

# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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No. 12

At the close of 1936, business continued at a very good rate in nearly all trade and industrial lines, but while operations generally were at the highest level of the recovery movement, developments in the labor situation in December were seriously disturbing to at least one major industry. The Board's index of industrial production, at 114 per cent of 1923-25 in November, was higher than since October 1929, and the average for the year approximated that of 1930. Employment and payroll indexes and retail trade were about the same as in 1930 and substantial gains over 1935 occurred in all fields.

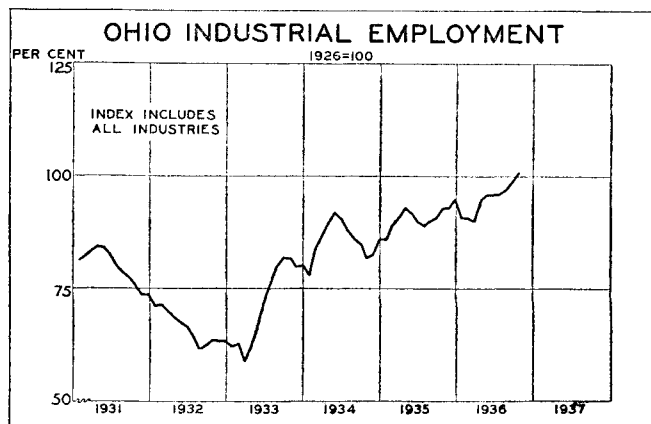
The rate of improvement accelerated in the year in the case of most indexes and while there is evidence that some of the activity in November and December represented the production of goods ordered in excess of current requirements in order to avoid possible higher costs at a future date or delayed deliveries because of labor trouble, there are no current figures by which the extent of this forward buying can be gauged. Steel orders on hand are very large; auto assembly plants are reported to have bought a good share of supplies needed for the first half of 1937; cotton, wool, leather, and rubber purchases have been sizable in recent weeks and attempts to build up coal stocks are evident. The latest inventory figures for the entire country (*Department of Commerce index*) are for October, and while a seasonal gain from September was evident in raw materials, total stocks of raw and manufactured commodities were three per cent under last year and lower at this season than since 1928.

In the fourth district, gains in many lines in 1936 exceeded the national average. Agricultural conditions, while below the average of past years, were better than in many sections and the relatively higher prices produced a greater gain in gross income in this section than the average increase reported for the country. Employment indexes in Ohio in the closing months of the year were above the average of 1926 and the improvement over 1935 was exceeded by the gain in payrolls which resulted from wage increases and a greater number of hours worked. These gains in purchasing power were reflected in various fields of retail trade. Department store sales were up 14 per cent in the first 11 months compared with 1935 and preliminary reports on December sales indicate that the month's increase

approximated that figure. In dollar volume, retail trade exceeded any of the past five years. Furniture store sales increased over 1935 by a greater amount than department store sales and more automobiles were sold than since 1929.

Residential building contracts awarded were 60 per cent larger in this district in the first 11 months of 1936 than in the same period of 1935 and total construction was up 40 per cent. Heavy public works contracts were under 1935 by about 25 per cent. While total building activity was better than since 1931 the volume is still quite limited.

The sharp rise in iron and steel production in 1936 and fabrication of these materials were responsible for a good share of the improvement experienced locally. Steel ingot production in the entire country was up about 40 per cent from last year and was only 13 per cent under the 1929 peak. Decided gains in the heavy branches of the steel industry and continued demand for light steels benefited all local steel centers, but the greatest improvement was at Pittsburgh where, until December of this year, steel mill operations had been under the national average. Large orders on hand kept mills operating in December at the highest rate of the year. Iron ore receipts at Lake Erie ports in the past season were over 31,000,000 tons, an increase of 57 per cent over 1935 and comparable with 1930. Despite this gain, ore supplies at furnaces and lake ports at the year end were about the same as at the close



of 1935. Coal shipments from Lake Erie ports were 26 per cent larger in 1936 than in the previous year and lake shipping generally was much improved.

Check transactions recorded by banks in leading cities, shown on the accompanying chart, reflect in part the improvement experienced in this district in 1936. In the first 11 months debits to individual accounts were 17 per cent larger than in the corresponding interval of last year and the index at the year end was at about the level of early 1931. Several factors tend to retard this index in comparison with previous years, including variations in price levels, service charges on checking accounts, and the decrease in number of banks.

There were fewer commercial failures in this district in 1936 than in over 15 years and the reduction from 1935 in the first 11 months was 25 per cent. Liabilities of the defaulting concerns also were down a like amount. Life insurance sales lagged in this section, total new insurance written in Ohio and Pennsylvania prior to December 1 being six per cent less than in the preceding year.

### FINANCIAL

The accompanying table shows changes in principal assets and liabilities of the Federal Reserve Bank of Cleveland in the year 1936. Earning assets rose \$27,000,000 in the year, but the bulk of the gain (increased holdings of government securities) resulted from a reallocation of the Reserve System's total holdings among the various reserve banks. Loans to industry were down over half a million dollars, holdings of acceptances declined, but bills discounted increased a nominal amount.

**Federal Reserve Bank of Cleveland**  
(000 omitted)

|  | Dec. 23,<br>1936 | Dec. 31,<br>1935 |
|--|------------------|------------------|
| <b>Assets:</b>   |                  |                  |
| Total Reserves (including gold certificates on hand and due from Treasury) . . . | \$679,214        | \$536,128        |
| Bills discounted . . . . .   | 76               | 10               |
| Acceptances purchased . . . . .  | 294              | 444              |
| Industrial advances . . . . .  | 1,214            | 1,784            |
| Government securities . . . . .  | 245,770          | 218,025          |
| Total bills and securities . . . . .   | 247,354          | 220,296          |
| <b>Liabilities:</b>  |                  |                  |
| Federal reserve notes in circulation . . .                                       | 432,230          | 352,515          |
| Member bank reserve deposits . . . . .   | 427,335          | 334,461          |
| Other deposits . . . . .   | 47,872           | 45,573           |
| Total deposits . . . . .   | 475,207          | 380,034          |
| Estimated excess reserves . . . . .  | 153,000          | 172,000          |

The most pronounced change in assets was the rise of \$143,000,000 in total reserves, the greater part of which was gold certificates due from the U. S. Treasury. This

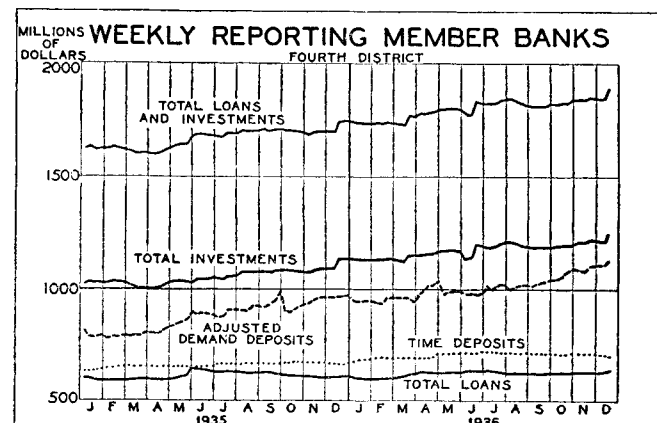
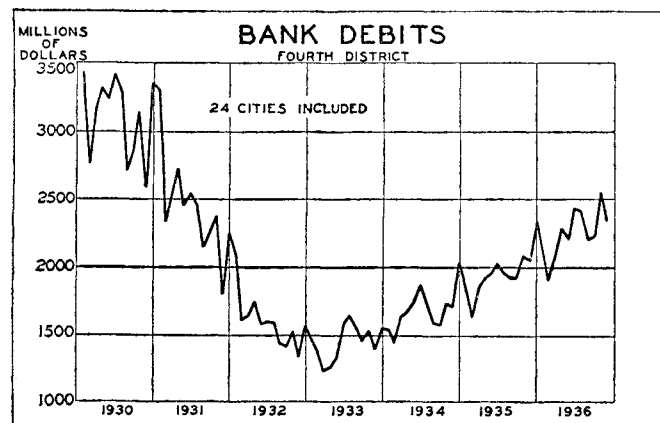
gain resulted indirectly from gold imports and inter-district transfer of funds, and total reserves on the latest date were at record high levels.

Member bank reserve deposits rose about \$93,000,000 in 1936 to an all-time peak. The drop in the third week of December reflected in part demand for holiday currency. Estimated excess reserves of all member banks in this district were approximately \$153,000,000 in late December 1936, only \$20,000,000 less than at the close of 1935 despite the fact that reserve requirements were raised 50 per cent in August. Federal reserve notes in circulation increased about \$80,000,000 in the past year, also to a new high level. Several factors contributed to the rise, among them being substitution of federal reserve notes for national bank notes which are being retired; increased business activity, higher prices and payrolls, all require more currency; and failure of banks to return unneeded money to the reserve bank as promptly as was formerly the case because most of them have large excess reserve balances. In addition bank service charges on checking accounts probably cause more cash to be used and low interest rates on deposit accounts offer less incentive to deposit excess cash than in previous years.

**Member Bank Credit** Total credit extended by reporting member banks in this district increased about \$150,000,000 in the year 1936, or approximately 8.7 per cent. While total loans rose over \$35,000,000, or six per cent in the year, the bulk of the increase was in holdings of securities. Investments in government securities and those guaranteed by the government advanced \$90,000,000 to an all-time high of \$975,000,000, while investments in other than government securities were up \$25,000,000, or approximately ten per cent. Holdings of government securities by these banks represented 51.6 per cent of total credit extended, while a year ago they were 48.3 per cent of the total.

The expansion in loans in the year was chiefly in so-called commercial loans which were up over \$40,000,000, or 23 per cent. Real estate loans declined slightly, while loans on securities increased by only a very moderate amount.

Deposits held by reporting banks increased about 14 per cent in the year 1936 to an all-time high level. The rise in time deposits was approximately 3.5 per cent, but demand deposits were up 19 per cent. Savings deposits at selected banks in this district in December were about four per cent larger than a year previous.



## MANUFACTURING, MINING

**Iron and Steel**

The steel industry enters 1937 with order backlogs the largest in recent history as a result of the heavy purchasing in early December following announcements of price advances in most materials for first quarter.

Ingot production in 1936 is estimated at approximately 47,000,000 gross tons, an increase of 40 per cent over the 1935 output of 33,900,000 gross tons, and 87 per cent of the 1929 peak of nearly 55,000,000 tons.

The year 1936 was notable for a decided upturn in production of heavier steel products. Increased buying by railroads late in the year and industrial expansion programs were the two leading factors. Output of sheet, strip, and other lighter products held at a high rate as a result of demand from the automobile industry, and, to a lesser extent, household goods and other light equipment. Reflecting demand for lighter products, the steel industry made extensive plans for enlarging its facilities for production of wide strip and sheets. Three new continuous mills were put into operation and five more were under construction at the year end. All these, together with the mills previously in operation, will result in annual capacity of more than 12,000,000 tons of this material, compared with only 6,000,000 tons in 1935.

The biggest problem in the latter part of December was how to produce the great amount of tonnage, ordered at the fourth-quarter prices, before the February 1 deadline set by most producers. The national operating rate increased to about 80 per cent just prior to Christmas, highest since the early part of 1930. All local steel centers experienced gains in December, with the most pronounced increase at Pittsburgh mills. The rise from November 21 to December 19 was ten points. In response to heavy buying of railroad steels and some structural materials, steel makers in that area increased operations to above the national average, whereas a year ago output was at about 40 per cent.

As production expanded in December, shortages of raw materials began to develop. Scrap prices advanced swiftly to an overall average of more than \$17; pig iron output held promise of setting a new December record; and coke prices were up. Despite the fact that iron ore receipts at Lake Erie ports in 1936 were 105 per cent larger than in 1935, ore stocks at furnaces and on lower lake docks were just about equal to last year's inventories.

Automobile producers made heavy commitments for the

early part of 1937. Railroads obtained protection on freight car materials. The carriers' purchases of rails in late November and early December were exceptionally large, awards aggregating 123,000 tons in one week and 409,000 tons in another. Many mills were completely sold out by the middle of December and were unable to accept orders as far as old prices were concerned. The problem of meeting required deliveries claimed the constant attention of the entire industry.

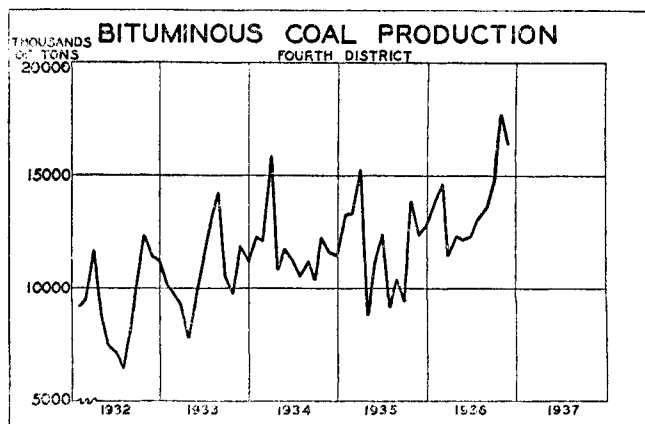
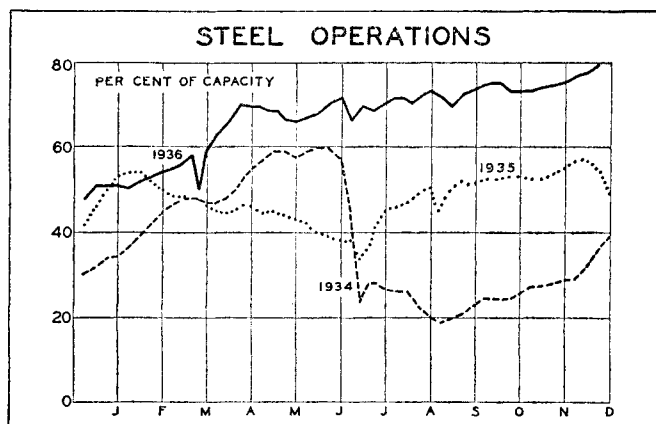
Daily output of steel ingots during November was larger than in any month since September 1929, and the highest of any November in the history of the industry. Total calculated production for the month, at 4,337,412 gross tons, fell short of the 4,545,001 tons made in October because of two less working days. Total output in November 1935 was 3,150,409 tons. Operations in November were equivalent to 79.05 per cent of capacity.

Pig iron production registered a small increase in November. At the same time a net gain of four was made in active blast furnaces, raising the total on November 30 to 165. Average daily production in the month was 98,331 gross tons, which, compared with the rate of 96,509 tons in October, was an improvement of 1.9 per cent. This was the highest rate reached since May 1930. The daily rate in November 1935 was 68,876 tons. For the 11 months ending December 1, production aggregated 27,557,512 tons, compared with 18,924,987 tons for the corresponding period of 1935. The increase amounts to 8,632,525 tons, or 45.6 per cent.

**Coal**

Daily average bituminous coal production continued to increase in November and the first half of December, contrary to the trend generally displayed at this season of past years. The moderate, but quite steady gains since mid-1936 put production in December at the 1929 level and substantially ahead of 1935; most mines are reported to be operating at capacity under the 35 hours per week agreement with miners.

While some forward buying of coal is evident, it is not extensive, according to reports, but there is a very active demand for immediate shipments of industrial grades and consumers' coal stocks on hand are reported to be slightly larger than a year ago. Coke shortages have caused many long-idle beehive ovens to be rebuilt; in December over 3,000 were in production, compared with about 400 a year ago and demand for coke from blast furnaces and foundries has been unusually heavy; prices also have in-



creased. Mild weather has retarded household coal consumption this fall, but prices generally are higher than a year ago.

Local mines in November produced 16,346,000 tons of bituminous coal, a gain of 31 per cent over last year and the largest November output since 1929. The drop in total production from October was less than seasonal and in the first 11 months 17.4 per cent more coal was mined than in the comparable period of 1935.

**Automobiles** While automobile production in November was up 75 per cent from October, at 394,890 units, it was slightly under November 1935, according to figures of the *Department of Commerce*. Retail demand for cars this fall has been unprecedented for this season of the year, according to dealers, but assembly plants, in addition to the difficulties encountered with new models, recently have been confronted with strikes at parts plants which have interrupted the movement of materials to assembly points. Sit-down strikes, occurring in scattered places, have held back several of the major production lines and the high output looked for by the trade has not become a reality.

In the first three weeks of December, however, production gains continued to be reported and in the week ended December 19 output was estimated by *Cram* at 121,000 cars and trucks, a new high weekly record for this year, which compared with approximately 100,000 units in the same week of 1935.

Passenger car production in November was 1.3 per cent ahead of last year, but truck output was down about eight per cent. Both passenger cars and trucks made in the first 11 months of 1936, at 3,956,000 units, exceeded the same period of 1935 by more than 11 per cent and that year had the advantage of two sets of new models. A year ago there was considerable speculation as to whether the change in the time of new model introductions would adversely affect early 1936 operations. While first quarter production was less than in 1935, unfavorable weather was a factor and in later months the large increases soon made up the first quarter deficiency. The past year has been the best from a production standpoint since 1929 and United States factory output has been close to 4,400,000 units. This was about 1,000,000 units below the 1929 peak, but was about on a par with 1928, and a million cars in excess of 1930.

Passenger car sales in major counties of this district in November were 40 per cent in excess of the corresponding period of 1935 and approximately the same increase was experienced in the first 11 months. New truck sales in this section showed even larger gains.

**Rubber, Tires** Consumption of crude rubber by manufacturers in the United States rose to an all-time high level in 1936, despite the fact that strikes interrupted plant operations on numerous occasions during the year. In November, consumption exceeded 50,000 tons for the fourth time during the year and despite increased crude rubber imports, domestic inventories, at 212,515 tons on November 30, were 90,000 tons, or 31 per cent smaller than on that date in 1935. Careful supervision of rubber exports from foreign countries and the decided increase in consumption has

not only improved the statistical position of crude rubber, but has been accompanied by a marked increase in rubber prices. Quotations in mid-December were above 20 cents a pound for the first time since the middle of 1929. A year ago rubber was 13 cents and at the low point of the depression it was under three cents a pound.

Tire production in the first ten months of 1936 (the latest available) was nearly five per cent in excess of the same period of 1935, and both replacement and original equipment tire sales were reported to have been in larger volume than in 1935. Inventories, which increased in September following several months of declining stocks, expanded further in later months despite the fact that automobile assemblies were stepped up and dealer buying was in excess of current requirements. In view of the sharp advance in crude rubber prices and higher wage and operating costs, a further increase in tire prices is looked for by the trade. This has led to more orders in November and December for delivery next spring than have been received for some time.

Employment at local rubber plants in December was reported to be five per cent greater than a year ago and wages are 11 per cent higher despite the fact that the rubber industry is definitely launched on a decentralizing program.

The mechanical goods' and sundries' divisions of the rubber industry experienced more improvement in 1936 over 1935 than did the tire branch, judging by final figures for the first nine months of the year. An important factor in this connection, however, was the increase in the use of rubber in mechanical fields. One company alone is reported to have added over 600 articles to its mechanical rubber goods list.

### Clothing

Manufacturers of clothing and textiles in this district enjoyed an active market in 1936, and while operations in December were not at peak levels because of seasonal conditions, employment was better than a year ago and considerable advance ordering of spring wearing apparel was evident. Gains ranged from 10 to 25 per cent over the same period of 1935, and while prices have been rising in all textile lines, little forward clothing buying as a hedge against further increases was reported because of the style factor. Speculative clothing purchases can react disastrously if styles should change drastically. Manufacturers' inventories of clothing are reported to be small and few end-of-season sales at reduced prices are anticipated. Some forward buying of materials for next fall has occurred as a result of advancing textile prices and reports of wool shortages. Cloth prices have risen 25 to 45 cents a yard over the opening price for spring fabrics and additional gains are evident in fall lines. Yard goods and raw material inventories are larger than in other recent years.

Clothing sales at fourth district reporting stores were up 10 to 16 per cent in November, compared with November 1935, and gains approximating that figure were evident for the entire year. In the latest month sales of women's wear were up 10.7 per cent, while a gain of 16.3 per cent was reported in men's clothing sales. Retail prices of apparel were less than two per cent higher on December 1 than a year ago, according to *Fairchild's* index, with prices of men's clothing showing little change.

**Other****Manufacturing**

Practically all of the smaller manufacturing lines in this district experienced marked improvement in 1936, and the rate of gain was accelerated toward the year end. Operations in many fields have risen to a point where labor shortages in the skilled classification are holding up further increases and training of apprentices is becoming a general practice, the first in a number of years. The supply of common labor continues to exceed demand. Inventories have increased by varying amounts in the year, part of which was necessitated by the greater volume of business, but forward buying at present prices to forestall higher material costs which are expected in trade lines to materialize at some future time also is quite prevalent in some fields.

In the auto parts industries, reports indicate that forward buying to the extent of nearly six months' supply has occurred in the case of some auto assembly plants, and parts makers, as a result, have attempted to cover their material needs at prevailing quotations. Inventories therefore are higher for this reason and also because assembly plants have built up a supply of finished parts as a hedge against possible labor disturbances.

Machine tool and foundry equipment manufacturers have enjoyed the second best year on record so far as orders are concerned. Dollar sales of the former in the year were at about the level of 1928 and only 16 per cent under 1929. Foreign orders increased more, proportionately, than domestic purchases, and this fall they have represented more than 25 per cent of the total volume reported. Extensive retooling programs and replacement of obsolete equipment as plant operations have expanded have been evident this year. Foundry equipment unfilled orders on December 1 were nearly double a year previous and were 200 per cent of the average of 1922-24. New orders received in November were more than twice as large as in 1935. Small tool demand has been good during most of the year.

Electrical equipment and apparatus orders in the first 11 months were more than 30 per cent larger than in the same period of 1935. Raw material inventories in December were larger than a year ago, but the expansion was reported to be only enough to handle the increased business. Production of hardware and small metal products continues at a high rate and considerable advance buying was evident in this line in the fourth quarter.

Demand for watches and jewelry by retailers is a good

indication of improved conditions. They have bought considerably more than in any recent year in anticipation of an active holiday season.

Reports from china and pottery plants indicate that operations in November were approximately ten per cent above last year and about on a par with 1929, but a seasonal decline occurred in early December. Little forward buying has occurred as yet, although raw material inventories have increased. In the glass industry the almost general strike in December all but stopped production of plate glass. Only the fact that auto plants had large inventories on hand prevented a shutdown in the assembly industry. Prior to the strike the industry enjoyed a marked increase in production, October output setting a new all-time high record. Demand for other types of glass also has improved considerably and inventories are small. Several brick and tile plants in this section resumed production in 1936 after being closed for varying lengths of time and employment increased generally. Sales, however, continued small in relation to years prior to 1930, because of the relatively limited amount of new construction. Higher prices of lead and zinc as well as other raw materials have resulted in some paint buying for future needs. Plant operations in 1936 were at a high rate generally.

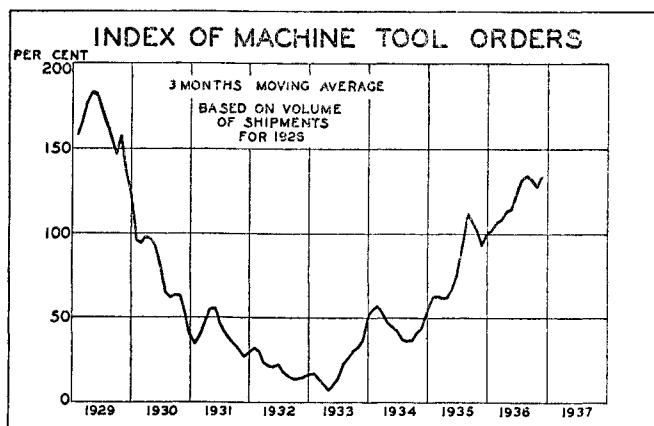
Paper, boxboard, and container manufacturers operated at 15 to 20 per cent higher levels in 1936 than in 1935, and large advance orders have been received to cover early 1937 trade requirements, although these do not extend beyond ninety days. Raw material prices have advanced, but inventories are reported as "normal."

Shoe production in 1936 established an all-time record, judging by figures for the first eleven months which were 6.3 per cent ahead of 1935, the previous record year in this district as well as in the entire country. Orders received for spring footwear so far have exceeded last year by about 20 per cent. Leather prices are considerably higher than a year ago, but shoe prices and wages have changed very little. November shoe sales at local stores were about 12 per cent larger than in 1935.

**TRADE****Retail**

Based on sales reports for the first 11 months, department stores in this district have enjoyed the best dollar volume of sales since 1930, and if allowance is made for the difference in price levels now and six or seven years ago an even more favorable showing is evident. Current retail prices, according to *Fairchild's* index of prices at department stores, are at about the level of mid-1931 and while they are approximately three per cent higher than a year ago and 30 per cent above the low of 1933, they are still somewhat under the level of 1929. The 14 per cent gain at all reporting stores in 1936 over 1935 was large, especially when it is remembered that first quarter sales were quite depressed in this section by adverse weather conditions, floods, etc. By November the seasonally adjusted index of daily average sales had risen to 95 per cent of the 1923-25 average, compared with 79.5 per cent a year ago, and was higher than since May 1930.

In November 1936, which had one less business day (a Saturday) than November last year, total sales were up 14.6 per cent. Considerable variation was evident in the



principal cities, gains ranging from 4 to 20 per cent, the latter being at Pittsburgh. Increases for the 11-month period were more uniform, being from 12 to 22 per cent. In the individual departments, larger sales were reported in all but yard goods, art needlework, and electrical appliances. Housefurnishing sales showed the largest gains generally, but fur sales were up over 50 per cent. A marked trend to higher-priced merchandise has been evident this fall and sales in basement departments of reporting stores show smaller increases over last year than do total store sales. Preliminary reports on December sales indicate that gains have been experienced over last year, but they were not as large in the first half of the month as merchants expected or as they were earlier this fall.

Stores continued to add to their inventories in November at a greater-than-seasonal rate and at the month end dollar value of stocks was 14.2 per cent larger than a year ago. The seasonally adjusted index rose over two points to 69.7 per cent of the 1923-25 average, compared with 61 per cent a year ago and was higher than since December 1931. The ratio of total sales to average stocks continues higher than a year ago.

There was a slight decline in the ratio of collections in November to accounts receivable at the end of the preceding month, but this was entirely seasonal and so far as the year is concerned, further improvement in collections has been evident. The accompanying chart shows collections on regular 30-day and installment accounts at fourth district department stores. The October and November collection ratios on regular accounts were higher than in any year, at least back to 1926. The average for the first 11 months was better than 43 per cent, while in 1932 and 1933 it was about 34 per cent. Little change in collections on installment accounts, excluding seasonal fluctuations, has been evident in recent years; they average between 16 and 17 per cent generally and deviated little from that level even in the most depressed years.

#### Wholesale

All reporting lines of wholesale trade experienced a seasonal decline in sales in November, but the percentage increases over November 1935 in all lines but groceries were larger than the cumulative gains reported this year. Based on the first 11 months' business, grocery sales were up six per cent over last year; drugs and dry goods were up 13 per cent, and hardware sales 12 per cent. In the closing

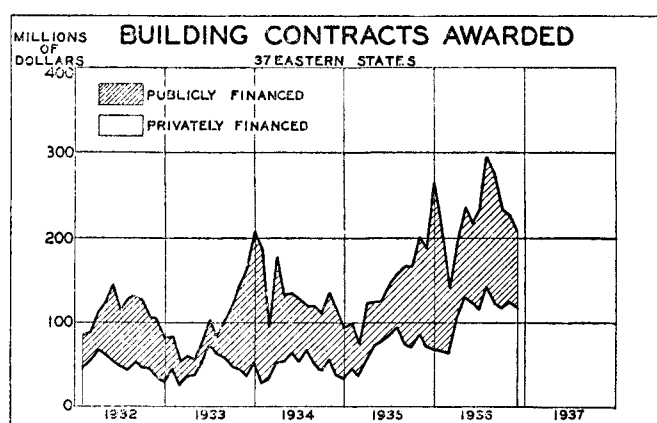
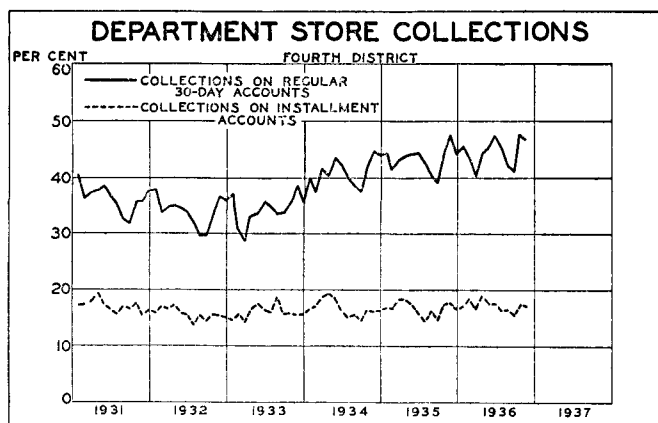
months of the year demand for goods from wholesalers expanded considerably as retail trade increased and depleted stocks were replenished. Collections also have improved this year.

#### CONSTRUCTION

Although the construction industry has shown marked improvement in the past year in comparison with the period 1932 to 1935, both in this district and the entire country, conditions are still depressed in relation to years prior to 1930 and a large share of the gain in the past year represents building financed by public funds. District figures revealing the portion of total construction financed by public money are not available, but the accompanying chart shows the share of total contracts awarded in the past five years in 37 eastern states that are financed by public and private funds. While considerable variation is evident from month to month the average for the entire period shows that 55.5 per cent of total contracts awarded represented the spending of public funds and 44.5 per cent privately-financed construction. Despite the use of public money in such volume building awards in this district in 1936 were only 40 per cent as large as the average of the eight years ending with 1930, even though they were 41 per cent ahead of 1935. In this connection, however, while total contracts awarded have declined in recent months, largely seasonal, the drop was chiefly in publicly-financed construction. For three consecutive months more than half of all contracts awarded were backed by private funds, according to *F. W. Dodge* reports.

In November, residential construction in the fourth district was more than 2½ times as great as in the corresponding month of 1935, while for the first 11 months a gain of 60 per cent over last year was reported. Residential contracts awarded in November were also larger than in October. Nonresidential building in the latest month and the year to date showed gains over 1935, with commercial and factory construction recording the greatest improvement for the longer period. Public utility construction in the first 11 months was 80 per cent ahead of the same interval of 1935, but heavy public works were down about 25 per cent. Total contracts awarded in November were 47.5 per cent larger than last year and at \$226,460,000 in the first 11 months, they were 41 per cent greater than in the same period of 1935.

In the building supply field, cement production was up



43.2 per cent in 1936 and demand for all materials increased. Distributors' inventories are larger than a year ago, but lumber supplies at production points are down. Prices have advanced recently.

### AGRICULTURE

The December check of 1936 crops harvested confirmed earlier reports of heavy losses from drought and low yields generally, but from a value standpoint the low yields have been more than offset by higher average prices than since 1929.

In states of this federal reserve district, a smaller acreage was harvested in 1936 than in 1935, but rather sharp increases in farm value of products was evident, except in West Virginia, where a decline occurred. In addition receipts from sale of farm products were larger because of higher prices, and rural conditions are much improved locally over other recent years.

### Tobacco

The 1936 tobacco selling season opened in Lexington on December 7 and at other points the following day and although growers generally were counting on higher prices than a year ago, activity on warehouse floors and prices received exceeded most expectations. By the end of the second week the daily average price at Lexington had risen to 51 cents a pound, the highest daily average price received since 1919 and the average for the first two weeks of the selling season was 41.2 cents a pound. Last year the average price was under 20 cents a pound. While the supply of burley tobacco is small, that offered for sale so far has been of better quality than was generally expected.

Bidding on various auction markets for all grades from the commonest to the best was sharp and all crops were bringing nearly double last year's prices.

### Wholesale and Retail Trade

(1936 compared with 1935)

|                               | Percentage<br>Increase or decrease |                             |                            |
|-------------------------------|------------------------------------|-----------------------------|----------------------------|
|                               | SALES<br>November<br>1936          | SALES<br>First 11<br>months | STOCKS<br>November<br>1936 |
| DEPARTMENT STORES (52)        |                                    |                             |                            |
| Akron.....                    | +13.1                              | + 9.7                       | +29.1                      |
| Cincinnati.....               | + 8.7                              | +10.4                       | +13.7                      |
| Cleveland.....                | +16.2                              | +14.6                       | +17.8                      |
| Columbus.....                 | + 8.5                              | +12.5                       | + 5.4                      |
| Pittsburgh.....               | +20.0                              | +16.2                       | +11.1                      |
| Toledo.....                   | + 3.9                              | +10.3                       | +13.4                      |
| Wheeling.....                 | +11.4                              | +14.1                       | +11.9                      |
| Youngstown.....               | +19.1                              | +19.8                       | +17.2                      |
| Other Cities.....             | +18.5                              | +16.9                       | +15.0                      |
| District.....                 | +14.6                              | +13.9                       | +14.2                      |
| WEARING APPAREL (13)          |                                    |                             |                            |
| Cincinnati.....               | + 7.2                              | + 1.2                       | + 5.2                      |
| Cleveland.....                | +21.1                              | +12.4                       | +10.7                      |
| Pittsburgh.....               | + 9.7                              | + 8.7                       | + 8.8                      |
| Other Cities.....             | +11.0                              | +11.1                       | +12.8                      |
| District.....                 | +12.5                              | + 8.2                       | + 9.2                      |
| FURNITURE (42)                |                                    |                             |                            |
| Cincinnati.....               | - 0.3                              | +25.6                       |                            |
| Cleveland.....                | +18.8                              | +27.4                       |                            |
| Columbus.....                 | +10.8                              | +22.1                       |                            |
| Dayton.....                   | +41.5                              | +31.8                       |                            |
| Toledo.....                   | + 5.6                              | +29.7                       |                            |
| Other Cities.....             | +14.9                              | +33.5                       |                            |
| District.....                 | +15.7                              | +28.2                       |                            |
| CHAIN STORES*                 |                                    |                             |                            |
| Drugs—District (4).....       | + 0.5                              | +14.0                       |                            |
| Groceries—District (5).....   | 0.0                                | + 2.7                       |                            |
| WHOLESALE GROCERIES (30)      |                                    |                             |                            |
| Akron.....                    | +13.5                              | + 6.2                       |                            |
| Cleveland.....                | + 9.3                              | + 3.1                       |                            |
| Erie.....                     | + 5.4                              | + 6.1                       |                            |
| Pittsburgh.....               | +10.9                              | + 0.3                       |                            |
| Toledo.....                   | + 5.2                              | + 3.4                       |                            |
| Other Cities.....             | + 3.1                              | + 9.6                       |                            |
| District.....                 | + 4.7                              | + 6.1                       | +13.1                      |
| WHOLESALE DRY GOODS (10)..... | +19.3                              | +12.7                       | +12.4                      |
| WHOLESALE DRUGS (11).....     | +14.0                              | +12.9                       |                            |
| WHOLESALE HARDWARE (13).....  | +23.0                              | +11.8                       |                            |

\*per individual unit operated.

### Fourth District Business Statistics

(000 omitted)

|  | Nov.<br>1936 | % change<br>from 1935 | Jan.-Nov.<br>1936 | % change<br>from 1935 |
|--|--------------|-----------------------|-------------------|-----------------------|
| Fourth District Unless<br>Otherwise Specified..... |              |                       |                   |                       |
| Bank Debits—24 cities.....                         | \$2,349,000  | +14.5                 | \$24,783,000      | +17.3                 |
| Savings Deposits—End of Month:                     |              |                       |                   |                       |
| 40 banks, O. and W. Pa.....                        | \$ 728,470   | + 4.2                 | 1                 |                       |
| Life Insurance Sales:                              |              |                       |                   |                       |
| Ohio and Pa.....                                   | \$ 70,410    | - 4.2                 | 805,678           | - 6.3                 |
| Retail Sales:                                      |              |                       |                   |                       |
| Dept. Stores—52 firms.....                         | \$ 21,602    | +14.6                 | 202,470           | +13.9                 |
| Wearing Apparel—13 firms.....                      | \$ 1,028     | +12.5                 | 9,354             | + 8.2                 |
| Furniture—42 firms.....                            | \$ 942       | +15.7                 | 10,529            | +28.2                 |
| Wholesale Sales:                                   |              |                       |                   |                       |
| Drugs—11 firms.....                                | \$ 1,556     | +14.0                 | 16,064            | +12.9                 |
| Dry Goods—10 firms.....                            | \$ 1,501     | +19.3                 | 14,000            | +12.7                 |
| Groceries—30 firms.....                            | \$ 4,029     | + 4.7                 | 45,171            | + 6.1                 |
| Hardware—13 firms.....                             | \$ 1,769     | +23.0                 | 15,343            | +11.8                 |
| Building Contracts—Total.....                      | \$ 21,034    | +47.5                 | 226,460           | +41.1                 |
| —Residential.....                                  | \$ 7,851     | +157.7                | 70,042            | +60.4                 |
| Commercial Failures—Liabilities.....               | \$ 1,309     | +47.4                 | 10,574            | -25.2                 |
| —Number.....                                       | 502          | -28.6                 | 6272              | -24.5                 |
| Production:  |              |                       |                   |                       |
| Pig Iron—U. S..... tons                            | 2,950        | +42.7                 | 27,559            | +45.6                 |
| Steel Ingot—U. S..... tons                         | 4,337        | +37.7                 | 42,488            | +40.0                 |
| Auto—Passenger Car—U. S.....                       | 341,4362     | + 1.3                 | 3,250,0442        | +11.7                 |
| Auto—Trucks—U. S.....                              | 53,4342      | - 8.1                 | 705,7902          | +11.5                 |
| Bituminous Coal, O., W. Pa., E. Ky..... tons       | 16,346       | +31.3                 | 152,744           | +17.4                 |
| Cement—O., W. Pa., W. Va..... bbls.                | 1,210        | +76.6                 | 9,880             | +43.2                 |
| Elec. Power, O., Pa., Ky. thous. k.w.h.            | 1,621        | +15.2                 | 14,591            | +14.4                 |
| Petroleum—O., Pa., Ky..... bbls.                   | 2,3923       | + 9.5                 | 19,7144           | - 6.5                 |
| Shoes..... pairs                                   | 5            | +16.2                 | 6                 | + 6.3                 |
| Tires, U. S..... casings                           |              |                       |                   |                       |
| Bituminous Coal Shipments:                         |              |                       |                   |                       |
| L. E. Ports..... tons                              | 5,648        | +21.4                 | 44,922            | +26.3                 |
| Iron Ore Receipts:                                 |              |                       |                   |                       |
| L. E. Ports..... tons                              | 3,014        | +104.8                | 31,312            | +57.4                 |

1 not available  
2 actual number  
3 October

4 Jan.-Oct.  
5 confidential

### Debts to Individual Accounts

(Thousands of Dollars)

|                   | 5 weeks<br>ended<br>Dec. 23,<br>1936 | %<br>change<br>from<br>1935 | Year to date<br>Jan. 1, 1936<br>to<br>Dec. 23, 1936 | Year to date<br>Jan. 2, 1935<br>to<br>Dec. 24, 1935 | %<br>change<br>from<br>1935 |
|-------------------|--------------------------------------|-----------------------------|---|---|-----------------------------|
| Akron.....        | \$ 83,609                            | +34.4                       | \$720,313   | \$594,034   | +21.3                       |
| Butler.....       | 12,593                               | +30.5                       | 104,336   | 85,231  | +22.4                       |
| Canton.....       | 46,345                               | +17.4                       | 403,680   | 351,490   | +14.8                       |
| Cincinnati.....   | 444,733                              | +25.2                       | 3,910,066   | 3,307,283   | +18.2                       |
| Cleveland.....    | 792,831                              | +32.8                       | 6,684,450   | 5,448,760   | +22.7                       |
| Columbus.....     | 248,211                              | +33.5                       | 2,082,349   | 1,806,148   | +15.3                       |
| Dayton.....       | 81,520                               | +38.7                       | 744,204   | 574,044   | +29.6                       |
| Erie.....         | 36,429                               | +44.4                       | 312,040   | 250,050   | +24.8                       |
| Franklin.....     | 5,061                                | +40.6                       | 41,140  | 33,377  | +23.3                       |
| Greensburg.....   | 7,965                                | +19.7                       | 78,896  | 63,089  | +25.1                       |
| Hamilton.....     | 14,787                               | +37.5                       | 151,738   | 103,209   | +27.6                       |
| Homestead.....    | 3,767                                | +35.9                       | 31,900  | 25,684  | +24.2                       |
| Lexington.....    | 36,335                               | +15.7                       | 234,284   | 231,999   | + 1.0                       |
| Lima.....         | 17,243                               | +30.6                       | 158,534   | 168,711   | +27.4                       |
| Lorain.....       | 5,886                                | +43.2                       | 49,347  | 39,229  | +25.8                       |
| Middletown.....   | 12,471                               | +20.6                       | 108,225   | 88,517  | +22.3                       |
| Oil City.....     | 13,645                               | +26.1                       | 119,116   | 103,992   | +14.5                       |
| Pittsburgh.....   | 1,052,085                            | +25.1                       | 8,315,336   | 7,391,777   | +13.8                       |
| Springfield.....  | 21,132                               | +24.8                       | 188,149   | 164,690   | +14.2                       |
| Steubenville..... | 13,114                               | +48.7                       | 104,203   | 80,811  | +29.9                       |
| Toledo.....       | 179,029                              | +40.4                       | 1,421,615   | 1,096,673   | +29.6                       |
| Warren.....       | 12,808                               | +45.4                       | 101,380   | 80,052  | +26.2                       |
| Wheeling.....     | 46,898                               | +42.7                       | 384,827   | 332,719   | +15.7                       |
| Youngstown.....   | 56,431                               | +23.4                       | 537,417   | 445,669   | +20.6                       |
| Zanesville.....   | 9,596                                | +22.0                       | 87,470  | 76,123  | +14.9                       |
| Total.....        | \$3,254,524                          | +29.3                       | \$27,135,215  | \$22,883,361  | +18.6                       |

### Fourth District Business Indexes

(1923-25 = 100)

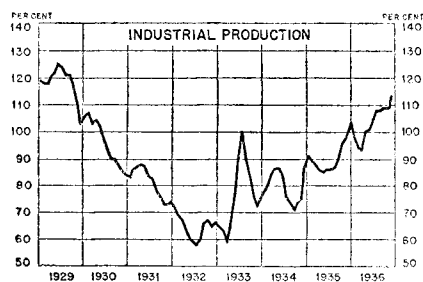
|   | Nov.<br>1936 | Nov.<br>1935 | Nov.<br>1934 | Nov.<br>1933 | Nov.<br>1932 |
|---|--------------|--------------|--------------|--------------|--------------|
| Bank Debits (24 cities).....              | 87           | 76           | 63           | 52           | 49           |
| Commercial Failures (Number).....         | 34           | 48           | 60           | 57           | 134          |
| “ (Liabilities).....                      | 30           | 20           | 67           | 50           | 111          |
| Sales—Life Insurance (O. & Pa.).....      | 84           | 88           | 86           | 89           | 93           |
| “ Department Stores (50 firms).....       | 100          | 83           | 75           | 67           | 59           |
| “ Wholesale Drugs (10 firms).....         | 105          | 93           | 82           | 75           | 72           |
| “ “ Dry Goods (10 firms).....             | 61           | 51           | 47           | 43           | 36           |
| “ “ Groceries (30 firms).....             | 74           | 71           | 67           | 56           | 52           |
| “ “ Hardware (13 firms).....              | 93           | 75           | 63           | 57           | 45           |
| “ “ All (63 firms).....                   | 79           | 71           | 65           | 56           | 51           |
| “ Chain Drugs (4 firms)**.....            | 92           | 91           | 74           | 67           | 67           |
| Building Contracts (Total).....           | 44           | 30           | 20           | 35           | 29           |
| “ (Residential).....                      | 46           | 18           | 9            | 9            | 10           |
| Production—Coal (O., W. Pa., E. Ky.)..... | 90           | 69           | 65           | 66           | 64           |
| “ Cement (O., W. Pa., E. Ky.).....        | 101          | 57           | 33           | 20           | 63           |
| “ Elec. Power (O., Pa., Ky.)*.....        | 193          | 168          | 144          | 137          | 124          |
| “ Petroleum (O., Pa., Ky.)*.....          | 125          | 118          | 114          | 109          | 101          |
| “ Shoes.....                              | 81           | 70           | 54           | 49           | 48           |

\*October

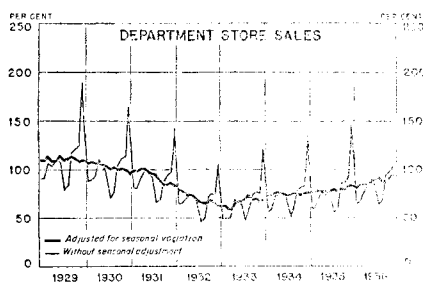
\*\*Per Individual unit operated.

## Summary of National Business Conditions

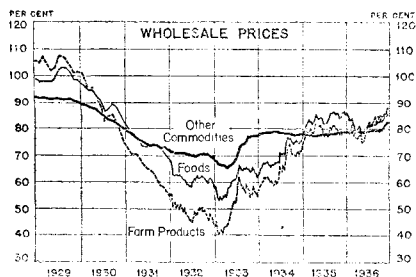
By the Board of Governors of the Federal Reserve System



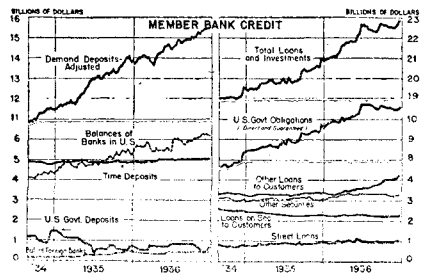
Index of physical volume of production, adjusted for seasonal variation, 1923-25 = 100. By months, January 1929 to November 1936, the latest figure being 114 preliminary



Indexes of value of sales, 1923-25 average = 100. By months, January 1929 to November 1936, the latest figure adjusted 93, unadjusted 104.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months 1929 to 1931; by weeks 1932 to date. Latest figures are for week ending December 19.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to December 16, 1936. Loans on real estate, loans to banks and acceptances and commercial paper bought included in total loans and investments, but not shown separately.

Production, wage payments, and the distribution of commodities to consumers increased considerably from October to November. Wholesale commodity prices have advanced steadily since the end of October.

### Production and Employment

The Board's index of industrial production, which makes allowance for changes in the number of working days in the month and for the usual seasonal variations, was 114 per cent of the 1923-25 average in November, as compared with 109 per cent in October. Output of both durable and nondurable manufactures showed a considerable rise. Production of steel ingots increased further to a rate of 79 per cent of capacity in November, and output of automobiles also increased. Figures for the first three weeks of December indicate continued expansion in output of both steel and automobiles. In the plate glass industry, where there has been a strike, production was sharply reduced in November, and activity at lumber mills declined, reflecting the effects of the maritime shipping strike on the Pacific coast.

Increases in output were reported at meat packing establishments and textile mills, and sugar meltings and output of tobacco products declined by less than the usual seasonal amount. At mines, coal production increased and output of crude petroleum and iron ore showed a smaller than seasonal reduction.

Value of construction contracts awarded, according to F. W. Dodge Corporation figures, continued at about the same rate in November as in October.

Factory employment showed little change from October to November, although a decrease is usual at this season of the year, and the Board's seasonally adjusted index advanced to 96 per cent of the 1923-25 average. The number employed at factories producing durable goods continued to increase, with the largest expansion in the automobile and machinery industries. There was a decline in employment at lumber mills and in the glass industry. In the nondurable goods industries as a group employment showed a smaller decline than is usual in November. At shoe factories and establishments producing wearing apparel smaller than seasonal declines were reported and there were increases in employment at cotton and woolen textile mills and at meat packing plants.

### Distribution

Department store sales increased substantially in November, and there was also a rise in sales at variety stores and at chain grocery stores. Sales by general merchandise stores and mail order houses serving rural areas declined from the high level reported for October.

Freight-car loadings showed a smaller than seasonal decrease in November.

### Commodity Prices

The general level of wholesale commodity prices continued to advance from the middle of November to the third week of December. There were substantial increases in the prices of wheat, flour, nonferrous metals, and rubber. Prices of wool, cotton yarns, and worsted yarns advanced somewhat further and cotton, pig iron, and steel scrap prices also increased in this period.

### Bank Credit

The reserve position of member banks in recent weeks has been influenced largely by temporary seasonal developments in connection with holiday currency requirements and mid-December financing by the United States Treasury.

Notwithstanding the increased demand for currency for Christmas shopping, there was a further growth in demand deposits at weekly reporting member banks through the first half of December, reflecting additions to monetary gold stock, as well as a sharp increase in bank loans.

At reporting banks outside New York City holdings of Government securities increased by \$140,000,000 in the four weeks ending December 16, while at New York City banks they showed a further small decline. There was an increase of \$100,000,000 in loans to brokers and dealers in securities in New York City, largely for the purpose of buying United States Government securities. Commercial loans showed a further increase of \$150,000,000, carrying the total volume of such loans to a level \$800,000,000 higher than a year ago.