

# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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Further slight gains occurred in the volume of fourth district trade and industry in late February and the first three weeks of March, judging by reports now available. In some lines the rise was quite pronounced; in others it was not so marked and in a few instances labor conditions had a retarding influence. Except in the auto industry, where the situation in Detroit held up parts shipments and caused a slowing down at local plants whose chief buyers were the affected assembly factories, strikes were more or less scattered.

While the effect of these strikes should not be underestimated, particularly from a psychological standpoint, the latest report of the *Department of Labor* indicated that in February there was a gain of 215,000 employees over January in the entire country. This probably was considerably greater than the total number of persons affected by strikes at any one time. In this district employment in principal cities increased somewhat in February. At Cleveland the industrial employment index was higher than since October 1929. A similar situation was evident at Toledo. At Cincinnati the index was 11.5 per cent higher than a year ago and gains of 14 per cent at Canton, 21 per cent at Springfield, 23 per cent at Dayton and 19 per cent in Western Pennsylvania were evident as compared with February 1936. In most cases these indexes do not take into account long time population changes. Many individual firms indicate that current employment is at record high levels and recent wage increases have advanced hourly rates to or above the 1929 level. In some cases even weekly earnings surpass those of 1929, although fewer hours are being worked.

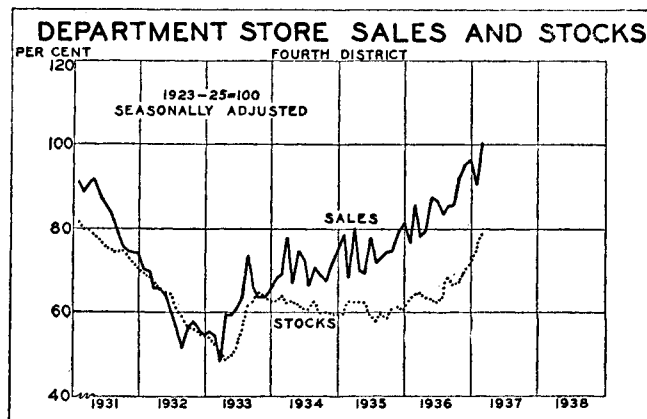
Some of the benefits of higher wages have been or are being nullified by rising retail prices, although so far this has not been marked. *Fairchild's* index of prices at department stores is six per cent higher than a year ago, but it still is 20 per cent under 1929. Retail food prices have advanced five per cent in the year, but also are 18 per cent under the high point of 1930. Wholesale prices, however, have advanced quite sharply in recent weeks and in mid-March the *Bureau of Labor Statistics* index of 784 commodities was 87.6 per cent of the 1926 average, compared with 79 a year ago and 97 in 1929. While nearly all major classes of commodities have shared in the recent increase, the most pronounced gains have been in the

metals, building materials, rubber and certain food products particularly grains. Raw material prices have advanced more in the past year than finished products.

Buying of commodities, both raw materials and finished goods, recently has been in unusual volume, partly accounting for the high rate of industrial activity evident in many fields. The higher rate of business in itself requires larger stocks, but ordering of materials in excess of current requirements has occurred in certain lines. Fear of further rising prices, possible strikes, or actual shortages, apparently have been factors contributing to this buying movement.

Retail buying in this district in February was up more than seasonally and the index of daily average sales equaled the average of 1923-25 for the first time since early 1930. The gain over last year was 18.5 per cent. Wearing apparel stores showed a similar gain and furniture sales were up 29 per cent. Reports on March sales indicate that pre-Easter buying was in good volume. There were approximately 30 per cent more automobiles sold in the month than in February 1936. Sales of wholesale companies were considerably larger than a year ago, though price increases were more of a factor here than in the retail field.

Building contracts awarded showed a smaller increase in February over last year than in January, but the gain in residential construction was still the largest reported for the major classifications. Commercial building contracts awarded showed a nice gain over last year. Contemplated



construction tabulated in February was 148 per cent greater than a year ago.

In the industrial field, the iron and steel industry rose to new high levels for the recovery movement in February and further gains occurred in March. Strikes in the automobile industry apparently had no effect on steel production and unfilled orders are reported to have increased despite the high level of operations. Fifty-six more blast furnaces were active on March 1 than a year previous. Orders for machine tools in February were smaller than in January, but were larger than the monthly average of 1929. Electrical supplies have been ordered in large volume and shoe, clothing, glass, paint and many other of the smaller industries were operating at or close to capacity in recent weeks.

Commercial failures reported in this district in February were 33 per cent under a year ago and liabilities of the defaulting concerns were down 66 per cent. Life insurance sales in Ohio and Pennsylvania have lagged so far this year, the total reported for the first two months being 19 per cent less than in the same period of 1936.

### FINANCIAL

Total credit extended by banks in this district was little changed in the first three weeks of March, judging by weekly reports from member banks in leading cities whose figures represent about 55 per cent of total loans and investments of all banks in the district. Since the beginning of 1937, however, there has been a contraction. At these weekly reporting banks it has amounted to approximately \$50,000,000, or 2.5 per cent, but on March 24, at \$1,889,000,000, total credit extended was still \$121,000,000, or seven per cent in excess of a year ago. The accompanying chart, portraying the chief types of credit extended by reporting member banks in leading cities, reveals that the decline since the beginning of 1937 has been almost entirely in holdings of Government securities. In the period, however, large issues of Treasury bills have matured and there has been little new borrowing by the Treasury. Between January 6 and March 24 investments in Government bonds at these banks were reduced \$77,000,000, or eight per cent, but they were still considerably larger than a year ago. In the same 11-week period investments in other securities increased slightly.

Loans made by these banks so far this year have exhibited an irregular, but upward trend and from the low point in January a gain of \$27,000,000 has occurred. This rise has been confined to commercial loans and to holdings of ac-

ceptances and commercial paper, also indicative of business activity. The combined increase in these items since January has been \$26,000,000, or 11 per cent. Loans on real estate have declined slightly so far this year and loans on securities also were down moderately. The reduction in the two latter items was more than offset by the increase in commercial loans.

Time deposits at these weekly reporting banks declined slightly between February 24 and March 24, but on the latest date they were somewhat above the level at the beginning of the year. Demand deposits were approximately \$10,000,000, or one per cent, lower in the third week of March than on February 24 and were somewhat lower than at the beginning of the year. Government deposits at the member banks also were down, accounting in part for the reduction in excess reserves at banks in this area.

The increase in reserve requirements at member banks on March 1 was reflected in a decline in excess reserves of about \$14,000,000 in this district and in the next three weeks, which included the March tax collection date, excess reserves were further reduced by about \$21,000,000 to \$105,000,000 on March 19. The latest decline occurred chiefly at banks in Federal reserve cities and represented in part the withdrawal of bankers' balances. Total excess reserves of member banks in this district on March 19 were calculated to be 32 per cent of the higher requirements now in force, with country bank excess reserves being estimated at 54 per cent. Total reserve deposits on March 24, at \$423,000,000, although down a little from the high point of March 1 were larger than a month ago, but \$10,000,000 less than at the beginning of the year.

Bills discounted by the Federal reserve bank on March 24 were \$533,000, still only a nominal amount, but the largest figure since early 1935. On February 24 discounts were \$70,000. Holdings of acceptances and Government securities were unchanged in the four latest weeks, although in the case of the latter there was a shifting from Treasury notes and bills to longer-term bonds as some of the issues with shorter maturities became due.

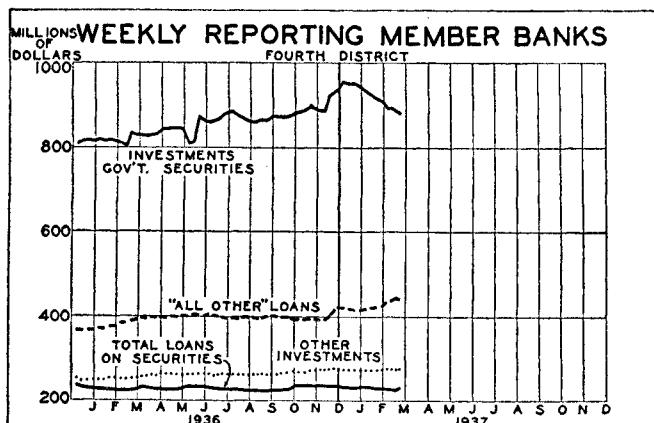
Circulation of this bank's Federal reserve notes fluctuated around \$420,000,000 in the four weeks ended March 24 and on the latest date was \$59,000,000 in excess of a year ago. A further reflection of increased financial activity and the greater volume of business was the 29 per cent increase in debits to accounts at banks in leading cities in the four weeks ended March 24 over those in the same period of 1936.

### MANUFACTURING, MINING

#### Iron and Steel

Disregarding recent increases of steel prices, following a general advance in steel wages, consumers continue their efforts to place tonnage with mills. Delivery has become a much more important factor than price and principal endeavor now is to obtain a favorable position on rolling mill schedules. Relatively little steel to be made during second quarter is still free and in the case of some products mills are booked full through the second quarter and in extreme instances nothing short of 22 weeks can be promised.

Buying of steel scrap for export has involved so large a tonnage that shipments have become congested at eastern ports, where cargo space has been scarce. Embargoes have been declared by railroads and car movement to piers now is regulated under a permit plan, when a ship is ready to



load. As a result of this heavy buying and strong demand from domestic users, scrap prices have been rising rapidly until steelmaking grades are almost at the level of pig iron.

Production of steel ingots in March was approaching practical capacity. The national rate of operations in the week ended March 27 was 90 per cent of capacity compared with 58.5 per cent a year ago. While 100 per cent capacity is possible for a short time, a certain part of the steel plant is generally undergoing repairs, such as relining furnaces, etc. At the current level of operations more steel is being produced than in 1929 because of the expansion that has occurred in steel-making facilities. In the various steel centers of this district Pittsburgh continues to lead in the amount of improvement that has occurred. In the latest week plants situated there were reported to be operating at 93 per cent of capacity, an all-time high rate, compared with 87 per cent in the third week of February and under 50 per cent a year ago. Operations in the corresponding week last year actually were much lower than that, having been depressed by flood conditions.

At Youngstown the rate rose five points to 85 per cent of capacity in the four latest weeks and compared with 74 per cent last year. Wheeling mills were operating at 97 per cent as against 73 per cent in March 1936. Cleveland-Lorain mills have lagged behind in recent weeks, though some increase occurred in mid-March and in the latest week production was at 80.5 per cent, about the same as a year ago.

In February steel ingot production totaled 4,424,659 gross tons, compared with 4,736,697 tons in January, the decline being entirely due to the shorter month. The weekly rate in February was 1,106,165 gross tons, well above the weekly rate of 1,069,232 tons in January. Based on preliminary reports for March, the first quarter should set an all-time production record. Estimating March production at more than 5,000,000 tons, the quarter output would be over 14,000,000 tons. This would be only about 875,000 tons short of second quarter, 1929, the best three months of all time.

Desiring to avail themselves of price protections ending in January, railroads ordered cars in large number that month and February car purchases, therefore, were much reduced. They totaled 4,972, compared with 17,806 in January. For two months car purchases totaled 22,778, the largest number for these months since 1929, when 29,140 were bought. The peak was in 1924 when 49,500 cars were bought in January and February.

Complete closing of some automobile plants in mid-March had little apparent effect on steel demand. It permitted a shifting of steel shipments to other users who were clamoring for deliveries.

Daily average pig iron production in February was the best since October 1929 and total output, at 3,020,006 tons, was 64 per cent in excess of last year. In the first two months the gain in pig iron production was 61.3 per cent. There was a net gain of seven furnaces in blast in the month, there being 176 active on February 28. The increase in the past year was 56. High prices and unusual demand for scrap steel have caused a sharp rise in blast furnace activity. Iron ore consumption in February was 69 per cent greater than in February 1936 and stocks at lower lake ports and furnaces were 13 per cent smaller than a year

ago, despite the fact that a larger quantity was on hand at the close of the shipping season.

#### Coal

Bituminous coal production at mines in the fourth district in February was at the highest level since 1929 and output in the first half of March continued at the level of late February when mines were working at capacity. In February local mines produced 15,940,000 tons, slightly more than in January, a longer month. The increase over last year was 8.2 per cent, while the gain in the first two months was a little more than that.

Approaching expiration of the coal miners' wage contract on April 1 and the feeling among coal users that a strike was possible which might cut off fuel supply, has caused considerable stocking by large industrial users. Latest figures available are as of March 1 and they show only part of this movement. On that date industrial stocks were 38,785,000 tons, a gain of 10.7 per cent since January 1, and an increase of over 15,000,000 tons or 66 per cent as compared with last year. Coal consumption has been running about 12 per cent in excess of 1936, which makes it necessary to carry additional supplies of coal, but the gain has been more than can be accounted for in this way. Railroads, electric power companies, and iron and steel mills reported the greatest increases in coal inventories in early 1937.

In mid-March mine operators and dealers reported a decline in coal buying for inventories. Either a sufficient supply has been built up or the feeling in regard to a coal strike has lessened. Dealers report that prices on domestic grades of coal have been weak, partly because of the mild weather. Prices of steam grades have increased slightly, but they are still under last year. Coke demand is heavy and prices are somewhat higher than a year ago. Coke is quoted at \$4.25 a ton, compared with \$3.65 in March 1936.

#### Automobiles

Settlement of the General Motors Corporation strike last month was thought at the time to have removed the chief obstacle to an almost record output of cars in March, but with other plants likewise affected and about the same proportion of the auto industry completely closed for over two weeks as it was earlier in the year preliminary estimates of monthly output have had to be revised downward quite sharply. Retail sales have not yet been seriously hampered, according to reports, for dealers of the affected assembly plants are supposed to have had sufficient cars to hold them at least a month. In February, new passenger car registrations in principal counties of this district were approximately 30 per cent in excess of last year and the decline from January, a longer month, was only four per cent.

Despite the fact that the third largest automobile manufacturer and two others were not producing, assemblies in the week ended March 20, at 99,013 units, were still in excess of the entire industry's output in the corresponding period of 1936. Production was down more than 25 per cent from the peak week of March 6 when 127,000 cars were turned out. Retail demand has shown little change in the intervening time; if anything it has increased seasonally.

On account of the close connection between many local industries and conditions at auto assembly plants, the De-

troit situation has been followed locally with much interest. Some parts plants have been only slightly affected; others have had to reduce operations sharply because of the way parts' production is geared to auto assemblies. In some cases inventories can accumulate, but in such things as bodies, storing difficulties limit the length of time some plants can operate. Most local operators reported conditions better than a year ago, despite the situation at assembly plants.

February production, according to the Department of Commerce, was 363,930 units. This was slightly less than in January, a longer month, but was 26.5 per cent in excess of last year, despite the strikes. In the first two months production was 14 per cent greater than in the same interval of 1936. Passenger car output in February was 296,487 units, a gain of 31.9 per cent over last year and of 15.9 per cent in the January-February period. There were 67,443 trucks manufactured in the month, an increase of 7.4 per cent over February 1936; the gain in truck production in the first two months was 7.1 per cent.

#### Rubber, Tires

Consumption of crude rubber in February, at 50,282 tons, according to the *Rubber Manufacturers' Association*, indicated that on a daily average basis the rubber industry operated at a higher level than in January. Employment figures for Akron showed little change in the two periods. Rubber consumed was up 36.8 per cent in the month as compared with last year and exceeded imports in the period by nearly 7,000 tons. Imports of crude rubber, at 43,289 tons, were over 20 per cent in excess of last year. Crude rubber stocks were reduced to 193,864 tons, and were 31 per cent smaller than a year ago. At the current rate of consumption this constitutes less than four months' supply and is the smallest inventory since 1930. Demand for rubber has been so great that restriction quotas on exports of crude rubber were raised to 75 per cent of estimated producing capacity for the first quarter, 80 per cent for the second quarter, and 85 per cent for the third, compared with 60 per cent a year ago. Rubber stocks nevertheless continue to decline and prices are firm or rising. Reports indicate that most producing areas have not yet expanded exports to the 75 per cent level which was to have prevailed during the first quarter.

Crude rubber prices rose to a new high level since 1928 of about 26 cents a pound in the third week of March, compared with 15.4 cents a year ago. Cotton prices also have advanced and wage rates and other operating costs have risen. To compensate for these increases, tire prices were raised about six per cent in mid-March, the fourth increase in about nine months. At present, tire prices are slightly above 1929, 30 per cent higher than a year ago, but still about 35 per cent under the level of 1926.

Labor conditions in the tire industry are still quite unsettled; one major Akron plant has been closed for some time and the situation there is reported at a standstill. With manufacturers' inventories of finished tires about 4,000,000 above normal, dealers well-stocked at the beginning of the spring season, and increased productive capacity in other parts of the country, pressure for a settlement does not appear so great as it was a few months ago.

#### Clothing

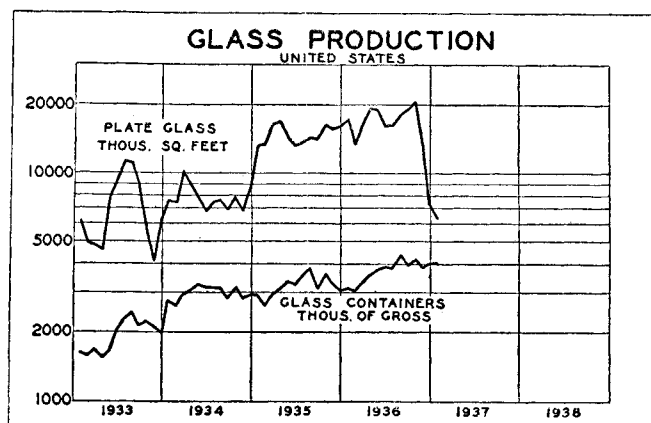
Spring demand, coupled with an early Easter, moderate weather, rising raw material and finished clothing costs and better prospects for clothing sales as a result of increased earnings, have created a rather tight situation in the clothing industry. Local factories have been operating at close to capacity in an effort to stock retailers who have ordered in large volume. Sharply rising textile costs have in part been reflected in clothing prices, but fall textiles are considerably higher than spring lines. Raw wool prices have declined slightly from the recent high of January as the clipping season approaches, but fine scoured wool, at Boston, was quoted at \$1.07 a pound on March 20, compared with 89 cents last year and 44 cents in 1933. Other textiles have shown similar gains and the composite index of textile prices compiled by the *Department of Labor* was at the highest level of the recovery and nearly 12 per cent above last year.

The short wool situation is indicated by the fact that 46,890,000 pounds of wool were imported in January, compared with 21,167,000 pounds a year ago. Except for December, when imports were 29,037,000 pounds, monthly imports last year averaged about half the amount imported in January. Total stocks of wool at the beginning of the year were 128,000,000 pounds, compared with 116,000,000 at the beginning of 1936 and 170,000,000 pounds in January 1935.

Local manufacturers report that inventories of finished clothing are smaller than a year ago, having been kept at a minimum by the heavy demand on the part of wholesale jobbers and retailers. Department stores in this district reported inventories of men's wear 16 per cent larger on March 1 than a year ago and stocks of women's wear also were up a similar amount. February sales of the former were 14 per cent above the same month of 1936, while women's clothing sales were up 27 per cent. Price increases were responsible for part of the gain, but *Fairchild's* index of prices of men's wear was only about two per cent higher than a year ago, while women's wear was up about four per cent.

#### Other

Many of the smaller industries in the fourth district operated at unusually high levels in the latter part of February and the first half of March. A combination of several factors worked together to stimulate operations. Those factories affected by floods were attempting to catch up on orders which accumulated while plants were closed. This is sea-



sonally the active period for many industries such as clothing, shoes, paint, auto accessories, etc., but operations have been further increased because of buying in excess of current needs. Rising labor costs, taxes, and raw material prices are being reflected in higher wholesale prices and are causing retailers as well as manufacturers to cover requirements as far ahead as possible, though reports indicate a disposition to quote on a "when delivery is made" basis, rather than a specific price, in many instances.

Since the beginning of the year operations of auto accessory and parts plants have fluctuated rather widely, entirely due to strikes, chiefly at assembly plants. Despite the fact that shipments to assembly points were stopped soon after the strikes occurred, some local plants continued to operate at rather high levels to build up inventories. Man-hours worked in February were about 50 per cent above last year and payrolls showed a greater increase because of higher wage rates. Considerably larger supplies of raw materials were reported than for some time past.

Machine tool orders from domestic sources declined quite sharply in February as compared with January and the very high level of December, but orders for foreign shipment were only slightly under the January level. They represented 26 per cent of total orders received by the *National Machine Tool Builders' Association* in the month. Total orders were still above the 1929 monthly average and more than 50 per cent larger than a year ago. Deliveries to the auto industry have been held up, but relatively few cancelations have been reported. While 40 hours is the base work week, most plants are operating longer than that with time and a half being paid for overtime. Small tool demand continues much in excess of last year. Foundry equipment sales in February were up 30 per cent from January and 125 per cent above last year. Unfilled orders at the month end were nearly three times as large as a year ago.

Buying against a rising market, and large orders for replacements in flood areas in addition to seasonal requirements have caused electrical equipment plants to operate at capacity levels recently. Orders received so far this year were 60 to 80 per cent larger than in comparable periods of 1936 and unfilled orders are more than double what they were a year ago. Raw material inventories are reported to be 40 to 45 per cent above last year. Prices have risen sharply; raw copper is quoted at 17 cents a pound, a gain of over eight cents in less than a year. Other raw material prices have advanced, but less sharply.

Paint manufacturers have built up large supplies of fin-

ished paints in anticipation of an active season and inventories of raw materials also have increased because of this and also on account of rapidly rising costs. Shortages of glycerine and certain other oils as well as pigments made from metals have caused prices of these articles to rise sharply. Buyers report difficulty in negotiating long-term raw material contracts. Sales of paints in January, the latest figure available, were valued at \$30,202,000, compared with \$23,804,000 in January 1936. This was the largest January figure since 1929. While industrial sales were up about 12 per cent over last year, a much larger increase in sales to dealers, etc., was evident. In February and early March a contra-seasonal rise in paint buying was reported, particularly in the type used for maintenance work.

The dinnerware branch of the ceramic industry is operating at the highest level for this season in a number of years, the average rate being reported as 95 per cent of capacity. Wage negotiations, now under way, are reported to have been partly responsible for the increased buying at this time. Further improvement also was indicated in other branches of the clay products' industry. Plate glass production has now attained capacity rates. In addition to the large volume of orders which accumulated while the strike was in progress, current buying also is extensive. The effect of the strike is shown on the accompanying chart. January production was little more than a third of what it was last year. At the same time glass container production was up about 30 per cent over January 1936 and inventories were smaller than a year ago.

Demand for hardware supplies, engineering specialties, and other metal products has increased sharply in recent weeks. Rising raw material markets is generally regarded as being responsible for a good share of the purchases, many of which are for future delivery.

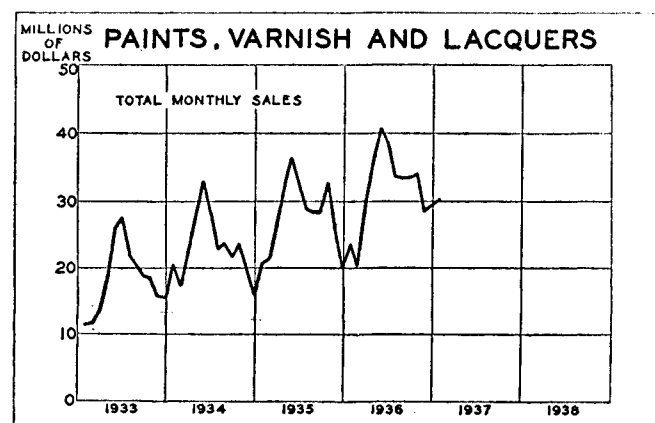
The paper and boxboard industry has been experiencing a heavy buying movement, orders being far in excess of capacity to produce and exceeding by a wide margin those of even 1928 or 1929. Some boxboard plants are allocating orders on the basis of 1936 purchases. Sharp price advances have had little deterring effect on buying.

Shoe production in February in the entire country was reported at a new high level for the month, following a similar situation in January. Fourth district factories in late February and the first half of March were working at top speed in an effort to make up for the time lost earlier in the year. February output was up 14 per cent from January, but was four per cent below last year. Large inventories of hides and leathers have been accumulated where possible because of anticipated shortages and advancing prices. Increases of 50 per cent in raw material supplies are reported, but finished goods' inventories are limited. February shoe sales at fourth district stores were up 25 per cent in the case of women's shoes and four per cent in men's and boys' shoes over last year.

## TRADE

### Retail

Dollar sales of reporting department stores in the fourth district increased much more than seasonally in February and the index of daily average sales rose ten points to 100.5 per cent of the 1923-25 average. The gain over last year



in total volume was 18.5 per cent, despite one less day, while the index was higher than since April 1930. Higher prices were partly responsible for the larger volume of sales, *Fairchild's* retail price index having risen for eight consecutive months to a point six per cent above February 1, 1936 and 35 per cent above the depression low.

Improved industrial conditions, larger payrolls, and greater employment are clearly discernible in the retail trade figures. All cities showed gains in February, ranging from 10 to 25 per cent. In addition a smaller-than-average increase was evident in sales of basement departments over last year, where separate figures are available. The gain in basement store sales was 13 per cent. As general conditions improve buying habits change and better grades of merchandise are sought, with price a secondary consideration.

Preliminary reports on March sales, which were stimulated considerably by the early Easter, indicate that volume sales compare very favorably with last year. In the first three weeks of the month Cleveland stores reported gains of 30 per cent over the comparable period of 1936. In preparation for this, larger business stores increased their inventories somewhat more than seasonally. At the close of February dollar value of stocks was 22 per cent larger than a year previous and the seasonally adjusted index, at 78.6 per cent of the 1923-25 average, was higher than since early 1931. The ratio of sales in February to average stocks was the same as last year, whereas during 1936 it was somewhat above other recent years.

There was a further increase in installment sales in February; they represented 13.7 per cent of total store sales, compared with 10 per cent last year and in January. The rise from January was partly seasonal. Regular credit sales declined in relation to total sales. Collections on regular accounts receivable were down slightly in February, but remained above last year.

Reporting furniture stores in this district experienced a gain of 28.5 per cent in sales in February compared with 1936, with the largest increases being shown in the flood-affected areas. Chain grocery and drug store sales were slightly larger in the month than a year ago.

**Wholesale** All reporting wholesale lines except dry goods experienced a larger gain in sales in February, compared with last year than in January, and the combined index of sales was higher than since February 1930. Hardware companies reported an increase of 33 per cent in sales compared with last year. Dry goods and drug firms experienced gains of 19 per cent, and wholesale grocery sales were up 10.6 per cent. Rising prices contributed to the gains, but increased buying on the part of retailers has been quite general.

## CONSTRUCTION

Building activity in this section in February, although down seasonally from January, was 30 per cent in excess of last year, according to figures of the *F. W. Dodge Corporation*, and a gain of 47 per cent was evident in the first two months of the year. Improvement continued to be shown in the first half of March, contracts awarded being 40 per cent in excess of the corresponding interval of 1936 with much larger gains in all but public works and utilities.

Valued at \$17,408,000, contracts awarded in February were the largest for that month since 1930, and increases over last year occurred in each of the four major classes of construction, except public utilities. As has been the case in recent months, residential building led in the amount of improvement. The latest month's total, at \$5,771,000, was 142 per cent greater than in February 1936, and the increase in the first two months of the year was 171 per cent. Contracts awarded for one-family homes for owner occupation represented more than 50 per cent of the total building reported, with those built for sale or rent accounting for nearly 20 per cent of all residential construction. Apartments, two-family dwellings, and housing developments made up the remainder. Contemplated residential building reported in February in this section was nearly double that of February 1936.

Nonresidential building started in February was only slightly greater than a year ago and was down quite sharply from January when the figures were augmented by a large steel mill contract at Cleveland. There was a decided spurt in commercial building contracts awarded, the gain from January being nearly 100 per cent and over last year 200 per cent. The most marked gains in this field were in the areas affected by recent floods.

Contracts awarded in February for public utilities, chiefly power plants, were somewhat larger than in January, but were about 25 per cent under last year. Public works contracts were slightly larger than in February 1936, but were in limited volume and little more than half as great as in January.

Total contemplated construction reported in February in this district was 56 per cent greater than in January and the gain over last year was 148 per cent. In the 37 eastern states, contracts awarded for private construction represented 63 per cent of total contracts, whereas a year ago they represented 44 per cent.

## AGRICULTURE

With farm prices close to parity in relation to prices of commodities farmers buy and higher than in seven years, and with carryover stocks of grains and other farm products limited and demand somewhat improved, farmers

### Farmers 1937 Planting Intentions

(Acreage figures in Thousands)

	Corn		Oats		Potatoes		Tobacco		Hay	
	Acres	% of 1936 harvest	Acres	% of 1936 harvest	Acres	% of 1936 harvest	Acres	% of 1936 harvest	Acres	% of 1936 harvest
Ohio.....	3,685	100	1,210	100	127	98	31	131	2,634	97
Pennsylvania.....	1,341	102	888	98	209	105	24	101	2,498	101
Kentucky.....	3,027	100	90	115	32	102	399	126	1,142	120
West Virginia.....	543	108	64	96	48	100	3	168	691	102
United States.....	94,840	102.2	35,660	107.4	3,232	105.7	1,682	114.7	55,967	98.1

are planning material increases in acreage of spring crops, compared with the acreage harvested in the drought year of 1936, according to the *Department of Agriculture's* report of planting intentions. These figures, some of which appear in the table at the bottom of page 6, are released to assist growers in making such further changes in their farm plans as may appear desirable. The 1937 acreage actually harvested may turn out to be larger or smaller than the figures shown here due to weather conditions, price changes between now and planting time, the soil conservation program, etc.

While rather large increases are evident in all crops for the entire country as compared with the 1936 acreage harvested, a comparison of the intentions with the average acreage in the years 1928-32 indicates that this year's acreage of spring crops will be below average, although some shifting and substituting is evident.

A larger-than-average acreage of corn is indicated in this district, although little change from last year is apparent in the figures and the national estimate is about eight per cent below the average harvest of 1928-32. Farmers in this section intended to plant smaller acreages of oats, hay and potatoes than the average acreage harvested in the five years 1928-32, with little change evident from last year's acreage harvested.

In the case of tobacco, a rather large increase in acreage is indicated in the planting intentions' report. If realized, the gain over the acreage harvested last year would be 15 per cent for the entire country, but the intended increase in this district is much larger. So far as Burley tobacco, the type most widely raised in the fourth district, is concerned, an increase of 31 per cent, or nearly 100,000 acres over that harvested in 1936 is expected to be planted. This gain over last year's small acreage, contingent on weather conditions, etc., results in part from the higher prices that were received during the recently-closed selling season.

**Fourth District Business Statistics**

(000 omitted)

Fourth District Unless Otherwise Specified	February 1937	% change from 1936	Jan.-Feb. 1937	% change from 1936
Bank Debits 24 cities.....	\$2,187,000	+15.0	\$4,786,000	+38.6
Savings Deposits—End of month:				
40 banks, O. and W. Pa.....	\$ 746,970	+ 6.2	1	
Life Insurance Sales:				
Ohio and Pa.....	\$ 73,814	- 7.9	145,861	-19.1
Retail Sales:				
Dept. Stores—51 firms.....	\$ 17,535	+18.5	32,783	+15.7
Wearing Apparel—13 firms.....	740	+18.2	1,452	+12.9
Furniture—42 firms.....	975	+28.5	1,679	+24.1
Wholesale Sales:				
Drugs—11 firms.....	\$ 1,622	+19.7	3,321	+18.2
Dry Goods—10 firms.....	1,199	+19.1	2,338	+21.4
Groceries—29 firms.....	3,857	+10.6	7,529	+ 5.0
Hardware 12 firms.....	1,402	+33.1	2,752	+31.4
Building Contracts—Total.....	\$ 17,408	+30.0	46,056	+47.4
Commercial Failures—Residential \$	5,772	+142.0	17,012	+171.2
Commercial Failures—Liabilities \$	641	-66.6	1,090	-58.1
Production:				
Pig Iron—U. S..... tons	3,020	+64.2	6,240	+61.3
Steel Ingot—U. S..... tons	4,425	+49.3	9,161	+52.4
Auto—Passenger Car—U. S.....	296,487 <sup>2</sup>	+31.9	606,081 <sup>2</sup>	+15.9
Trucks—U. S.....	67,443 <sup>2</sup>	+ 7.4	137,692 <sup>2</sup>	+ 7.1
Bituminous Coal, O., W. Pa., E. Ky..... tons	15,940	+ 8.2	31,049	+ 8.3
Cement—O., W. Pa., W. Va., bbls.	376	+155.8	769	+164.3
Elec. Power, O., Pa., Ky., Thous. k. w. h.....	1,668 <sup>3</sup>	+14.2		
Petroleum—O., Pa., Ky., bbls.	2,144 <sup>3</sup>	+ 6.6		
Shoes..... pairs	4	- 4.1		-12.6

<sup>1</sup> not available  
<sup>2</sup> actual number  
<sup>3</sup> January  
<sup>4</sup> confidential

**Wholesale and Retail Trade**

(1937 compared with 1936)

	Percentage Increase or Decrease		STOCKS February 1937
	SALES February 1937	SALES First 2 Months	
<b>DEPARTMENT STORES (51)</b>			
Akron.....	+19.2	+16.9	+25.5
Cincinnati.....	+19.9	+ 3.9	+21.3
Cleveland.....	+10.3	+12.7	+33.7
Columbus.....	+12.4	+15.3	+15.6
Pittsburgh.....	+24.9	+23.6	+19.0
Toledo.....	+13.2	+10.4	+15.1
Wheeling.....	+12.6	+10.1	+12.7
Youngstown.....	+14.6	+14.3	+15.7
Other Cities.....	+22.6	+19.6	+19.9
District.....	+18.5	+15.7	+21.7
<b>WEARING APPAREL (13)</b>			
Cincinnati.....	+15.6	- 0.4	+13.0
Cleveland.....	+21.6	+17.9	+ 7.6
Pittsburgh.....	+20.4	+17.9	+22.7
Other Cities.....	+15.7	+20.6	+16.0
District.....	+18.2	+12.9	+14.7
<b>FURNITURE (42)</b>			
Cincinnati.....	+122.9	+51.6	
Cleveland.....	+21.4	+17.6	
Columbus.....	+13.6	+26.3	
Dayton.....	+25.9	+22.2	
Toledo.....	+31.9	+14.9	
Other Cities.....	+24.9	+38.4	
District.....	+28.5	+24.1	
<b>CHAIN STORES*</b>			
Drugs—District (4).....	+ 3.6	+ 7.2	
Groceries—District (5).....	+ 0.8	+ 6.3	
<b>WHOLESALE GROCERIES (29)</b>			
Akron.....	+ 5.5	+ 6.0	
Cleveland.....	+12.4	+ 0.7	
Erie.....	+11.3	+ 5.9	
Pittsburgh.....	- 3.5	- 4.0	
Toledo.....	+ 2.5	+ 3.3	
Other Cities.....	+15.1	+ 9.2	
District.....	+10.6	+ 5.0	+17.8
<b>WHOLESALE DRY GOODS (10).....</b>			
	+19.1	+21.4	+24.7
<b>WHOLESALE DRUGS (11).....</b>			
	+19.7	+18.2	
<b>WHOLESALE HARDWARE (12).....</b>			
	+33.1	+31.4	

\*Per individual unit operated.

**Debits to Individual Accounts**

(Thousands of Dollars)

	4 weeks ended March 24, 1937	% change from 1936	Year to date		% change from 1936
			Dec. 31, 1936 to Mar. 24, 1937	Year to date Jan. 2, 1936 to Mar. 25, 1936	
Akron.....	\$ 63,968	+17.5	\$185,893	\$156,011	+19.2
Butler.....	10,021	+40.9	28,312	21,918	+29.2
Canton.....	37,114	+26.0	104,964	86,275	+21.7
Cincinnati.....	361,665	+25.9	984,239	834,579	+17.9
Cleveland.....	585,403	+27.7	1,687,553	1,398,479	+20.7
Columbus.....	193,365	+25.9	535,402	424,893	+26.0
Dayton.....	74,502	+35.0	204,541	154,348	+32.5
Erie.....	31,030	+49.8	88,308	63,074	+40.0
Franklin.....	3,617	+38.4	10,439	8,363	+24.8
Greensburg.....	6,815	+42.6	18,991	17,486	+ 8.6
Hamilton.....	11,669	+19.1	33,381	26,081	+28.0
Homestead.....	2,954	+54.1	8,666	6,161	+40.7
Lexington.....	20,415	+21.2	97,290	61,449	+58.3
Lima.....	12,966	+28.2	38,323	28,170	+36.0
Lorain.....	5,311	+33.7	14,205	9,484	+49.8
Middletown.....	9,922	+18.0	27,748	23,753	+16.8
Oil City.....	10,920	+36.7	31,656	25,839	+22.5
Pittsburgh.....	714,484	+30.1	2,183,813	1,745,758	+25.1
Sharon.....	8,159	+38.6	24,681	19,221	+28.4
Springfield.....	19,373	+32.6	51,857	41,362	+25.4
Steubenville.....	10,725	+65.6	29,268	18,927	+54.6
Toledo.....	147,014	+43.2	388,365	298,282	+30.2
Warren.....	9,565	+46.1	27,848	19,738	+41.1
Wheeling.....	32,787	+30.3	95,901	79,631	+20.4
Youngstown.....	51,259	+ 1.1	144,363	117,504	+22.9
Zanesville.....	7,736	+22.7	22,408	18,817	+19.1
Total.....	\$2,442,759	+28.6	\$7,068,415	\$5,705,603	+23.9

**Fourth District Business Indexes**

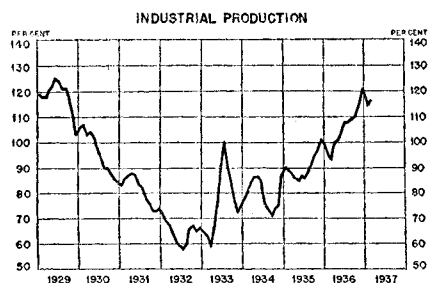
(1923-25 = 100)

	Feb. 1937	Feb. 1936	Feb. 1935	Feb. 1934	Feb. 1933
Bank Debits (24 cities).....	81	70	60	53	50
Commercial Failures (Number).....	36	54	52	58	137
"    "    (Liabilities).....	15	43	22	28	120
Sales—Life Insurance (O. and Pa.).....	88	82	96	85	85
"    Department Stores (49 firms).....	82	70	56	57	45
"    Wholesale Drugs (10 firms).....	110	93	86	91	66
"    Dry Goods (10 firms).....	49	41	40	39	26
"    Groceries (29 firms).....	73	66	62	60	43
"    Hardware (12 firms).....	76	56	47	44	29
"    All (61 firms).....	73	63	58	57	40
"    Chain Drugs (4 firms)**.....	93	90	67	70	60
Building Contracts (Total).....	37	28	14	18	8
"    (Residential).....	34	14	10	5	5
Production—Coal (O., W. Pa., E. Ky.).....	88	81	74	67	55
"    Cement (O., W. Pa., E. Ky.).....	31	12	5	17	14
"    Elec. Power (O., Pa., Ky.)*.....	199	174	156	142	126
"    Petroleum (O., Pa., Ky.)*.....	116	109	113	101	96
"    Shoes.....	112	117	103	90	93

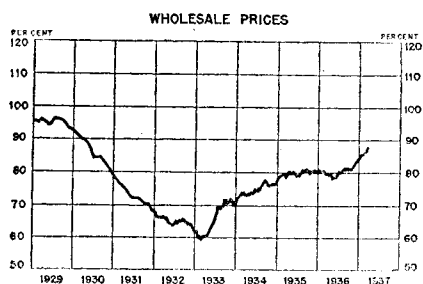
\*January.  
\*\*Per individual unit operated.

## Summary of National Business Conditions

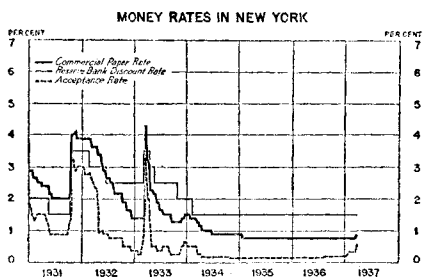
By the Board of Governors of the Federal Reserve System



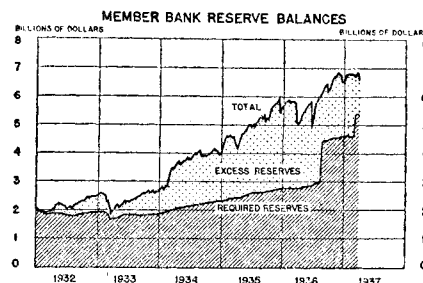
Index of physical volume of production, adjusted for seasonal variation, 1923-25=100. By months, January 1929 to February 1937, the latest figure being 116, preliminary.



Index 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 March 20, 1937.



Minimum rate on rediscounts for and advances to member banks by Federal Reserve Bank, and weekly prevailing rates on prime commercial paper, 4 to 6 months, and prime bankers' acceptances, 90 days. For weeks ending January 3, 1931 to March 27, 1937.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required reserves, January 6, 1932 to March 24, 1937.

Volume of production, employment, and trade increased more than seasonally in February and wholesale prices of industrial commodities continued to advance.

### Production and Employment

The Board's index of industrial production, which makes allowance for changes in the number of working days and for usual seasonal variations, was 116 percent of the 1923-1925 average in February as compared with 114 in January and an average of 115 in the last quarter of 1936. At steel mills activity continued to increase in February and the first three weeks of March and, although the growth was somewhat less than seasonal, output currently is at about the peak level reached in the summer of 1929. Automobile production, while fluctuating considerably with strikes at important plants, has been larger for the year to date than in the corresponding period last year. Output of plate glass in February showed a sharp rise from the low level of the two preceding months when strikes curtailed production. At textile mills and shoe factories activity continued at a high level, while output at meatpacking establishments declined somewhat further. Mineral production increased, reflecting chiefly greater output of coal and a further rise in crude petroleum production.

Factory employment and payrolls increased from the middle of January to the middle of February by more than the usual seasonal amount. The number employed in the machinery industries increased considerably and there were smaller increases at automobile and plate glass factories. In the nondurable goods industries as a group there was a seasonal rise in employment.

### Distribution

Department store sales increased from January to February and the Board's seasonally adjusted index advanced from 93 to 95 percent of the 1923-1925 average. Sales at variety stores also increased more than seasonally, while mail order sales, largely in rural areas, showed less expansion than is usual at this time of year. Total freight-car loadings increased in February and the first half of March, owing in part to seasonal influences.

### Commodity Prices

The general level of wholesale commodity prices advanced from the middle of February to the third week of March, reflecting principally further substantial increases in the prices of industrial materials. Prices of iron and steel, non-ferrous metals, lumber, cotton, rubber, and hides advanced considerably and there were also increases in the prices of cotton goods, paper, and furniture. Wheat prices have advanced in recent weeks.

### Bank Credit

On March 1, when the first half of the recent increase in reserve requirements went into effect, excess reserves of member banks declined from \$2,100,000,000 to about \$1,300,000,000. In the next three weeks, which included the March tax collection period, excess reserves showed moderate fluctuations around the new level. In connection with the increase in reserve requirements there were some withdrawals of bankers' balances from city banks but practically no borrowing by member banks from the reserve banks.

Holdings of United States Government obligations at reporting member banks in leading cities declined by \$280,000,000 in the four weeks ending March 17, a part of the decline reflecting large maturities of Treasury bills. Commercial loans increased further at reporting banks and on March 17 were above last year's high level reached on December 30.

### Money Rates

Since the beginning of March the rate on 90-day bankers' acceptances advanced from 5/16 of 1 percent to 9/16 of 1 percent and commercial paper rose from a flat ¾ percent to a range of between ¾ and 1 percent.

Bond yields, which until recently had been near the extreme low point reached last December, advanced by between ¼ and ½ percent and on March 24 were at about the levels prevailing early in 1936.