

MONTHLY BUSINESS REVIEW

Covering financial, industrial
and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

Vol. 19

Cleveland, Ohio, April 30, 1937

No. 4

Industrial activity in this district in late March and the first three weeks of April showed little change from the level prevailing in early March. It continued at approximately the high point of the recovery movement, judging by preliminary reports available, and at the best level since 1929 in many instances, even surpassing that rate in a few cases. Resumption of motor car production in mid-April at the highest rate since 1929 caused activity at some plants to increase, and the additional releases for steel intensified the delivery problem which has confronted that industry for several weeks.

The decline in commodity prices in April was most pronounced in grains, rubber, nonferrous metals, steel scrap, and cotton—products actively traded in world markets—but prices of other commodities increased in the period and weekly composite indexes were only slightly below their recent peak of late March. Announcement that second quarter prices on most steel products had been extended for the third quarter lessened speculative buying pressure and has done much to stabilize conditions in that industry. It clarified a situation which made it difficult for manufacturers to furnish future quotations because of cost uncertainty.

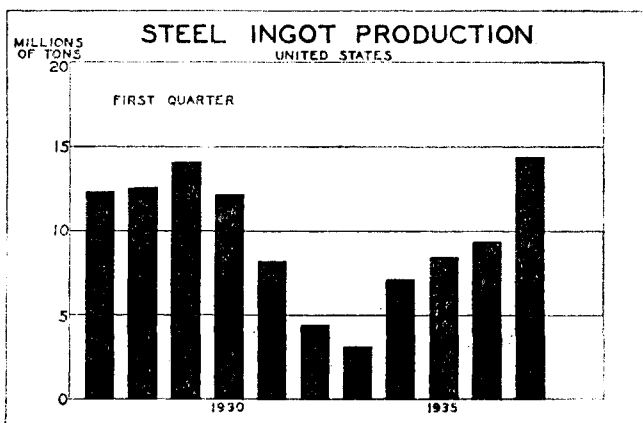
Employment and payrolls in this district as well as the entire country increased by considerably more than the seasonal amount in March and further gains were reported locally in the first half of April. In the country, industrial employment and payrolls rose above the average of 1923-25 for the first time since 1929 and reports of labor shortages in the skilled and farm classifications are becoming more general. In principal industrial centers of this district gains in March were reported in all cities for which information is available, except Columbus and Springfield. Increases over last year were as follows: Canton 22 per cent, Cincinnati 17 per cent, Cleveland 13 per cent, Dayton 26 per cent, Toledo 18 per cent, and Pittsburgh 26 per cent. Supply of farm labor in this district is less than demand and farm wages are about 12 per cent higher than a year ago.

Retail trade, judging by dollar sales of leading department stores throughout the district, increased in March even after allowing for seasonal changes and the earlier occurrence of Easter. The index of sales was 103 per cent

of the 1923-25 average, the highest since 1929. April sales have been somewhat retarded by unfavorable weather, but they were larger than a year ago, even allowing for the difference in price levels in the two periods. Inventories of reporting stores were up more than seasonally in March, but the rise has not kept up with the expansion in sales.

In the industrial field gains were quite general. Steel ingot production maintained a rate of 91.5 per cent of capacity for four consecutive weeks and at this rate more steel was being produced than in 1929 because of the greater capacity now available. Sixty-two more blast furnaces were in operation on April 1 than a year previous and the average capacity per furnace has increased, but demand was still in excess of the ability to produce. Iron ore stocks at lower lake ports are 24 per cent smaller than a year ago. The lake shipping season started much earlier than usual.

Automobile production, now that the industry is not hampered by strikes, rose to a new high level for the recovery movement and 132,000 cars were assembled in the third week of April. Parts' makers in this section having large orders from the strike-affected plants had to curtail operations somewhat in March and early April, but despite this fact, production, employment, and payrolls were much above last year. One major tire manufacturing plant has been closed for nearly two months, but rubber consumption in March was close to the all-time high level and in excess of imports in the period. Shoe, boxboard, paint, and glass



production established all-time, or close to record figures in March, and inventories of these items are not large, according to reports.

Building contracts awarded in this district in March were 52 per cent larger than a year ago, a much greater gain than was reported for the entire country. Residential construction continues to lead in the amount of improvement shown over last year. Contemplated construction reported in March was less than in February, although it was more than double a year ago.

Coal production in March was up very sharply to the highest level since October 1929, a gain in output of local mines of 72 per cent over last year being reported. Expectation of a strike on April 1 resulted in considerable buying on the part of large consumers and when the new wage agreement was made on April 2, production was curtailed.

Life insurance sales in Ohio and Pennsylvania in March were 19 per cent greater than in March 1936, while the gain in the first quarter was nine per cent. In the four weeks ended April 21, debits to individual accounts at banks in 24 cities were 16 per cent larger than in the comparable period last year, while for the year to date the increase in debits was 22 per cent.

FINANCIAL

A rather sharp increase in loans made by reporting member banks in leading cities of the fourth district was evident in the four weeks ended April 21 and the gain in the past four months has been approximately seven per cent. Compared with a year ago total loans are up nearly ten per cent in this district. The rise has been chiefly in commercial loans, both in recent weeks and also in the past year, loans on securities showing little change for some time. Real estate loans were slightly smaller in late April than at the beginning of the year or in April 1936, but commercial loans and holdings of acceptances and commercial paper were 30 per cent larger than a year ago, about half of the increase having occurred in the first four months of 1937.

The decline in holdings of Government securities by reporting member banks in this district continued in the four latest weeks, but at a more moderate rate than in February or March. While some liquidation of member bank bond holdings was to provide funds for the higher reserve requirements, most banks in this district had sufficient excess reserves for this purpose. Another factor was the desire to take profits at the high levels of Government bond prices in recent months. Probably of more importance was the increased commercial demand for funds which permitted banks to transfer from bond investments on which yields were low to loans which are more profitable. Despite the recent decline in holdings of Government bonds (nine per cent so far this year) member banks in this district still held a larger amount than a year ago at this time. Government bonds, including those fully guaranteed, represent 48.9 per cent of total loans and investments of these banks compared with 52 per cent at the beginning of 1937.

Both demand and time deposits increased in the four weeks ended April 21, but Government deposits were reduced to a new low level. Adjusted demand deposits (chiefly commercial) were \$70,000,000 larger than a year ago, but slightly under the peak of last December. Time deposits were close to the record high point.

Based on reserve balances as of April 20, all classes of member banks in this district had more than sufficient reserves, taken collectively, to meet the higher requirements which are effective May 1. Country banks had a larger percentage of excess reserves than did banks in the reserve cities. As of April 20 the estimated excess of all members represented 16 per cent of the higher reserve requirements, which, starting May 1, are six per cent on time deposits at all banks, 20 per cent on demand deposits at banks in Cincinnati, Cleveland, Columbus, Pittsburgh, and Toledo, and 14 per cent on demand deposits at all other member banks in the district.

Reserve Bank Credit Earning assets of the Federal Reserve Bank of Cleveland were \$8,000,000 smaller on April 24 than four weeks previous, but total credit extended was still \$23,000,000 in excess of last year at this time. Bills discounted, which had increased temporarily in the third week of March, declined in April and fluctuated only slightly at low levels in the three latest weeks. Loans to industry declined further at a moderate rate in the period and holdings of acceptances were unchanged. The reduction in holdings of Government securities on April 1 resulted from a reallocation of the System's investments among the twelve reserve banks. This is done periodically. Since that time, as the System added to its total investments in Government securities, this bank's holdings also increased proportionately by about \$3,000,000.

Circulation of this bank's Federal reserve notes increased in April to an all-time high level, even surpassing the amount in circulation in March 1933, prior to the Banking Holiday. At nearly \$428,000,000, note circulation was \$18,000,000 above the low point of early February and \$66,000,000 above last year. In 1929, when prices were higher than at present, and the volume of business was greater, circulation of Federal reserve notes was less than half what it is now. Retirement of national bank currency from circulation has been the most important factor in the increase, but other things previously commented upon also have contributed to the expansion.

Reserve deposits of member banks, although fluctuating somewhat in the four latest weeks, were little changed on April 21 from four weeks previous.

MANUFACTURING, MINING

Iron and Steel Steel ingot production in the third week of April was at an all-time high level, even though the industry as a whole was operating at about 92 per cent of theoretical capacity. This rate of production resulted in a larger steel output than in 1929 when for a short time steel production actually was in excess of the rated capacity of mills.

In the first quarter, steel ingot production totaled 14,390,787 gross tons, a gain of 54 per cent over the same interval of 1936. This also was 1,000,000 tons greater than total output for the entire year 1932 and exceeded the best previous first quarter in 1929 by about four per cent. March production on an average weekly basis was only surpassed in the months of February and May 1929, despite strikes in the auto industry, the largest steel consumer.

Recent reports indicate that buying of steel products has declined slightly from the feverish rate of a few weeks ago, a rate which could not be expected to continue indefinitely.

for it was prompted by a fear of higher prices and possible delayed shipments. While deliveries on orders now being placed are still remote on many products, the earliest being June, the continuance of present prices for third quarter on most products partly removes the incentive to close contracts at an early date. It has tended to stabilize buying.

Despite this decline in buying pressure production of steel has undergone no lessening. Mills are endeavoring to work off some of the backlogs accumulated during the period of heavy buying. The let-down in automobile production because of strikes permitted steel makers to meet deliveries on orders from other customers, but pressure for delivery was not materially relieved and with auto production up sharply demand for shipments has increased.

A secondary buying movement for railroad equipment has developed. In the week ended April 17 there were 7,922 freight cars ordered, compared with 8,155 in the entire month of March. Car purchases in the first quarter exceeded any similar period since 1929 and were three times as large as in 1935. Passenger car and locomotive orders also are more numerous than in several years. Rail backlogs are heavy.

In the various producing centers of this district operating rates were slightly higher in Pittsburgh, Youngstown, and Cincinnati in the week ended April 24 than in the corresponding period of March; a slight decline occurred at Cleveland and little change was evident at Wheeling. Pittsburgh mills were operating at 95 per cent, the highest rate since 1929 and which compared with 65 per cent last year. Wheeling was at 96, against 92 a year ago; Youngstown was at 86 per cent compared with 79 last year. At Cleveland the rate was 79.5 per cent in the latest week compared with 80.5 in March and 82 a year ago. These mills appear to be lagging behind other centers, but this is partly explained by the fact that four furnaces which have not operated since 1929 are still considered as potential producers even though they are in bad repair and are not needed to supply rolling mills located there.

Pig iron production in the first quarter improved even more than steel. Output of 9,687,975 tons was 64 per cent above the first quarter of 1936 and seven per cent greater than in the fourth quarter of that year. Domestic shortage of pig iron has been apparent for several months. The situation is further complicated with foreign consumers looking to this country for additional tonnage. Export

inquiry is conservatively estimated at 125,000 tons. Two inquiries for foundry grades call for 70,000 and 40,000 tons and there are smaller lots of other grades. Producers, however, find it difficult to meet delivery requirements for this business since much tonnage is desired within a few weeks. World wide demand for both iron and steel is further evident in the reduction of import duties on these products by Great Britain and Japan.

Shortage of blast furnace capacity has been discussed for some time. In the first quarter 12 additional blast furnaces were lighted, bringing the total to 182. The increase over last year was 62. In addition capacity of rebuilt furnaces has increased, daily capacity per furnace being 621 tons, compared with 562 tons at the beginning of 1936.

First cargoes of iron ore from the Lake Superior ranges reached lower lake ports in late April, somewhat earlier than usual and a large fleet is loading. Iron ore stocks at lower lake ports on April 1 were 40 per cent smaller than a year ago; supplies at furnaces also were greatly reduced.

Steelmaking scrap prices declined in the first three weeks of April to the level of early March. At \$20.42 a ton, they compared with \$14.39 a year ago. *Steel's* composite price of iron and steel products was \$40.36 a ton on April 17, compared with \$33.10 last year at that time.

Coal

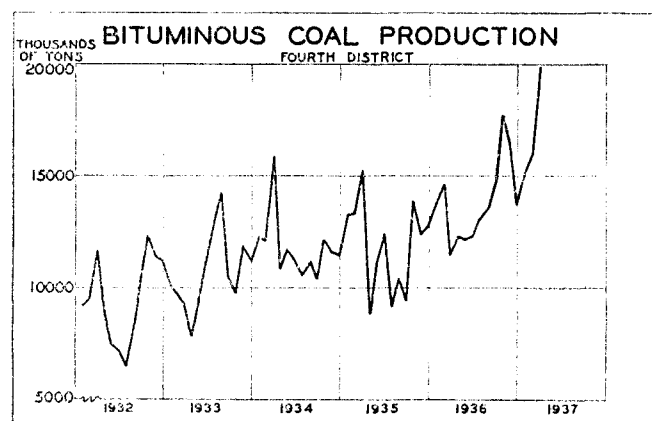
Fear of a strike in the bituminous coal industry caused a heavy accumulation of inventories in March, and mines in the district produced nearly 20,000,000 tons in the month, the largest quantity mined in a single month since October 1929. The gain over last year was 72 per cent and in the first quarter output was 27 per cent in excess of the same period of 1936. In addition to the strike fear, the lake shipping season has opened earlier than usual and coal loaded into vessels so far this year was more than three times what it was in the comparable period of 1936. Also industrial consumption, particularly in the form of coke by the iron and steel industry, and by the railroads, has been running about ten per cent above last year, which makes it necessary to carry larger inventories. They were estimated to be about 35 days' supply on April 1, compared with 32 days' supply at the beginning of the year and about 20 days' supply a year ago. Prior to the depression a 37-day supply was considered normal.

Settlement of the strike on April 2 by granting a general wage increase was accompanied by a decided drop in mine operations. In mid-April production was under last year, but at about the level of 1935, and was little more than 50 per cent of what it was prior to the beginning of the new coal year on April 1.

While coal prices have firmed slightly, particularly on stoker grades, they are only a little higher than a year ago. Coke prices, however, have advanced considerably. In the third week of April coke at Connellsville was quoted at \$4.60 a ton, compared with \$3.65 a year ago.

Automobiles

The automobile industry produced more cars in each of the first three months of this year than in corresponding periods of 1936 despite the fact that for at least part of each month a portion of industry was not operating because of strikes.



First quarter output in the United States, according to the *Department of Commerce*, was 1,238,000 cars and trucks. This was a gain of 15 per cent over last year and exceeded every first quarter on record except 1929.

The increase in March over February was slightly more than seasonal, and the *Board's* index of daily average output was 121 per cent of the 1923-25 average. Total production in the month, at 494,014 units, was 17.4 per cent in excess of last year. Efforts of plants affected by strikes early in the year to make up some of the time lost partly offset the effects of later strikes, while other plants probably were endeavoring to build up a back log of cars against a possible interruption. Retail demand for passenger cars, however, has been reported so great that dealers' stocks are small for this season of the year, just before the peak of the buying movement. In principal counties of this district new car registrations were 26 per cent larger in the first quarter and the gain in March over last year was 21 per cent.

In the second and third weeks of April the industry was operating unharassed by strikes and output, according to *Cram's*, rose to 125,000 and 132,340 cars per week, the highest since 1929 compared with approximately 120,000 in corresponding weeks of last year. Resumption of full operations caused parts orders to increase, although not to the extent that production did for work on some materials was only slightly affected by the strikes.

Passenger car production in March was in excess of 400,000 units, a gain of 17.5 per cent over last year, while the 1,010,000 cars made in the first quarter of 1937 were 16.5 per cent larger than in the initial three months of 1936. No reliable estimate can be made as to how much of the industry's output was curtailed by strikes for some of the slack no doubt was taken up by plants free to operate, while others increased operations sharply following the resumption of full schedules.

Truck production in March was 16.8 per cent above last year, but in the first quarter the gain was 10.6 per cent. Demand for commercial cars, while less proportionately than for passenger cars, was good; supplies are ample and truck production in the first quarter was at an all time record high level.

Rubber, Tires

Despite the fact that one of the major rubber companies was closed by a strike, domestic crude rubber consumption in March, at 52,938 tons, was 24 per cent in excess of March 1936, and exceeded imports in the period notwithstanding the fact that they were 39 per cent larger than in 1936. In the first quarter imports were 23 per cent larger than in the same interval of last year. Raising of restriction quotas on rubber production, which started last fall, to 80 per cent of estimated normal output for this quarter is reflected in larger rubber shipments, but stocks in hands of manufacturers continued to decline in March and at the month end were 31 per cent smaller than on that date last year.

Statistics showing annual rubber consumption by various industries are now available and the 1936 figures clearly indicate a more diversified use of rubber in recent years. The following table, prepared from figures of the *Rubber Manufacturers Association*, shows the uses of crude rubber in per cent of total:

	1936	1935	1933	1929
All types of tires.....	66.0%	65.6%	66.4%	71.0%
.. tubes and tire sundries..	11.1	11.7	11.5	14.0
Mechanical Goods	9.9	9.2	7.0	4.4
Boots and Shoes	4.7	4.3	4.9	4.4
Heels and Soles	1.9	2.4	4.1	1.5
Rubber Fabrics and Clothing	1.3	1.7	1.8	1.4
All Other	5.1	5.1	4.3	3.3

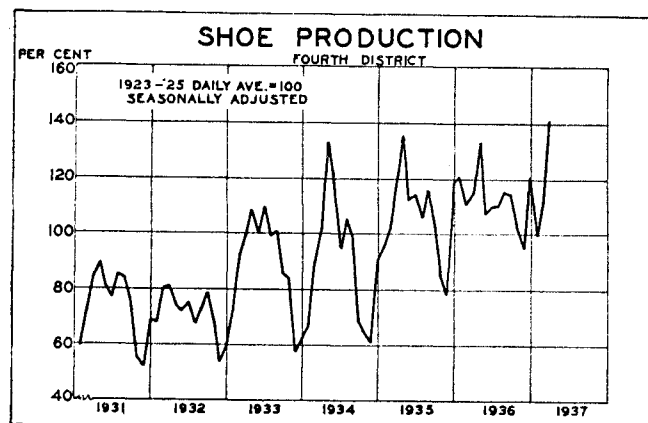
Production of tires and tubes in 1936 took 77 per cent of all rubber consumed in the year while in 1929 the tire industry took 85 per cent of all rubber used. The tire industry used 13 per cent more crude rubber than in 1929, but total rubber consumed in the year was 23 per cent greater than in 1929. Production of mechanical goods accounted for the largest percentage increase in rubber consumption in the past seven years. In 1929 only 4.4 per cent of total rubber used was in mechanical goods while in 1936 nearly 10 per cent was consumed in this way.

Crude rubber prices advanced in March to above the 27 cent level following erratic movements in January and February; this was the highest since early 1928 and compared with 16 cents last year and less than three cents in 1933. Prospects of increasing supplies from producing countries, however, caused a sharp reaction in world markets and the price dropped to below 23 cents by April 20.

Tire inventories built up by tire dealers and auto manufacturers last fall apparently are being maintained and manufacturers' tire stocks are reported to be about 25 to 30 per cent above what is considered normal. Current sales of tires, both for replacement and original equipment, have been in larger volume recently than at this time last year.

Clothing

The spring season having about been completed so far as clothing manufacture is concerned, plants in this district are marking time until production on fall models gets under way some time in May. Sales at present consist chiefly of repeat orders to round out retail stocks. These were somewhat below expectations in the first half of April, retailers having bought in large quantities early in the season. Weather and an early Easter together have not been helpful to clothing sales and inventories at the end of March were 12 to 20 per cent higher than on that date in 1936 at reporting stores in this district. Sales in March were much larger than a year ago, being stimulated by the early Easter and the percentage increase was further augmented by the fact that last year Ohio Valley cities were encountering floods. Men's clothing sales in March were 52 per cent larger than a year ago and sales of women's



wear were up 46 per cent. The increase in sales of children's apparel was nearly 100 per cent.

Clothing prices continue to advance, but the gain over last year on April 1, according to *Fairchild's* index, was still under five per cent. A slight rise in wool prices occurred in April, but they continued under the recent peak. Textile production of nearly all kinds is at, or close to, capacity levels, with emphasis at present on fall materials. Clothing makers are reported to have bought much larger quantities than in any of the past several seasons.

Other Manufacturing Gains were quite general in all the smaller industries of this district in the first quarter as compared with last year, some reporting sales up from 50 to 100 per cent, while others experienced smaller increases. There is little doubt but what some of the activity represented buying for inventory purposes or ordering in excess of actual requirements either as a protection against higher prices, or to insure delivery at some future time, but available reports do not reveal the extent of this movement. Indications that this trend is subsiding have appeared in some quarters.

Resumption of auto assemblies at all plants in mid-April was reflected in the larger release orders to parts and accessory plants in this section. Shipments so far this year have been up more, proportionately, than auto assemblies, for parts' production was only moderately affected by the strikes. The larger inventories reported are necessary because of the increased production and sales.

A decided improvement in machine tool buying occurred in March and carried over into the first half of April. The *National Machine Tool Builders' Association* index of sales in terms of 1926 shipments was 212 per cent in March, almost double last year and only 15 per cent under the all-time high of last December. Foreign orders represented 18 per cent of total sales, the smallest share since last June. Sales of small tools and engineering specialties also were up sharply in the first quarter compared with last year, some covering of future requirements being evident. Foundry equipment buying was more than two and one-half times as great in March as a year ago, but the gain over February was slight. Unfilled orders at the end of the first quarter were more than four times as large as a year ago.

Electrical apparatus and supply companies reported a slight decline in the volume of orders received in April indicating that immediate requirements were covered by the heavy buying which occurred in the first quarter. The decline in copper also had an unsettling influence. Sales in the first three months were well distributed among the various classes of merchandise and local plants have been operating at capacity. Unfilled orders were twice as large as a year ago in some cases.

Pottery plants were affected in mid-April by a strike of warehousemen and packers despite a 12 per cent wage increase granted by the new contract. Orders on hand are larger than a year ago, but so are inventories. China and pottery prices have advanced 10 to 15 per cent because of higher operating costs. Makers of brick, tile, and vitrified products have reported larger sales this year than in several past seasons and plants long closed have recently resumed production.

Plate and window glass factories again are operating at capacity and have a large volume of orders on hand or in prospect. Demand for mirrors from furniture manufacturers has declined and some cancelation of orders previously placed has occurred, but all other demand has held up well. Plate glass inventories are small, sales since the strike being in such volume that little accumulation could take place. Sales of molded glass in the first quarter were 16 per cent larger than in 1936.

Demand for boxboard and containers has been so great recently that manufacturers of the former in this section have been unable to accumulate any inventory, even though output is at an all-time high level. Paper manufacturers have experienced a somewhat similar situation and pressure for deliveries is intense, according to reports. Prices have increased considerably.

Shoe factories in this district produced an all-time record number of shoes in March and the gain over March 1936 was 27.7 per cent. Part of this activity represented attempts of factories affected by the flood to make up for time lost, but output in the first quarter was slightly in excess of the same interval of 1936, despite the fact that several plants were closed for varying lengths of time. In the entire country first quarter output was 18 per cent in excess of last year. Little accumulation of inventories by retailers is reported because of the uncertain style factor, even though prices of raw materials are firm and finished shoe prices are advancing. Buying of the most staple styles has increased considerably.

TRADE

Retail Several factors worked together to produce the largest increase in department store sales in March ever shown by reporting units in this district. The gain in dollar volume over last year was 44 per cent. Part of it was due to higher prices, *Fairchild's* index on April 1 being 7.3 per cent above last year. The early Easter also caused considerable buying, which usually occurs in April, to be moved forward into March. Also the large gains of 90 per cent at Pittsburgh and 60 per cent at Wheeling result from the fact that a year ago these cities were suffering from floods and stores were closed for varying lengths of time. Another factor not to be overlooked is the improvement in general conditions, including employment and payrolls.

In comparison with February, even after allowance is made for the early Easter, sales were up more than seasonally and the index of daily average sales at reporting stores rose to 103 per cent of the 1923-25 average. The rise in this sales index in the past year has been more than 20 points and it is now higher than since late 1929. In the first quarter, dollar sales were 26 per cent larger than in the corresponding three months of 1936.

Buying of better quality merchandise than a year ago was indicated by the fact that basement store sales showed a smaller increase than did total store sales. All departments except art needlework and art goods experienced gains in sales in March over last year, with clothing, furniture and housefurnishings showing the largest percentage increases. Furniture stores in Ohio and Kentucky reported an increase of 30 per cent in dollar sales in March, while

wearing apparel stores experienced an increase of 43 per cent.

The ratio of all credit to total sales in March at department stores was higher than in February or a year ago, the gain being entirely in the installment field. The ratio of collections during March to accounts receivable at the end of the previous month was slightly smaller than in February, due to a decline in collections on regular accounts, but collections on both regular and installment accounts were better than a year ago.

The dollar value of stocks at department stores as of March 31 was 11 per cent greater than in February and 25 per cent above last year at that time. The March increase was greater than seasonal and the adjusted index rose nearly three points to 81.2 per cent of the 1923-25 average, about the level of early 1931. The ratio of sales to stocks, or the stock turnover rate, was somewhat greater than a year ago, both in March and the first quarter.

Chain grocery and chain drug stores in this district experienced increases of 15 and 14 per cent, respectively, in sales in March, while for the first quarter the gain was nine per cent in each case.

Wholesale Further improvement in all reporting lines of wholesale trade was evident in March in the fourth district, with larger gains occurring in the month than in the first quarter in each group except wholesale drugs. Sales of reporting hardware firms were 37 per cent larger in March than a year ago and were only one point below the 1923-25 average monthly sales. The gain in the first quarter was 33 per cent. Dry goods sales were up 23 per cent in the month and 22 per cent in the quarter, but were only 58 per cent of the three-year average. Grocery sales were 7.6 per cent larger in March than in 1936, while the first quarter gain was nine per cent. Wholesale drug sales were up 17 per cent in the month and 18 per cent in the first quarter compared with 1936, and were 117 per cent of the 1923-25 average. Collections were good generally.

CONSTRUCTION

Building supply dealers in this district reported March shipments in very favorable volume compared with other recent years, but new business in the month and in April was below expectations. Construction costs have risen quite rapidly recently, wages and materials both sharing in the advance, and considerable resistance seems to have developed. Contemplated building previously reported is be-

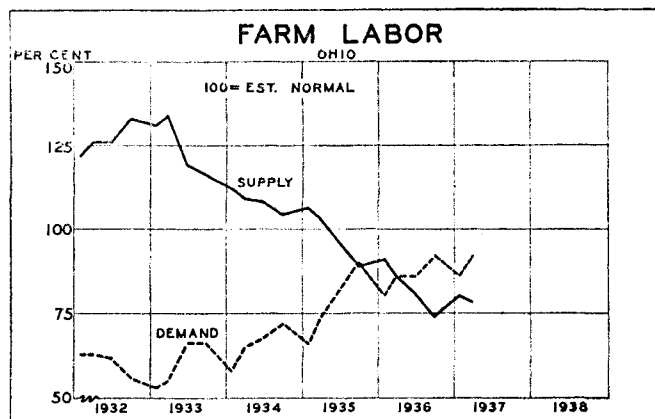
ing deferred because of this situation. Indexes of construction costs are limited, but the *Boeckh* index shows that in the vicinity of Cleveland a frame house would cost about 10 per cent more in early 1937 than in 1936, and cost of a brick home was up slightly more than that. In Pittsburgh the advance has been about 15 per cent, while in Cincinnati it was 11 per cent. The *Aberthaw* index of Cost of Industrial Building was 15 per cent higher for the first quarter of 1937 than in the comparable period of 1936.

Contracts awarded in this district in March, according to the *F. W. Dodge Corporation*, were valued at \$26,713,000, a gain of 52 per cent over last year, compared with an increase of 15 per cent in the 37 Eastern States. This was the largest March total since 1930 and the gain in the first quarter over last year was 49 per cent. All major classes of construction, except public works, showed sizable gains over 1936, with residential building leading in the amount of improvement. Valued at \$8,592,000, home construction in March was 70 per cent ahead of last year. While gains were reported in apartment and multiple-unit projects, the single dwelling type, both for owner occupation and for investment, accounted for the largest increase over last year. In the nonresidential category, commercial building showed a gain of more than 100 per cent in March and 127 per cent in the first quarter. Factory construction contracts awarded were nearly three times as large in March as last year, while the first quarter gain was 77.2 per cent. Iron and steel mills accounted for the major share of the total. Contracts awarded for public utilities were four times as large in March as a year ago and 2½ times as large as in February. Electric light and power plants accounted for the bulk of the total reported. Public works' contracts were less than a third as large as a year ago.

AGRICULTURE

Despite moderate winter weather generally throughout the fourth district farm work has been delayed by the backward spring season and excessive moisture. Cold weather in March and the first half of April retarded growth of pastures, lengthened the feeding period for livestock, and further increased the feed shortage. Repeated freezing and thawing during the period also appears to have damaged winter grains and meadows considerably in this section and the April 1 condition of the latter was below the average of other recent years.

According to the *Department of Agriculture* "farmers have been encouraged by the rising prices of farm products and seem to be preparing to go ahead rapidly as soon as weather conditions permit. There has been a moderate but general increase in the demand for farms and for farm labor, and farm wages are 11 per cent higher than they were a year ago." On April 1 the supply of farm labor was 83.5 per cent of estimated normal in Ohio, according to the *Department's* index; demand for farm labor was 92 per cent of estimated normal and the ratio of supply to demand was 90.8 per cent of estimated normal compared with 104 a year ago and 133 in 1935. The accompanying chart shows the supply of and demand for farm labor as a per cent of estimated normal for the past five years. The figures are for Ohio and are computed quarterly by the Department of Agriculture.



Stocks of wheat and corn on farms throughout the country on April 1 were the smallest for that date in the 12 years for which figures are available. Oat supplies are much below average, but greater than in 1934 or 1935. In this district less than ten per cent of last year's large wheat crop remained on farms compared with an average stock of about 20 per cent of the previous year's harvest. A larger share of the corn crop remained because more of this grain is used as stock feed, but the supply on April 1 was below the average of the five years 1928 to 1932 and also the amount on hand on the same date in 1936. Oat stocks represent about the average percentage of last year's limited harvest, but the actual quantity is very small.

The April 1 condition of winter wheat for the entire country was 73.8 per cent of estimated normal, an improvement of five points over last year at that time, but five points below the five-year average April 1 condition. Because of the larger acreage planted last fall, this year's crop is indicated to be 656,000,000 bushels. If attained this would be the fourth largest crop on record. Abandonment because of winter killing was estimated on April 1 to be about 17 per cent, leaving about 8,000,000 more acres for harvest than the average of the five years 1928-32. In states of this Federal reserve district the April 1 condition was above the national average and also above the five-year average condition for each state. Wheat in northern counties was damaged considerably by winter killing.

Farmers in southern Ohio and Kentucky are actively preparing for a larger tobacco acreage than was harvested last year, but no reliable estimates are available. Official figures recently released indicate that sales of the 1936 Burley crop totaled 231,154,091 pounds, including resales of about 11,000,000 pounds, for an average of \$35.48 a hundred. This compared with an average of \$19.05 last year and was the highest average price in over 20 years.

Wholesale and Retail Trade

(1937 compared with 1936)

	Percentage Increase or Decrease		
	SALES March 1937	SALES First 3 Months	STOCKS March 1937
DEPARTMENT STORES (51)			
Akron.....	+47.2	+27.1	+33.8
Cincinnati.....	+33.4	+15.5	+23.4
Cleveland.....	+26.0	+17.6	+40.6
Columbus.....	+23.3	+18.6	+18.8
Pittsburgh.....	+90.7	+43.4	+20.3
Toledo.....	+16.9	+13.0	+19.4
Wheeling.....	+60.2	+27.0	+ 7.2
Youngstown.....	+26.9	+19.2	+22.7
Other Cities.....	+27.3	+22.8	+22.8
District.....	+44.4	+26.0	+25.1
WEARING APPAREL (13)			
Cincinnati.....	+25.7	+ 9.8	- 0.4
Cleveland.....	+30.5	+22.9	+17.9
Pittsburgh.....	+145.1	+59.0	+15.4
Other Cities.....	+31.0	+25.2	+ 3.0
District.....	+43.2	+24.9	+ 8.5
FURNITURE (42)			
Cincinnati.....	+44.5	+48.0	
Cleveland.....	+25.8	+20.5	
Columbus.....	+39.0	+30.6	
Dayton.....	+20.4	+21.6	
Toledo.....	+ 8.5	+12.1	
Other Cities.....	+50.4	+42.7	
District.....	+30.2	+26.4	
CHAIN STORES*			
Drugs—District (4).....	+13.5	+ 9.3	
Groceries—District (5).....	+14.8	+ 9.1	
WHOLESALE GROCERIES (29)			
Akron.....	+20.2	+10.6	
Cleveland.....	+14.0	+ 5.2	
Erie.....	+19.2	+10.5	
Pittsburgh.....	+ 4.5	- 1.1	
Toledo.....	+20.3	+ 9.2	
Other Cities.....	+20.3	+13.1	
District.....	+17.6	+ 9.3	+19.1
WHOLESALE DRY GOODS (10)	+23.1	+22.0	+36.3
WHOLESALE DRUGS (11)	+16.9	+17.8	
WHOLESALE HARDWARE (12)	+36.7	+33.4	

*Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise specified	March 1937	% change from 1936	Jan.-Mar. 1937	% change from 1936
Bank Debts—24 cities.....	\$2,675,000	+29.1	\$7,461,000	+22.1
Savings Deposits—End of Month: 40 banks, O. and W. Pa.....	\$ 747,769	+ 6.3		
Life Insurance Sales: Ohio and Pa.....	\$ 91,720	+19.4	237,581	+ 9.0
Retail Sales:				
Dept. Stores—51 firms.....	\$ 22,667	+44.4	55,449	+26.0
Wearing Apparel—13 firms.....	\$ 1,198	+43.2	2,649	+24.9
Furniture—42 firms.....	\$ 1,044	+30.2	2,723	+26.4
Wholesale Sales:				
Drugs—11 firms.....	\$ 1,714	+16.9	5,035	+17.8
Dry Goods—10 firms.....	\$ 1,429	+23.1	3,768	+22.0
Groceries—29 firms.....	\$ 4,427	+17.6	11,956	+ 9.3
Hardware—12 firms.....	\$ 1,832	+36.7	4,584	+33.4
Building Contracts—Total.....	\$ 26,713	+52.2	72,769	+49.1
—Residential.....	\$ 8,592	+69.7	25,604	+125.9
Commercial Failures—Liabilities.....	\$ 702	-32.2	1,792	-50.7
—Number.....	68 ²	+ 4.6	167 ²	-18.9
Production:				
Pig Iron—U. S..... tons	3,448	+68.5	9,688	+63.8
Steel Ingot—U. S..... tons	5,229	+56.4	14,391	+53.9
Auto—Passenger Car—U. S.....	403,773 ²	+17.5	1,009,950 ²	+16.5
—Trucks—U. S.....	90,241 ²	+16.8	227,740 ²	+10.6
Bituminous Coal, O., W. Pa., E. Ky..... tons	19,901	+72.3	50,950	+26.7
Cement—O., W. Pa., W. Va. bbls.				
Elec. Power, O., Pa., Ky.....	1,548 ³	+15.3	3,216 ⁴	+14.7
Petroleum, O., Pa., Ky..... bbls.	2,073 ³	+11.6	4,217 ⁴	+ 9.0
Shoes..... pairs	5	+27.7	5	+ 0.3
Tires, U. S..... casings				
Bituminous Coal Shipments: L. E. Ports..... tons	950	+313.0	1,096	+376.5

¹ not available
² actual number
³ February

⁴ Jan.-Feb.
⁵ confidential

Debts to Individual Accounts

(Thousands of Dollars)

	4 weeks ended April 21, 1937	% change from 1936	Year to date		% change from 1936
			Dec. 31, 1936 to Apr. 21, 1937	Jan. 2, 1936 to Apr. 22, 1936	
Akron.....	\$65,644	+19.4	\$251,537	\$210,988	+19.2
Butler.....	10,380	+37.1	38,692	29,488	+31.2
Canton.....	39,017	+24.6	143,981	117,597	+22.4
Cincinnati.....	354,118	+19.6	1,338,357	1,130,756	+18.4
Cleveland.....	608,210	+21.1	2,295,763	1,900,585	+20.8
Columbus.....	183,477	- 2.1	718,879	612,339	+17.4
Dayton.....	75,738	+35.8	280,279	210,112	+33.4
Erie.....	31,217	+35.5	119,525	86,115	+38.8
Franklin.....	3,091	+ 4.3	13,530	11,328	+19.4
Greensburg.....	7,022	+17.9	26,013	23,440	+11.0
Hamilton.....	13,004	+25.6	46,385	36,432	+27.3
Homestead.....	2,969	+33.7	11,635	8,382	+38.8
Lexington.....	17,504	+19.8	114,794	76,060	+50.9
Lima.....	13,716	+26.2	52,039	39,039	+33.3
Lorain.....	4,990	+36.3	19,195	13,145	+46.0
Middletown.....	10,609	+24.5	38,357	32,272	+18.9
Oil City.....	10,976	+16.7	42,632	35,245	+21.0
Pittsburgh.....	727,868	+ 8.6	2,911,681	2,416,235	+20.5
Sharon.....	8,260	+26.4	32,941	25,758	+27.9
Springfield.....	18,031	+24.4	69,888	55,851	+25.1
Steubenville.....	11,015	+48.7	40,283	26,337	+53.0
Toledo.....	125,412	+22.1	513,777	401,004	+28.1
Warren.....	10,661	+31.4	38,509	27,853	+38.3
Wheeling.....	33,099	+16.9	129,000	107,935	+19.5
Youngstown.....	53,389	+29.6	197,752	158,690	+24.6
Zanesville.....	8,177	+19.9	30,585	25,639	+19.3
Total.....	\$2,447,594	+15.8	\$9,516,009	\$7,812,108	+21.8

Fourth District Business Indexes

(1923-25 = 100)

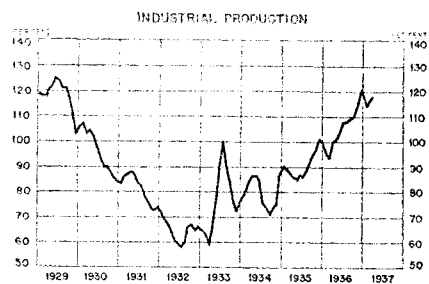
	Mar. 1937	Mar. 1936	Mar. 1935	Mar. 1934	Mar. 1933
Bank Debts (24 cities).....	99	77	68	60	45
Commercial Failures (Number).....	47	45	45	51	110
" " (Liabilities).....	16	24	40	42	148
Sales—Life Insurance (O. and Pa.).....	110	92	102	99	82
" Department Stores (49 firms).....	95	68	69	71	41
" Wholesale Drugs (10 firms).....	117	100	88	109	65
" " Dry Goods (10 firms).....	58	47	48	48	29
" " Groceries (29 firms).....	84	71	66	68	51
" " Hardware (12 firms).....	99	73	63	54	33
" " All (61 firms).....	86	70	65	67	45
" —Chain Drugs (4 firms)**.....	100	88	76	83	61
Building Contracts (Total).....	56	37	19	30	13
" (Residential).....	50	29	14	13	8
Production—Coal (O., W. Pa., E. Ky.).....	110	64	84	88	51
" Cement (O., W. Pa., E. Ky.).....		16	21	32	8
" Elec. Power (O., Pa., Ky.)*.....	184	160	144	137	106
" Petroleum (O., Pa., Ky.)*.....	112	101	104	85	84
" Shoes.....	149	117	123	117	105

*February.

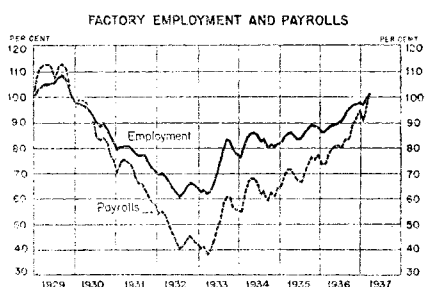
**Per individual unit operated.

Summary of National Business Conditions

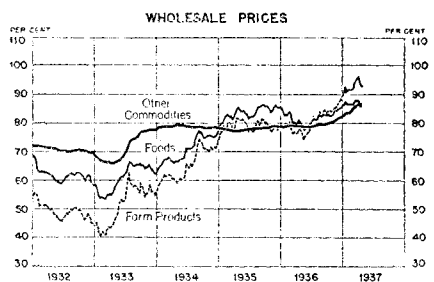
By the Board of Governors of the Federal Reserve System



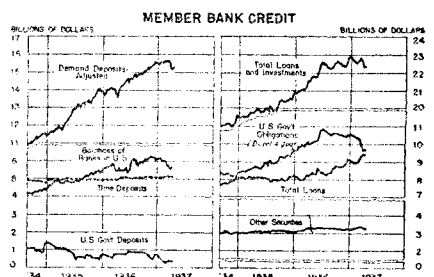
Index of physical volume of production, adjusted for seasonal variation, 1923-25 = 100. By months, January 1929 to March 1937, the latest figure being 118, preliminary.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-25 average = 100. By months, January 1929 to March 1937. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks 1932 to date. Latest figures are for week ending April 17, 1937.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to April 14, 1937.

In March industrial activity continued to increase and payrolls at factories and mines showed a substantial rise. Prices of basic commodities after advancing rapidly in March declined in the first half of April.

Production and Employment

Industrial production increased from February to March and the Board's seasonally adjusted index advanced from 116 percent of the 1923-1925 average to 118 percent. The rise reflected a sharp increase in output of minerals, chiefly coal, and an increase of somewhat more than the usual seasonal amount in manufacturing. The larger output of coal in March was due in part to stocking by consumers in anticipation of a possible strike at bituminous coal mines on April 1 when the agreement between mine operators and the miners' union expired. A new agreement was reached on April 2 but, owing partly to the previous accumulation of stocks, production in the first ten days of April showed a sharp decline. During March activity at steel mills increased seasonally and in the first three weeks of April was over 90 percent of capacity. In the automobile industry output showed about the usual seasonal increase in March and the first three weeks of April, considerable fluctuations during this period being largely in response to developments in the labor situation. Lumber production expanded considerably in March, and there was a sharp rise in output of nonferrous metals. Cotton consumption, which has been at an unusually high level in recent months, increased further in March and in actual amount was larger than in any previous month. Production at woolen mills and shoe factories continued in large volume.

Value of construction contracts awarded in March, as reported by the F. W. Dodge Corporation, was at about the same level as in February and substantially higher than a year ago. Privately-financed work increased, while the amount of publicly-financed work continued to decline. The increase in privately-financed projects reflected a larger volume of residential building and of factory and commercial construction.

Employment and payrolls increased by considerably more than the usual seasonal amount between the middle of February and the middle of March. The expansion in payrolls was larger than in employment, reflecting in part a further rise in wage rates. In manufacturing, the principal increases in employment were in industries producing durable goods, particularly steel, machinery, and lumber. The number employed in the production of nondurable manufactures showed slightly more than the usual seasonal rise.

Distribution

Distribution of commodities to consumers showed about the usual seasonal increase from February to March. Mail-order sales expanded considerably but the rise in department store sales was less than seasonal, considering the early date of Easter this year.

Commodity Prices

Prices of nonferrous metals, steel scrap, rubber, cotton, and wheat, which had advanced rapidly in March, declined considerably in the first half of April. Since the middle of March prices of coke, tin plate, and rayon have advanced and there have been smaller increases in a wide variety of other industrial products. Dairy products have declined, reflecting in part seasonal developments.

Bank Credit

In the four-week period from March 24 to April 21 excess reserves of member banks increased from \$1,270,000,000 to \$1,590,000,000, reflecting principally disbursements by the Treasury from balances with Federal reserve banks and purchases of U. S. Government obligations by the Federal Reserve System. The bulk of the increase in excess reserves was at banks in New York City and Chicago.

Total loans and investments of reporting member banks, which had declined sharply in March, reflecting sales of U. S. Government obligations, showed little change in the two weeks ending April 14. Loans to brokers and dealers in securities declined from the middle of March to the middle of April, while other loans, which include loans for commercial, industrial, and agricultural purposes, showed a substantial increase. These loans have increased almost continuously over the past year.

Demand deposits, after declining in March, increased somewhat in the first half of April, and there was an increase in foreign bank balances, reflecting an inward movement of short-term funds from abroad.

Money Rates

The rate on prime commercial paper advanced from $\frac{3}{4}$ percent to 1 percent in the latter part of March. Bond yields, which had advanced sharply in March, showed no pronounced change in the first three weeks of April.