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Trade and industrial activity in the fourth district in late September and early October continued at approximately the same levels as a month previous. Gains over last year were evident in nearly every line and in some instances production was at record high levels. In the second and third weeks of October, however, the operating rate of the steel industry declined and auto assemblies were not increasing as rapidly as the industry expected earlier in the season. Steel mill operations were down at Pittsburgh, Youngstown, and Wheeling and scrap steel prices dropped for the first time in four months.

In the month of September gains in employment over August were reported in each city of the district for which figures are available, except Massillon. These represented chiefly the resumption of operations at auto parts plants and the increase in steel mill activity. In contrast with a year ago marked improvement in employment was evident, the gains in various indexes ranging from a slight increase at Akron, eight per cent at Cleveland and Canton, to 19 per cent at Springfield, 21 per cent at Dayton, and 32 per cent at Toledo. In the entire State of Ohio the index at over 2,000 plants was only slightly under the average for 1926, and the gain in the past year exceeded four per cent. Shortages of several kinds of skilled labor are reported in various sections and industries.

Electric power production has continued to increase month by month to new high levels. In this district power generated in the first eight months of the year was 14 per cent in excess of the same period of 1935 and weekly figures for larger geographical districts indicate that in mid-October in this industrial region power production was about 18 per cent greater than a year ago. The accompanying chart shows monthly power production in this section for the past six years.

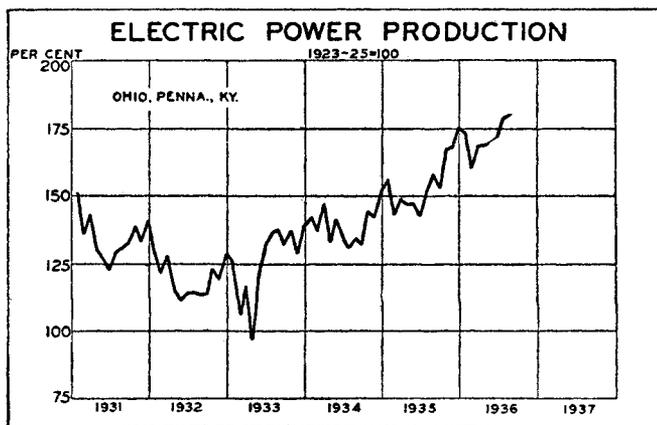
In the iron and steel industry slight fluctuations in production rates were evident in various centers of the district as some open hearths were down, chiefly for repairs, but local rates continued above the national average in the first half of October. More steel was made in the first nine months of this year than in all of 1935 and the gain over the comparable period of that year was 40 per cent. Eight additional blast furnaces were placed in

operation in September and the 155 active on October 1 compared with 98 a year ago.

Demand for coal by industrial users, particularly for coke production, together with increased buying for heating purposes caused activity at fourth district mines to expand. Output in September was 57 per cent ahead of last year and more coal was being produced than since 1930. Stocks of coal above ground are small and prices have improved.

In the building field gains continued to be shown in September over a year ago, although a decline from August resulted from a reduction in public works contracts and a further seasonal drop occurred in the first half of October. Residential construction in September was at the highest level since 1929.

In the distribution field department store sales in September were nearly 20 per cent larger than in the corresponding period of 1935, and the increase over August was greater than seasonal. Preliminary reports indicate that October sales were in about the same volume as in September. Other lines of retail trade also continued in good volume, furniture store sales being up 31 per cent in September. Freight traffic on the Great Lakes has been greater than since 1929. Coal shipments from Lake Erie ports were 21 per cent larger than last year and iron ore receipts at Lake Erie ports up to September 30 were 50 per cent above the corresponding period of 1935.



Favorable weather through September and the greater part of October was very beneficial to late-maturing crops in this district and the season turned out somewhat better than expected earlier in the year. Estimated farm cash income is larger than in several seasons.

FINANCIAL

A further moderate increase in commercial loans on the part of member banks and in holdings of Government securities both by the reserve bank and the member banks were the principal changes in condition figures in the four weeks ended October 21. Financial activity continued at a relatively high rate in late September and the first half of October, debits to individual accounts at banks in leading cities of the district in the four weeks ended October 21 being 14 per cent larger than in the corresponding period of 1935. For the year to date debits at these banks were 17 per cent larger than in the same interval of the previous year.

The \$10,000,000 increase in Government securities held by the Federal Reserve Bank of Cleveland in the first week of October represented merely a shift in holdings from one bank to another with no change in the aggregate holdings of the Reserve System; these have remained unchanged for nearly three years. As a result of this increase gold reserves of the Cleveland bank were reduced, they being \$12,000,000 smaller on October 21 than four weeks previous. In contrast with a year ago gold certificates on hand or due from the Treasury were up \$180,000,000.

Between September 23 and October 21 bills discounted remained at low levels; on the latter date they were \$121,000. Holdings of acceptances were unchanged at \$294,000 and industrial advances dropped to \$1,387,000. Since May of this year these direct loans to industry have declined steadily, the total contraction being \$500,000 in the period.

Note circulation of this bank on October 21 was \$393,716,000, a reduction of \$6,000,000 from the peak in September and, barring the seasonal contraction following Christmas, the largest drop in any four-week period in more than twelve months. Compared with a year ago note circulation is still up over \$60,000,000. Total deposits, including member bank reserve deposits, continued to increase in the four latest weeks to new high records. The estimated excess of the latter over legal requirements was approximately \$173,000,000 in the third week of October, or about 63 per cent. In amount this was higher than in

September, but requirements increased so the percentage remained practically unchanged.

Member Bank Credit The accompanying chart shows the increase in loans, at weekly reporting member banks, which represent chiefly extension of commercial credit. These loans have been made in limited volume for some time and in recent months have represented only 10 to 12 per cent of total credit extended by these banks, but it is clearly evident that loans of this type have been increasing at a moderate rate since the beginning of the year. The gain since January has exceeded 12 per cent. While little change in loans on securities or real estate loans was evident in the four latest weeks, both are lower than a year ago; the decline, however, was more than offset by the rise in commercial loans.

Member bank investments in Government securities increased again in late September after showing little change for several weeks. Investments in other than Government securities also rose in early October, the first change of any amount in several months. Adjusted demand deposits were up sharply between September 23 and October 21, the gain being \$45,000,000. Since the beginning of the year these deposits have increased \$130,000,000. Time deposits showed little change in the four latest weeks, but savings deposits at selected banks were up slightly in September.

MANUFACTURING, MINING

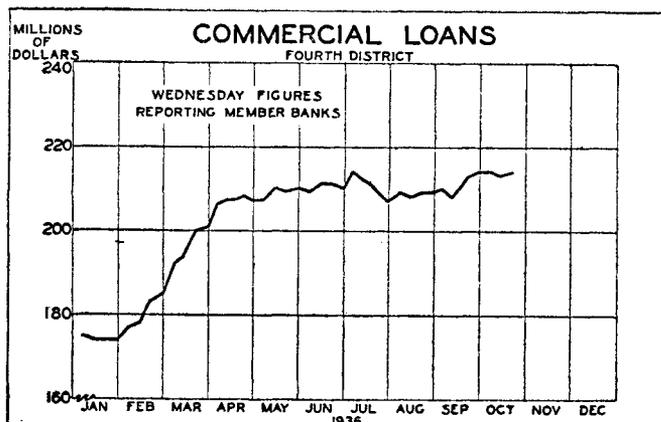
Iron and Steel

By the middle of October steelworks operations had pushed up to 75 per cent of capacity, the highest national rate since 1930, but a slight decline occurred in the two following weeks as deliveries of sheet steel to the automobile industry were held up by difficulties encountered in shifting to new models. Backlogs of orders, however, were the largest in six years and were quite ample to cushion any slight falling-off in new business. Part of these backlogs were attributable to price increases which became effective October 1 on some lines of steel products, although the great bulk of the business was for current consumption. The question of obtaining prompt deliveries appeared to be uppermost in consumers' minds, with price consideration secondary.

All raw materials have been very active. Pig iron deliveries in the third week of October were running ahead of September. Stocks of both producers and consumers are light despite the fact that eight more blast furnaces were in operation on October 1 than a month earlier. The 155 active compared with 98 a year ago. Iron ore receipts at Lake Erie ports up to October 1 were 23,000,000 tons, a gain of 50 per cent over 1935. Despite this sharp increase ore stocks are smaller than a year ago. The scrap market remains active, although a price decline was reported in the third week of October.

Steel buying generally continues in good volume. In the week ending October 17 rail purchases were heavy, with more than 86,000 tons awarded. Extensive freight car repairing programs are under way. Considerable pipe buying was reported and activity in equipment markets improved in mid-October.

From the third week of September until the same week of October operations in the Cleveland-Lorain district ranged from 82 to 79.5 per cent; Pittsburgh made a gain



from 72 to 77 but receded to 70 per cent; Youngstown ranged between 77 and 80 per cent, and Wheeling from 95 to 92 per cent. Cincinnati advanced from 76 to 96 per cent. A year ago the industry averaged 52.5 per cent with Cleveland at 64, Pittsburgh at 47, Youngstown at 62, and Wheeling at 78 per cent of capacity.

In spite of the partial shutdown for Labor Day, September production, at 4,161,000 tons, was only 34,022 tons less than in August, a decline of 0.81 per cent. The industry operated at 72.92 per cent of capacity in September compared with 51.04 per cent last year. The average rate of operation for three quarters of 1936 was 65.44 per cent, contrasted with 46.63 for the comparable period of 1935. Daily production in 1936 has averaged 143,612 tons, and in the same period of 1935 it was 103,225 tons.

Steel ingot production in the first nine months of this year totaled 33,605,304 gross tons, compared with 24,051,412 tons in the corresponding period last year, and 1936 output was 187,319 tons ahead of the entire twelve months of 1935.

Total pig iron production for September was 2,729,705 gross tons; compared with the 2,711,726 tons of August, it was an increase of 17,979 tons, or 0.6 per cent. Monthly production was the best since June 1930, when 2,934,508 tons were made. In September, one year ago, output was 1,770,259 tons.

For the nine months of 1936 pig iron output aggregated 21,617,224 tons, an increase of 6,736,909 tons, or 45.2 per cent, over the output of 14,880,315 tons in the corresponding period of 1935.

Coal Continued improvement was evident in the coal industry in September and the first half of October, the rate of production for the entire country rising to 9,600,000 tons in the latest week, higher for this season than since 1930. The increase over last year was nearly 20 per cent. Coal producers and dealers in this district reported a much better demand for coal than could be accounted for because of seasonal requirements. Industrial coal stocks have been small for some time; at the end of August they were reported to be 25,417,000 tons, compared with 32,551,000 tons on the corresponding date in 1935. This represented 31 days' supply in terms of current consumption as against 49 days' supply last year. Actual industrial consumption of bituminous coal has increased by 25 per cent, coke plants accounting for more of the gain than any other single consumer.

This increased consumption and limited inventories have had a favorable effect on prices and mine operations. Reports from fourth district producers indicated that most active mines were working at capacity levels. September output in this section was 14,887,000 tons, a gain of 9 per cent over August and of 56.7 per cent from September last year. The latter increase was quite large because last September the coal industry was affected by a strike. In the first nine months coal production in this section was 118,695,000 tons, a gain of 14.5 per cent over 1935 and exceeding any similar period in five years.

Approach of winter accompanied by better demand for domestic heating fuel, the 21 per cent increase in shipments to upper lake ports as compared with 1935, greater indus-

trial needs, and reports of possible freight car shortages in some sections are reported to have caused buyers to specify not only for current coal requirements, but also for future needs.

Automobiles Production of passenger cars and trucks in September was reported to be 135,130 units by the *Department of Commerce*, an increase of 54 per cent over the same month last year, but a reduction of 50 per cent from August. A correct appraisal of the present situation, so far as the automobile industry is concerned, is difficult because of the fact that new model introduction in October instead of December and January completely changes the seasonal pattern of the assembly industry and also materially affects the swings in retail car sales. The Board's index, reported at 107 per cent of the 1923-25 average in September, down four points from the revised August figure, indicated that the drop in September was slightly more than seasonal.

If comparisons are made between model years, total output for the twelve months October 1935 through September 1936, in the United States alone, was 4,408,000 cars and trucks. This exceeded every year except 1929 when about 5,350,000 cars were made. In the first nine months of the calendar year 1936, output of cars was 3,336,000 units, a gain of 16 per cent over the same period of 1935 and only 610,000 units less than in the entire year which had the benefit of two sets of new models.

September assemblies were maintained by one leading producer to supply dealers' requirements for 1936 models, but the majority ceased production on 1936 cars early in that month. The week ended September 26 was the lowest in production, one week later than in 1935. Only 15,764 cars were made, according to *Cram's* reports. By the week ended October 17, assemblies of 1937 models had increased to 48,195 units and in the following week to nearly 60,000 compared with 44,416 cars and 62,000 cars in the corresponding periods of 1935. One of the principal manufacturers encountered considerably difficulty in shifting from the old to new models and this had a retarding effect on production figures as well as on operations at several parts and materials plants in October. The sharp increase in assemblies that was evident last year at this time has not yet materialized. In October 1935 production was 272,000 units and in the closing quarter it was 1,071,000 cars.

Retail demand for new cars has held up very well this fall, September sales in principal counties of the district being 68 per cent in excess of last year and down less than seasonally from August. In the first nine months new passenger car registrations in this section were about 40 per cent larger than in the corresponding period of 1935.

Assemblies of passenger cars in September numbered 90,597 units, as against 56,097 cars in the corresponding interval of 1935, a gain of 61.5 per cent. Truck production, at 44,533 units, was up 41.6 per cent from last year. Cumulative passenger output through September was 15 per cent ahead of the same period of 1935, while truck production was up 20 per cent.

Rubber, Tires Reports indicate that little change occurred in the rubber manufacturing industry in September as compared with August, whereas there generally is a falling-off as the peak

of demand for replacement tires is passed. Crude rubber consumption by domestic manufacturers was 46,330 tons in September compared with 46,657 tons in August and 37,086 tons in September 1935. The gain over last year was 28.4 per cent. In the first nine months of this year nearly 60,000 tons more rubber was consumed than in the comparable interval of 1935. Imports of crude rubber in September were slightly in excess of consumption in the period and, at 48,386 tons, they were up 13 per cent from August and over 25 per cent from September 1935, but total stocks of rubber in this country, at 229,056 tons on September 30, were down more than 100,000 tons from a year ago. Rubber prices have been maintained close to or slightly above 16 cents a pound since early spring. A year ago crude rubber was quoted just under 12 cents a pound.

Conditions in Akron have shown little change in recent weeks, according to reports. Sporadic labor disturbances have occurred from time to time, but they were not serious. Plant operations have been maintained at a higher-than-seasonal level this fall and manufacturers are carrying an unusually large inventory of tires.

August figures, the latest available, reflected only a slight increase in tire stocks, for tire shipments in the month held close to factory output. Compared with a year ago tire production was up over 25 per cent, but August output was down 8.2 per cent from July. August tire shipments were off 13 per cent from the preceding month, but continued five per cent in excess of last year. In the first eight months tire production was 12.6 per cent ahead of the same period of 1935.

Clothing

Although the continued unseasonable warm weather is reported to have had a retarding effect on sales of winter clothing, department stores in this district experienced sizable gains in all wearing apparel departments in September. Dollar sales of women's and misses' read-to-wear were 15 per cent larger in the month than a year ago, sales of coats and suits being up about 20 per cent. Sales of furs were 47 per cent larger than in September 1935 and accessory sales were up 5 to 20 per cent. Men's and boys' clothing departments also experienced good gains, sales being up 14 to 18 per cent at stores in this section. Furnishing sales were up 15 per cent in September from last year.

Operations at clothing plants continued to taper off seasonally in early October. Repeat orders from retailers to replenish stocks were slow and most interest was displayed in the spring 1937 samples which were being made. Clothing stocks at fourth district department stores were from 10 to 25 per cent larger on September 30 than a year ago. Clothing production so far this year is above 1935, although wool textile production is less. The few reports regarding sales of spring lines are favorable.

Wool textile manufacturers have stepped up production recently and they now are busy on spring goods, orders for which were placed some time ago. Wool prices have been quite firm and the supply is relatively small.

Other Manufacturing

Little change was evident in reports of operations at general manufacturing plants throughout the district in late September or the first part of October, although failure of the automobile industry to step up assemblies of 1937

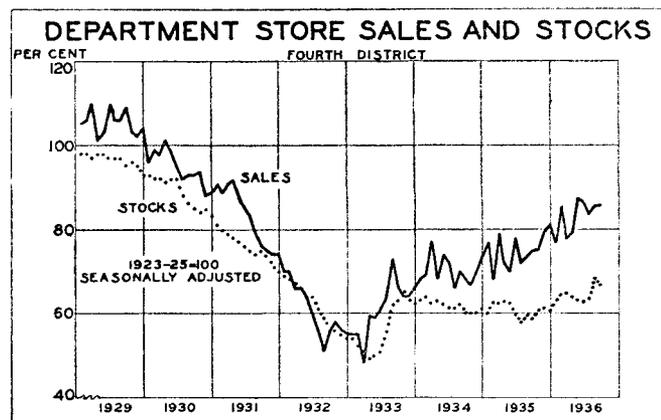
cars as fast as was expected caused shipments of some plants to be held up temporarily. On the whole, however, conditions continued favorable and sizable gains were evident over other recent years in practically every line. Employment gains have been maintained and indexes in Ohio are higher than since 1930. Reports from smaller cities indicate that many general manufacturing plants are operating at capacity, some of them two and three shifts.

In some lines, such as jewelry, watches, paper, china and pottery, a seasonal increase in operations was reported in recent weeks as retailers began to accumulate stocks for the Christmas trade. Substantial gains over last year were quite general in sales, employment and payrolls. In more than a few cases the latter two are higher than ever before.

Auto parts makers, judging by third quarter earnings reports, enjoyed a period of profitable operation, the gain over last year being somewhat larger than the increase in auto assemblies. Production schedules were increased in September and further gains were evident in the first half of October. Hardware and other metal products also continued in good demand and engineering specialties, electrical equipment, and heavy materials of all types have been ordered in much larger volume than in other recent years. New orders for machine tools received by members of the *National Association* were down in September from August, but the dollar value continued above last year and a resumption of purchasing was reported in the first half of October. Plants have on hand a large supply of unfilled orders which tends to stabilize operations. Foundry equipment orders received in September were more than ten per cent larger than in August and over 25 per cent ahead of last year. Plant expansions, modernization programs and changed specifications for products have necessitated the purchase of many new tools and considerable equipment. Small tool sales also have continued much above last year.

While paint sales have declined in recent weeks, this has been entirely seasonal and comparison with last year is still very favorable. Industrial demand continues heavy, although automobile purchases for 1937 models have not been large, as yet. Building paint has been sold in much greater volume than in any recent year. Inventories of raw materials are larger than a year ago.

Production of paper and boxboard increased in September and early October, part of which was seasonal. The latter industry was reported to be operating at 75 to 80 per cent of capacity, the highest rate in several years.



In September paper board production was 11 per cent greater than in the same month of 1935.

Conditions in the glass industry were little changed in recent weeks. Plate glass production, according to reports, continued at capacity and output was slightly above last year at this time. The automobile industry takes the bulk of the glass produced, although furniture makers and others have purchased more plate glass than in recent years. Demand for glass containers was not great this year because of poor canning crops, but other molded glassware has sold in greater volume than in 1935. A substantial increase in orders for china was reported by some plants in recent weeks, although this situation was apparently not general. In contrast with a year ago, however, gains in sales and employment were evident.

Shoe production at fourth district plants in September was 15 per cent greater than in the same month of 1935 and the increase for the first nine months was four per cent. Operations this fall have been better than in many years, even exceeding 1929. Factories now are working on spring lines. Leather prices are very firm and inventories are low. Retail shoe sales in September at fourth district department stores were 15 to 18 per cent larger than in the corresponding month of last year. October sales were reported to have been retarded by the continuation of unusually good weather.

TRADE

Retail

Relatively large increases in dollar sales of reporting department stores in leading cities of the fourth district were evident in September compared with a year ago. They ranged from 14 to 25 per cent, with the average at 52 stores being 19.7 per cent. The gain over August was slightly more than seasonal and although the adjusted index of daily average sales in the latest month was still slightly under the recent peak of May and June, sales so far this year have been better than since early 1931, and the gain over the first nine months of 1935 was 12.6 per cent. Price changes have been a factor in the expansion, but increases, according to *Fairchild's* index, have not been marked this year. On October 1 this index was about 3 per cent higher than on the same date in 1935.

In the various departments, sales were larger generally except in silk and woolen yard goods and needlework and art wares. Sizable increases were evident in sales of home furnishings of all kinds and wearing apparel sales were in

good volume. Basement departments in principal stores showed smaller increases over September 1935 than were reported for upstairs departments, indicating that higher-priced merchandise was being bought, in many cases.

Credit sales represented 60 per cent of total store sales in September, the same as a year ago; the increase from August was seasonal. More installment buying was evident in the latest month than in September 1935.

While the dollar value of stocks at reporting department stores increased 13 per cent from August 31 to September 30, following a sharp expansion in the previous month, the rise was not quite seasonal and the adjusted index receded slightly. Compared with a year ago, however, inventories were up 14.5 per cent.

Collections at reporting stores continued better than a year ago, but a decline from August was evident in the majority of stores.

Furniture stores reported an increase of 31 per cent in September sales, compared with last year, and the cumulative gain for the first nine months was 29 per cent. Wearing apparel stores experienced gains of 12.5 and 7.7 per cent respectively, in September and the year to date over corresponding periods of 1935. Chain grocery and drug stores also continued to report increases in sales.

Wholesale

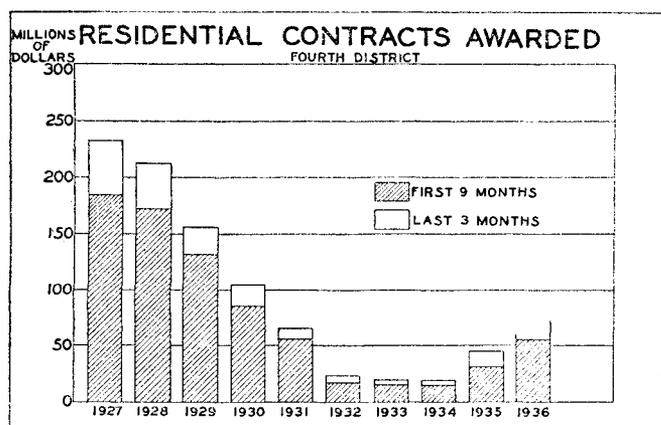
A somewhat greater-than-seasonal increase in wholesale trade was evident in September reports, dollar volume of all lines being up about 12 per cent from August. Large gains over last year were reported by wholesale hardware, drug and dry goods firms, the increases ranging from 19 to 29 per cent. Wholesale grocery sales in September were seven per cent larger than a year ago. In the first nine months grocery sales were 6.6 per cent larger than in the comparable period of 1935; drug and dry goods sales were up 12 per cent and hardware firms reported an increase of 23 per cent. Collections continue to show improvement generally.

CONSTRUCTION

The value of building contracts awarded in the fourth district in September was down ten per cent from August, but this decline was much smaller than the August-September falling-off in any of the four preceding years. At \$18,799,000, awards had a 44 per cent greater dollar value than in September 1935, and the gain in value of total contracts let in the first nine months over the corresponding period of last year was 54 per cent.

Increases in September over August were reported in residential and heavy public works construction, but they were too small to overcome the losses which occurred in nonresidential building and public utilities. Compared with last year all major classes of work except public utilities showed increases.

Residential building continues to lead the improvement in the construction industry and contracts, valued at \$8,038,000 in this district in September, were larger than in any corresponding month since 1929. The gain over a year ago was 113 per cent. In the year to October 1 residential contracts awarded were valued at \$54,608,000 in this district, a gain of 79 per cent over the same interval of 1935 and exceeding any similar period since 1930. The value



of this type of work exceeded that of any other form of construction in the first nine months in the fourth district. Despite this improvement the current volume of residential construction is limited in comparison with years prior to 1930, as shown on the accompanying chart. While there was an increase in contracts awarded for multiple housing developments in September as compared with August or last year, the major portion of the total reported was for single family dwellings, for owner occupation. Apartment building also has improved with demand for living quarters much greater than a year ago and rents also considerably higher.

Contracts awarded for public works (chiefly highway and bridge) in September were 50 per cent larger than in August and a greater gain was evident over last September. For the year to date the value of public works contracts let was smaller than in the first nine months of 1935, chiefly because considerable money was spent on water front developments last year. Very few public utility contracts were awarded in August or September in this district, but the total for the first nine months was 60 per cent larger than in the same period last year.

Contemplated construction work reported in September had a smaller value than in August, or September 1935. Lumber manufacturers and building supply dealers, however, reported that demand for materials has held up very well in recent weeks. Gains from last year are large. Cement production by local mills in September was 45 per cent greater than a year ago and the gain for the first nine months was 38 per cent.

AGRICULTURE

Continuation of favorable growing weather in September and the greater part of October in this district, with absence of frost in most sections, enabled crops that were retarded by dry summer weather to mature, where in some cases little hope of a corn or potato yield of any size was expected earlier in the season. The October 1 crop report of the *Department of Agriculture* showed an improvement in estimated yields of all crops of about two per cent in September in the entire country and of approximately three per cent in this section in the same period. Although the growing season as a whole was considered poor by most farmers, it produced far better crops than were expected in many sections.

In the entire country corn and potato crop estimates were increased 3 and 3.5 per cent, respectively, in September and there were upward adjustments in several other late crop figures. Weather had a favorable effect on feed grain and forage crops in only limited areas, but pastures made remarkable recovery in nearly all sections. They have provided feed for livestock to a later date than usual and the limited feed supplies have thus been conserved for winter feeding. This year's harvest, together with the carryover of feed from last year, now provides a supply of feed grains of about 75,000,000 tons, compared with about 69,000,000 tons in 1934 and a yearly average of approximately 100,000,000 tons.

Fall weather in this district has been very favorable to planting and growth of winter wheat and indications now point to a large acreage. Wheat prices have been good and many farmers are planting more wheat than in

any recent year. The poor oat crops of the past several seasons have led many local farmers to seed to winter wheat ground which might be used for an oat crop next season.

Yields per acre of late crops are turning out better than expected, but the October 1 estimate for the entire country of 33 principal crops was still 15.5 per cent below the ten-year (1921-30) average. Considerable variation was evident in different states; in Ohio the estimate was six per cent below the ten-year average, Pennsylvania four per cent below, but in West Virginia and Kentucky, declines of 21 and 25 per cent, respectively, were indicated.

Corn Where corn husking has been started the crop has turned out better than was expected. Although plant growth was retarded in early summer, rains in many sections when corn was in the critical stage caused it to ear up better than was anticipated. Late-planted corn also matured without frost damage. Estimated production as of October 1 for the fourth district was 148,157,000 bushels, an increase of 9,000,000 bushels in the month. It was 48,000,000 bushels under the 1935 harvest, but was only 14,000,000 bushels or nine per cent less than the ten-year average harvest of 1926-1935. Although the fourth district ranks third this year in the quantity of corn produced, it is not self-sustaining. Much more corn is consumed on local farms than is produced so that the relatively higher corn prices which have resulted from the short crop generally will be of no direct benefit to local farmers. Stocks of old corn on Ohio farms on October 1 amounted to 13,306,000 bushels, or almost three times the small holdings of 4,493,000 bushels one year ago.

In the entire country, despite the late fall improvement in corn, the crop was estimated on October 1 to be 35 per cent smaller than the 1935 harvest and 41 per cent under the five-year (1928-32) average.

Potatoes The fall rains have greatly benefited late potatoes in this section and many fields were still growing well in the third week of October. The fourth district crop on October 1 was estimated to be nearly 25 per cent under the large crop of 1935, but it was about equal to the average harvest of the ten years 1926-1935. In Ohio and Pennsylvania the October 1 estimates were slightly larger than the average of past years, but in Kentucky and West Virginia prospects were very poor. In the former state the crop was estimated at 1,900,000 bushels, compared with 4,472,000 bushels, the 1935 harvest. Little blight has been reported and digging has been delayed by the continued good weather.

Tobacco There was some improvement in the tobacco crop as a result of favorable weather, but the October 1 estimate for the fourth district, at 79,674,000 pounds, was still 9.5 per cent under last year's small harvest and much below the crops of other recent years. In some sections growth stopped before the general rains came and the tobacco had to be harvested. In Ohio the crop was estimated at 18,795,000 pounds, of which 12,420,000 pounds represented cigar leaf. This was nearly 25 per cent under last year's harvest and compared with 41,000,000 pounds, the five-year (1928-32) average. The season has been reasonably favorable for curing, although much of the crop had to be cut before it had matured. The burley crop has cured well and considerable tobacco of good color in thin

smoking grades is reported. Demand for old stocks has been good and only limited quantities remain. Farmers are expecting higher prices when markets open in early December, judging by the course of prices on Southern markets, which have averaged over two cents a pound higher than in 1935.

Fruit The estimate of grape production in this area was unchanged from a month ago. Harvest has continued under ideal conditions and the fruit is of high quality, but bunches generally were small and scattered.

Estimated apple production was further reduced in this district in September as harvesting of the crop got under way. In Ohio, yield on October 1 was reported at 2,520,000 bushels, compared with nearly 8,000,000 bushels last year. In Pennsylvania and West Virginia the crop was reported to be from 60 to 70 per cent of the 1935 harvest, but in Kentucky it was less than a third as large as a year ago. In the entire country the crop was about 35 per cent smaller than last year.

The 1936 growing season as a whole produced only a modest harvest in this country as well as in many other sections of the world. According to the *Department of Agriculture*, there is going to be a decided shrinkage in the world's supply of staples. "These shrinkages in supplies (corn, wheat, cotton) are coming at a time when consumption is on the upgrade. Instead of presenting a seemingly overwhelming surplus problem, these great staples once more begin to have the attributes of desirable property."

Although little change in the general level of farm prices was evident in September as compared with August and a slight decline was reported in early October, farm prices are indicated to be 16 per cent higher than at this time in 1935 and 24 per cent above the five-year pre-war average.

Wholesale and Retail Trade

(1936 compared with 1935)

| | Percentage Increase or Decrease | | |
|---------------------------------|---------------------------------|----------------------------|-----------------------------|
| | SALES September 1936 | SALES First 9 Months | STOCKS September 1936 |
| DEPARTMENT STORES (52) | | | |
| Akron..... | +25.3 | + 7.2 | +22.0 |
| Cincinnati..... | +14.3 | + 9.7 | +14.6 |
| Cleveland..... | +20.3 | +13.5 | +22.2 |
| Columbus..... | +17.1 | +12.2 | +11.6 |
| Pittsburgh..... | +21.0 | +14.3 | +10.9 |
| Toledo..... | +17.5 | +10.3 | +14.3 |
| Wheeling..... | +18.3 | +13.8 | +14.2 |
| Youngstown..... | +24.2 | +19.4 | +11.7 |
| Other Cities..... | +21.2 | +15.0 | + 7.5 |
| District..... | +19.7 | +12.6 | +14.5 |
| WEARING APPAREL (13) | | | |
| Cincinnati..... | - 1.9 | - 0.8 | +10.3 |
| Cleveland..... | +14.7 | + 9.4 | +11.9 |
| Pittsburgh..... | +14.9 | +17.1 | +12.2 |
| Other Cities..... | +23.3 | + 9.8 | +21.7 |
| District..... | +12.5 | + 6.1 | +14.6 |
| FURNITURE (42) | | | |
| Cincinnati..... | +25.2 | +30.7 | |
| Cleveland..... | +27.1 | +27.7 | |
| Columbus..... | +19.0 | +23.3 | |
| Dayton..... | +45.0 | +29.3 | |
| Toledo..... | +29.0 | +31.8 | |
| Other Cities..... | +52.1 | +36.9 | |
| District..... | +30.9 | +29.3 | |
| CHAIN STORES* | | | |
| Drugs—District (4)..... | +12.2 | +15.8 | |
| Groceries—District (5)..... | + 6.0 | + 2.2 | |
| WHOLESALE GROCERIES (30) | | | |
| Akron..... | + 7.3 | + 5.7 | |
| Cleveland..... | + 4.3 | + 1.9 | |
| Eric..... | + 7.2 | + 6.5 | |
| Pittsburgh..... | - 0.5 | + 2.7 | |
| Toledo..... | + 5.2 | + 4.1 | |
| Other Cities..... | +10.5 | +11.0 | |
| District..... | + 7.0 | + 6.6 | +12.4 |
| WHOLESALE DRY GOODS (10)..... | +21.5 | +11.6 | + 7.3 |
| WHOLESALE DRUGS (12)..... | +18.9 | +11.9 | |
| WHOLESALE HARDWARE (13)..... | +28.8 | +23.2 | |

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

| Fourth District Unless Otherwise Specified | Sept. 1936 | % change from 1935 | Jan.-Sept. 1936 | % change from 1935 |
|--|---------------------|-----------------------|------------------------|-----------------------|
| Bank Debits—24 cities..... | \$2,235,000 | +16.8 | 19,887,000 | +17.1 |
| Savings Deposits—End of month: 40 banks, O., and W. Pa..... | \$ 720,598 | + 4.3 | | |
| Life Insurance Sales: Ohio and Pa..... | \$ 64,119 | + 1.4 | 660,171 | - 6.9 |
| Retail Sales: Dept. Stores—52 firms..... | \$ 20,004 | +19.7 | 157,233 | +12.6 |
| Wearing Apparel—13 firms..... | \$ 918 | +12.5 | 7,138 | + 6.1 |
| Furniture—42 firms..... | \$ 904 | +30.9 | 8,501 | +29.3 |
| Wholesale Sales: Drugs—11 firms..... | \$ 1,578 | +18.9 | 12,845 | +11.9 |
| Dry Goods—10 firms..... | \$ 1,616 | +21.5 | 10,797 | +11.6 |
| Groceries—30 firms..... | \$ 4,675 | + 7.0 | 36,572 | + 6.6 |
| Hardware—13 firms..... | \$ 1,698 | +28.8 | 13,262 | +23.2 |
| Building Contracts—Total..... | \$ 18,799 | +44.1 | 182,931 | +54.3 |
| —Residential..... | \$ 8,038 | +113.1 | 54,608 | +78.9 |
| Commercial Failures—Liabilities..... | \$ 854 | -18.2 | 9,994 | -17.0 |
| —Number..... | 392 | -38.1 | 531 ² | -22.6 |
| Production: Pig Iron—U. S..... tons | 2,730 | +54.2 | 21,617 | +45.3 |
| Steel Ingot—U. S..... tons | 4,161 | +47.3 | 33,605 | +39.7 |
| Auto—Passenger Car—U. S..... | 90,597 ² | +61.5 | 2,717,900 ² | +15.2 |
| —Trucks—U. S..... | 44,533 ² | +41.6 | 618,396 ² | +19.8 |
| Bituminous Coal, O., W. Pa., E. Ky..... tons | 14,887 | +56.7 | 118,695 | +14.5 |
| Cement—O., W. Pa., W. Va. bbls. | 1,305 | +44.5 | 7,364 | +38.4 |
| Elec. Power, O., Pa., Ky. Thous. k.w.h..... | 1,514 ³ | +13.7 | 11,457 ⁴ | +13.9 |
| Petroleum—O., Pa., Ky. bbls. | 2,265 ³ | + 9.4 | 17,322 ⁴ | + 2.7 |
| Shoes..... pairs | 5 | +14.9 | 5 | + 4.0 |
| Tires, U. S..... casings | 5,014 ³ | +25.6 | 37,705 ⁴ | +12.6 |
| Bituminous Coal Shipments: L. E. Ports..... tons | 5,914 | +31.2 | 32,729 | +20.9 |
| Iron Ore Receipts: L. E. Ports..... tons | 5,383 | +65.6 | 22,910 | +50.2 |

¹ not available
² actual number
³ August
⁴ Jan.-August
⁵ confidential

Debits to Individual Accounts

(Thousands of Dollars)

| | 4 weeks ended Oct. 21, 1936 | % change from 1935 | Year to date Jan. 1, 1936 to Oct. 21, 1936 | Year to date Jan. 2, 1935 to Oct. 23, 1935 | % change from 1935 |
|-------------------|--------------------------------------|-----------------------------|---|---|-----------------------------|
| Akron..... | \$ 64,258 | +27.9 | \$577,190 | \$479,820 | +20.3 |
| Butler..... | 9,348 | +12.6 | 82,608 | 68,053 | +21.4 |
| Canton..... | 34,358 | +16.5 | 324,041 | 277,325 | +16.8 |
| Cincinnati..... | 316,254 | +16.5 | 3,117,490 | 2,662,865 | +17.1 |
| Cleveland..... | 579,949 | +26.0 | 5,349,471 | 4,376,403 | +22.2 |
| Columbus..... | 169,097 | + 5.3 | 1,664,980 | 1,492,708 | +11.5 |
| Dayton..... | 62,275 | +39.6 | 599,900 | 470,405 | +27.5 |
| Eric..... | 26,862 | +30.0 | 247,633 | 203,460 | +21.7 |
| Franklin..... | 4,406 | +59.3 | 32,833 | 27,126 | +21.0 |
| Greensburg..... | 6,269 | +11.6 | 64,626 | 50,791 | +27.2 |
| Hamilton..... | 10,892 | +13.7 | 106,214 | 83,985 | +26.5 |
| Home,ead..... | 2,596 | +31.2 | 25,478 | 20,721 | +23.0 |
| Lexington..... | 15,473 | + 7.6 | 179,852 | 184,709 | - 2.6 |
| Lima..... | 12,221 | +25.5 | 109,466 | 86,614 | +26.4 |
| Lorain..... | 4,944 | +57.6 | 39,465 | 32,093 | +23.0 |
| Middletown..... | 8,470 | +14.3 | 87,499 | 70,739 | +23.7 |
| Oil City..... | 10,433 | +12.1 | 95,769 | 85,122 | +12.5 |
| Pittsburgh..... | 654,803 | - 0.8 | 6,681,787 | 5,970,792 | +11.9 |
| Springfield..... | 15,292 | +15.9 | 151,806 | 134,702 | +12.7 |
| Steubenville..... | 9,987 | +45.9 | 81,511 | 65,430 | +24.6 |
| Toledo..... | 122,891 | +34.2 | 1,120,978 | 872,255 | +28.5 |
| Warren..... | 8,837 | +22.1 | 79,498 | 63,975 | +24.3 |
| Wheeling..... | 30,051 | +10.0 | 305,423 | 271,415 | +12.5 |
| Youngstown..... | 46,473 | +22.3 | 434,293 | 364,164 | +19.3 |
| Zanesville..... | 7,282 | +14.0 | 70,477 | 62,077 | +13.5 |
| Total..... | \$2,233,721 | +14.0 | \$21,630,283 | \$18,477,749 | +17.1 |

Fourth District Business Indexes

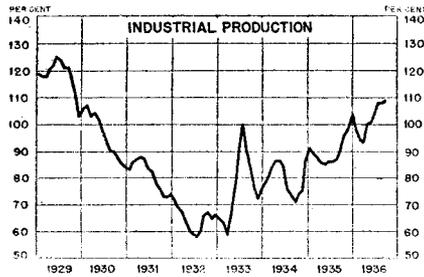
(1923-25 = 100)

| | Sept. 1936 | Sept. 1935 | Sept. 1934 | Sept. 1933 | Sept. 1932 |
|---|---------------|---------------|---------------|---------------|---------------|
| Bank Debits (24 cities)..... | 82 | 71 | 58 | 54 | 52 |
| Commercial Failures (Number)..... | 27 | 43 | 40 | 80 | 151 |
| —(Liabilities)..... | 19 | 24 | 33 | 53 | 105 |
| Sales—Life Insurance (O. & Pa.)..... | 77 | 76 | 72 | 77 | 78 |
| —Department Stores (50 Firms)..... | 89 | 78 | 72 | 68 | 57 |
| —Wholesale Drugs (10 firms)..... | 106 | 90 | 80 | 78 | 75 |
| —Dry Goods (10 firms)..... | 66 | 54 | 53 | 44 | 40 |
| —Groceries (30 firms)..... | 86 | 80 | 70 | 63 | 62 |
| —Hardware (13 firms)..... | 90 | 70 | 59 | 55 | 43 |
| —All (63 firms)..... | 86 | 75 | 66 | 60 | 56 |
| —Chain Drugs (4 firms)**..... | 89 | 79 | 70 | 68 | 66 |
| Building Contracts (Total)..... | 39 | 27 | 20 | 17 | 22 |
| —(Residential)..... | 47 | 22 | 8 | 11 | 13 |
| Production—Coal (O., W. Pa., E. Ky.)..... | 82 | 53 | 58 | 59 | 56 |
| —Cement (O., W. Pa., E. Ky.)..... | 109 | 81 | 63 | 44 | 66 |
| —Elec. Power (O., Pa., Ky.)*..... | 180 | 159 | 135 | 138 | 114 |
| —Petroleum (O., Pa., Ky.)*..... | 123 | 112 | 113 | 102 | 110 |
| —Shoes..... | 133 | 116 | 78 | 101 | 93 |

*August.
**Per individual unit operated.

Summary of National Business Conditions

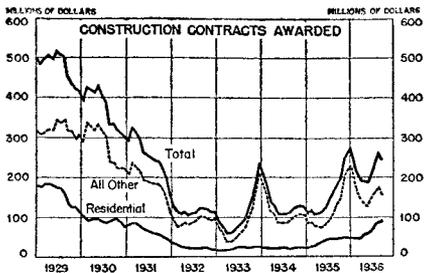
By the Board of Governors of the Federal Reserve System



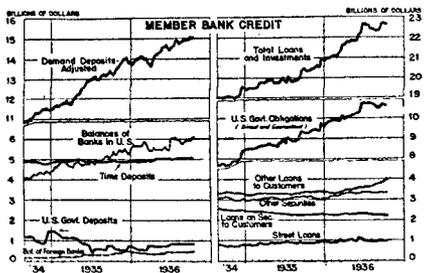
Index of physical volume of production, adjusted for seasonal variation, 1923-25=100. By months, January 1929 to September 1936, the latest figure being 109 preliminary



Indexes of number employed and payrolls without adjustment for seasonal variation, 1923-25 average=100. By months, January 1929 to September 1936, the latest figures being employment 90.6, payrolls 81.0.



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 August, September, and estimate of October.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to October 14, 1936.

Volume of industrial production was maintained in September and employment at factories increased seasonally. Distribution of commodities to consumers increased. Commercial loans of city banks showed further growth.

Production and Employment

Industrial output in September, as measured by the Board's seasonally adjusted index, was 109 per cent of the 1923-1925 average, approximately the level of the two preceding months. Output of steel was about the same as in August and in the first three weeks of October the rate of activity rose to a higher level than at any time since 1930. Automobile production showed a sharp seasonal decline in September and a considerable seasonal advance in the first three weeks of October. Production of lumber and cement showed a further rise and increases in activity were also reported at meat-packing establishments and at cotton and silk textile factories. At woolen mills there was little change in production although an increase is usual in September. Output of coal increased more than seasonally, and crude petroleum production continued in large volume.

Factory employment increased seasonally in September and payrolls were maintained at the August level. The number employed in most industries producing durable goods continued to increase, while at automobile factories there was a seasonal decline. Employment decreased at woolen mills and showed a smaller increase than is usual at this season at cotton mills and at establishments producing women's clothing.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined somewhat further in September from the relatively high level reached in the middle of the year. There was a decrease in awards for residential building, reflecting chiefly a smaller volume of contracts for apartment construction which in August had included several large publicly-financed projects. Awards for non-residential work declined, partly as a result of a reduction in contracts for public works and utilities which have been in large volume during recent months.

Agriculture

Crop conditions improved somewhat from September 1 to October 1, according to the Department of Agriculture, but estimates for corn and many other crops are still considerably below the harvests of last year. The cotton crop is estimated at 11,600,000 bales, an increase of 500,000 bales from the estimate made a month earlier and of 1,000,000 bales from the 1935 crop. Total cash farm income, including all Government payments, is estimated by the Department of Agriculture at \$7,850,000,000 for the calendar year 1936 as compared with \$7,090,000,000 in 1935.

Distribution

Distribution of commodities to consumers increased by more than the usual amount in September, following a less than seasonal rise between July and August. Sales at department and variety stores and by mail order houses serving rural areas were in larger volume in September.

Volume of freight carried by railroads increased, reflecting larger shipments of coal, ore, and miscellaneous freight and a decline in loadings of grain.

Commodity Prices

The general level of wholesale commodity prices has shown little change in the last two months. From the middle of September to the third week in October sugar and butter prices declined, and there were decreases also in prices of hogs and pork, as is usual at this season. Price advances were reported for leather and coke and higher prices for some finished and semifinished steel products became effective on October 1.

Bank Credit

Loans of reporting member banks in leading cities, other than loans on securities, continue to increase in September and the first half of October. On October 14 the volume of these loans was more than \$400,000,000 larger than on July 29. About half of this increase was at New York City banks and the remainder principally at banks in Western and Southern cities. Holdings of United States Government obligations have declined in recent weeks at New York City banks and have increased somewhat at other banks. Deposits of reporting banks have continued to increase.

Excess reserves of member banks increased by \$410,000,000 in the five weeks ending October 21, reflecting a reduction of \$300,000,000 in Treasury holdings of cash and balances at the Reserve banks and an increase of \$250,000,000 in monetary gold stock, the effects of which were partially offset by a seasonal increase in money in circulation and a further growth in required reserves.