the new issue of Treasury bonds on September 15. A part of the new Treasury issue was purchased by reporting banks, principally by drawing upon their balances with the reserve banks.

Largely as a consequence of payments to the Treasury excess reserves of member banks showed a decrease of \$280,000,000 in the week ending September 16. This decline followed an increase of nearly \$200,000,000 in the preceding three weeks, when the Treasury was reducing its deposits with the reserve banks.