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Business activity in this district declined somewhat in recent weeks. Many fall programs have been revised as orders for materials have failed to develop in as large volume as had been expected.

Statistical figures available, which relate chiefly to August, indicate that gains, in some instances large ones, were still evident as compared with last year, but the rates of increase generally were smaller than those reported for the first eight months over the corresponding period of 1936. This was particularly true of the iron and steel industry. In August, steel ingot production was 16 per cent above last year, but the gain for the first eight months was 30 per cent. By the third week of September, national steel mill operations had declined to 76 per cent of capacity, still three points above last year, but the rate in August was about 84 per cent. Buying has increased, but not at the expected rate and backlogs have been considerably reduced. Excluding Wheeling and Cincinnati, fourth district steel centers were operating below the National average rate in the third week of September.

Iron ore receipts at Lake Erie ports were 40 per cent larger in August than a year ago, but for the season to September 1 the increase was 75.9 per cent, and a new high record was established. Ore shipments in September are reported to have slackened from the August rate. Coal shipments from Lake Erie ports were five per cent smaller in August than a year ago and coal production also was below last year. Electric power generated in Ohio, Pennsylvania and Kentucky in August, was 7.4 per cent in excess of last year, while the eight-month gain was 13 per cent.

Machine tool sales in August were larger than in July and also in excess of the monthly average of 1929. Foundry equipment sales were large. In most other industries gains were evident in sales and production in August, but the expected fall expansion has been disappointing. Few cancellations of orders were reported. China, pottery and tire industries were exceptions; August output of these was under last year. Automobile parts orders for 1938 models have been slow recently, but sales and production of 1937 models have held up very well. In August both were down less than seasonally compared with July.

Retail trade in August continued in excess of last year. The gain in department store sales was ten per cent while for the first eight months the increase was 16 per cent. Furniture store sales were up two per cent in the month and 16 per cent for the year to date. Higher prices were a factor in the larger dollar sales. Inventories at department stores increased more than seasonally in August to the highest level since the depression and collections declined a little, both as compared with July and a year ago.

There was a slight increase in commercial failures in this section in August, but the number was still small compared with previous years.

The trend of employment in August was irregular. Gains over July and last year were evident at Springfield, Cincinnati, Massillon, Erie, Sharon and New Castle, while at Cleveland, Toledo, Pittsburgh and Columbus declines were reported in August compared with July.

In the construction field, gains in August were still evident in all major branches in this district, as compared with last year, but the increases were smaller than the cumulative increases for the first eight months. While figures on the rise in building costs are difficult to obtain, the *Bureau of Labor* reported them to be up 25 per cent. Dollar value of contracts awarded in this district in August was 37 per cent greater than a year ago, while for the first half of September an increase of 32 per cent was reported.

FINANCIAL

Of some significance, so far as financial developments in this district in the five weeks ended September 22 were concerned, was the additional rise in commercial loans by weekly reporting banks. The gain was \$11,000,000 in the period and the total, \$316,000,000, was more than ten per cent higher than in June. Security, real estate, and all other loans in the five-week period showed practically no change and total loans of these banks rose to a new high recovery level.

Investments held by these banks declined quite sharply in the same period, the net drop in the five weeks being \$14,000,000, or more than the increase in loans. Holdings of Government securities rose slightly in late August, but between August 25 and September 22 a reduction of

\$25,000,000 was reported by these banks. Investments in other securities also were reduced in the latest month to the lowest level in nearly a year. The net result of these changes was a slight reduction in total credit extended by leading banks in this section in the five latest weeks, although it remained five per cent above a year ago.

Demand deposits at these banks were quite sharply reduced to approximately the low level of the year. The drop in the five-week period was \$32,000,000, but on the latest date they were still in excess of a year ago. Time and Government deposits were up slightly in late September compared with the August level.

Savings deposits at selected banks throughout the district, as shown on the accompanying chart, have risen steadily, with very little fluctuation, for over five years. The gain for the period was 25 per cent, or about six per cent annually. This increase, which includes interest credits, seems even more significant in view of the reduced rates of interest now being paid on savings deposits.

Total reserve deposits of member banks with the reserve bank declined in September after rising to an all-time high level early in the month. The estimated excess for all banks in the third week was still above \$70,000,000, or 19 per cent of requirements. The surplus at country banks was 37 per cent, while banks in reserve cities had an excess of 12 per cent.

Reserve Bank Credit There was a moderate increase in bills discounted for member banks in this district in the first part of September to the highest figure since early 1934, but the total was only slightly above \$1,000,000, and in the third week of the month discounts dropped to \$813,000. The rate charged on these loans continued at 1½ per cent, which has been in effect since May 1935. Other earning assets of the reserve bank, including acceptances purchased, Government securities held, and industrial advances made, showed very little change in the five latest weeks.

Federal reserve note circulation increased in early September, as a result of holiday demands, to \$444,000,000, a new high level, but in the second and third weeks a slight contraction occurred. The gain over last year was \$38,000,000, or nearly ten per cent.

MANUFACTURING, MINING

Iron and Steel

A definite pause in steel buying activity is being felt, even though in mid-September purchases were 15 to 20 per cent above the August rate. September operations de-

clined from the high rate prevailing up to Labor day. Numerous factors contribute to this. The general feeling of uncertainty is reflected in the delay of producers and consumers in committing themselves by definite purchases.

A seasonal factor is the change in automobile models, the break in production bringing a corresponding slackness in specifications for steel. Also, it is reported that automobile builders have some material in stock which can be used on the new models. Railroads, whose purchases are in the heavy class, are not buying, the stated reason being uncertainty as to final outcome of the labor and freight rate cases now being considered. Building construction also is slow. Agricultural implement builders continue busy and have been buying heavily.

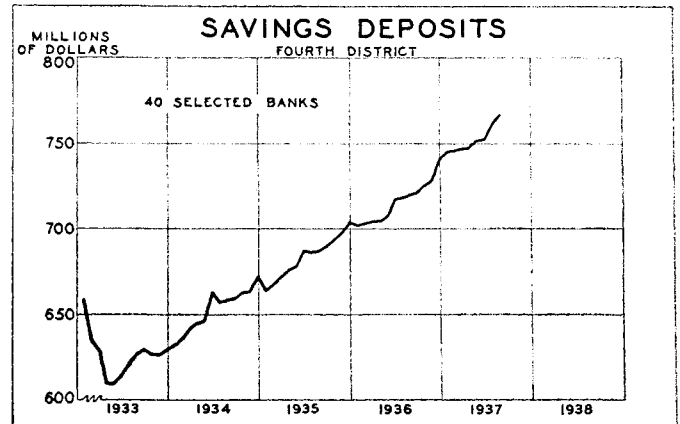
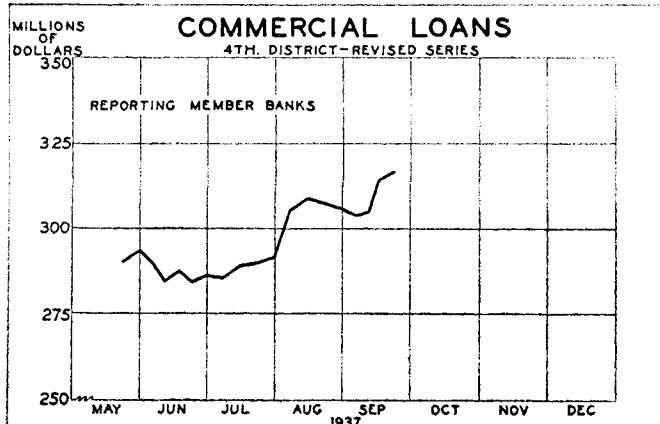
National steel production has been continued at a high rate, though at a lower level than in April, which marked the peak, at 91½ per cent of capacity. Following Labor day, the rate came back nearly to 80 per cent, the level of July and August, but toward the month-end a moderation was evident as buying failed to increase. In the week ended September 25 the national rate was down four points to 76 per cent of capacity. At Pittsburgh, operations receded 11 points to 73 per cent. Wheeling dropped to 82 per cent. Youngstown has been at 70 per cent recently, but in southwestern Ohio the operating rate rose nine points to 89 per cent. In the Cleveland area production has declined from 85 per cent in early August to 64 per cent. This is partly due to idleness of some steel furnaces brought about by rehabilitation work on a rolling mill.

Scrap prices have receded the past few weeks, according to the composite of steelmaking grades computed by the magazine *Steel*. This composite had reached \$20 per ton at the end of July and \$20.50 at the close of August. Practical cessation of buying in September caused weakness until the composite reached \$17.83 in the third week of September. This figure is \$4 lower than the peak, reached the first week in April. However, it is still above the recent low point at the end of June.

Numerous records were made during August in production and all statistics show a wide increase over similar figures for 1936. It is only by comparison with second quarter of this year that present conditions seem slack.

Mills have considerable order backlogs of some products, notably sheets and tin plate, and current buying is at a better rate than in August, but not sufficient to sustain production at present rates.

Intensity of steel production is reflected in figures for



August with output of 4,861,879 gross tons of steel ingots, 6.7 per cent greater than in July and approaching the alltime record of 4,939,086 tons in August 1929. Production in eight months totaled 38,183,018 tons, which is only 1.75 per cent less than eight months' production in 1929. The August total was 16 per cent greater than for the same month a year ago.

For the first time in 20 years iron and steel exports, excluding scrap, in July approached the monthly average of shipments during 1917. These exports were 461,391 gross tons, 50.6 per cent higher than in July 1936. Pig iron was the largest item exported, except scrap, totaling 168,538 tons. Scrap exports were 428,047 tons, slightly under those of June. For seven months scrap exports have been 2,600,707 tons, the highest level ever attained, more than double the like period of 1936. In the same period 474,389 tons of pig iron were exported.

Pig iron production in August broke all records since August 1929. The daily rate was 116,676 tons, compared with 120,845 tons in August 1929. The daily rate was 3.3 per cent greater than in July. Total tonnage in August was 3,616,954 tons, compared with 3,746,954 tons in August 1929. Total production for eight months was 26,888,648 tons, an increase of 42.4 per cent over the corresponding period of 1936.

Shipments of iron ore from the Lake Superior region continue to break records. Total tonnage moved to September 1 this year is 45,438,131 tons, compared with 43,717,797 tons in the corresponding period of 1929, the previous record year. The August movement was 10,811,381 tons which compares with 10,806,967 tons in August 1929, and with 10,704,457 in July of this year. Ore on hand at Lake Erie docks and furnaces in this area totaled 35,343,000 tons, an increase of 25 per cent over the corresponding date last year.

Coal Output of bituminous coal mines in the fourth district in August was slightly greater than in July, but was 0.4 per cent under a year ago. In early September the weekly production figure fluctuated around last year's level, whereas the gain in total output so far this year was 12.2 per cent at local mines.

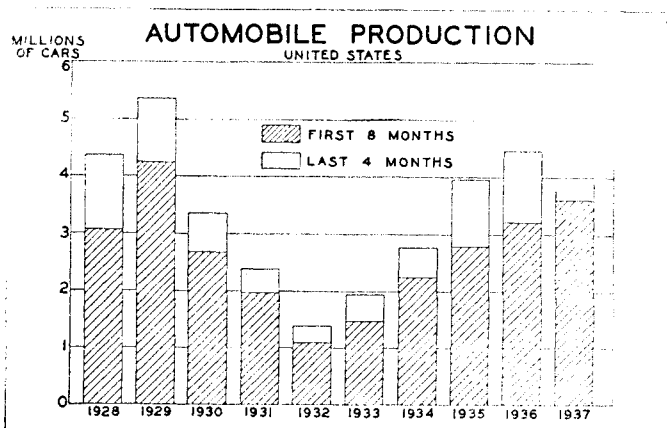
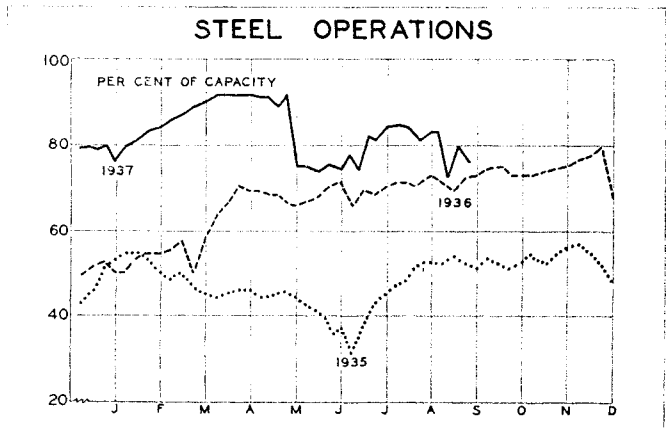
Inventories are one distressing element to the coal industry which is keeping mine activity at reduced levels. At the end of July, bituminous coal stocks were estimated at 43,380,000 tons, a very slight reduction from the previous month, but they compared with 30,126,000 tons on

the corresponding date in 1936. While consumption has been reported at a higher rate than a year ago the rise in stocks has been more than proportionate to the consumption increase. Coal shipments from Lake Erie ports in August were 5.4 per cent smaller than in the corresponding period of 1936, but a gain of 11 per cent was reported for the season to date.

A falling-off in activity at coke plants has also been noted. By the end of September it is estimated that nearly 1,000 beehive coke ovens in the Connellsville district will be out of production. At the close of August approximately 3,600 were in operation, most of them having been lighted this spring after several years idleness to help satisfy the industrial demand for coke which was greater than the by-product ovens could satisfy.

Automobiles The automobile assembly industry was unusually active in August, shut-downs incident to model changes being postponed generally at plants which account for the greater share of the industry's total output. Total assemblies in August were estimated at 394,322 cars and trucks, a less than seasonal drop of 10 per cent from July being evident. The rise of 45 per cent over last year was unusually large and the Federal Reserve Board's index, which makes allowance for seasonal variations, was 157 per cent of 1923-25 average compared with 111 a year ago and 129 in July. This was a new high record for this index. Two volume producers continued assemblies through the first half of September, which kept the industry's output at a relatively high rate in comparison with last year, while other plants were retooling and starting production on 1938 models. In the second week of September *Ward's* reported assemblies at 59,000 cars compared with 26,850 in the corresponding week of 1936. In the weeks ended September 18 and 25 assemblies were down to 30,150 and 28,030 units, respectively, but they were still above last year. Assemblies have started on several of the 1938 models, but as in the two previous years September production should be the low point of the year.

Before the changeover started it was generally felt that the lowpoint in assemblies would come earlier in September, but with retail demand for cars holding up despite the price rise some makers continued assemblies of 1937 models longer than expected. There were almost as many cars made in July and August this year as in the entire third quarter of 1936 and up to September 18 nearly as many cars were assembled as in the entire month of September



last year. The usual difficulties are being encountered with new models, but releases for materials have not been received by parts makers in this district in the volume anticipated.

Passenger car production in August was 311,456 units, a gain over last year of 49 per cent. Truck production was greater in August than in July and, at 82,866 units, was 34 per cent above August 1936. In the first eight months, passenger car production was 12.8 per cent above the corresponding period of 1936, while truck output was up 14.8 per cent.

Reports on retail sales in August, so far as they can be ascertained, were favorable. The preliminary gain over last year was 12.5 per cent. In principal counties of this district, August registrations were 23 per cent ahead of last year, while the eight-month gain was 12 per cent.

Rubber, Tires

Figures recently released covering the rubber industry for the first half of 1937, indicate a larger gain in rubber consumption by other branches of the industry than by the tire and tire sundry division, when compared with the first half of 1936. Rubber used for tires and sundries in the first six months totaled 196,076 tons, a gain of 18.6 per cent over last year. Other branches of the rubber industry consumed 62,303 tons of rubber, but the gain over 1936 was 27 per cent. Comparison of sales value of products in the two periods shows that tire and tire sundries made in the first half of 1937 were valued at \$213,180,000, a gain of 28 per cent over last year, while the value of other rubber products was \$142,206,000 or 29 per cent in excess of the first half of 1936. These figures represent approximately 80 per cent of the rubber industry with about 151,255 employees.

Tire production continued in August at a rate which was about 90 per cent of consumption to permit a further scaling-down of inventories built up early in the year. These are still somewhat above 8,000,000 tires or what has been considered normal. Companies engaged more in the manufacture of tires for replacement use apparently have been operating recently at higher rates than those companies supplying the bulk of original equipment, for the latter built up inventories to provide for an uninterrupted supply of tires to auto plants in the case of labor trouble. August crude rubber consumption by domestic manufacturers was 41,456 long tons, compared with 43,650 tons in July and 46,777 tons last year in August. The decline from 1936 was 11 per cent and in four of the five most recent months consumption has been lower than in the corresponding month of the previous year.

Imports of crude rubber in August were 48,785 long tons, the increase of 25 per cent over July representing in part heavy shipments from Far East ports prior to an increase in freight rates on such shipments. Rubber arrivals were 14.6 per cent larger than in August 1936 and exceeded domestic consumption in the month by over 7,000 tons. There was a consequent increase in rubber inventories to 171,052 long tons, but they were still nearly 60,000 tons smaller than a year ago.

Prices of crude rubber rose somewhat in late August and early September to above 19 cents a pound, but part of this gain was subsequently lost and on September 21 crude rubber was quoted below 18.5 cents a pound.

Tire production in July, the latest available, was 4,291,-

660 casings, a drop of 21.5 per cent from last year and the smallest monthly figure since March 1936. Shipments held up quite well and exceeded output in the month by about 900,000 units.

Clothing

While clothing sales at stores in this district in August were larger than a year ago, the gain in dollar volume was not impressive. Women's apparel sales were 11 per cent in excess of last year, while men's clothing sales were up five per cent, and boy's wear seven per cent. Price increases account for a good share of these gains, for according to *Fairchild's* compilation, prices of men's clothing were about ten per cent higher on September 1 than a year previous, while prices of women's wear were up about six per cent in the same period.

Inventories of clothing at these stores at the close of August were larger than a year ago by 12 per cent in the case of women's ready-to-wear and 24 per cent in the case of men's clothing. These increases were somewhat larger than the 4 and 17 per cent gains reported for July. Stores in this section either stocked heavily in anticipation of fall business or else August volume was not up to expectation. This has affected orders for immediate delivery received by local manufacturers and some cancelation of orders previously placed has occurred. It has not been extensive, however, and plant operations continue at a high rate in most cases. Employment at men's clothing factories has been in excess of last year, but at women's and miscellaneous factories it was down, partly because of strikes at some plants although others report sales of fall and winter clothing in smaller volume than a year ago with a corresponding reduction in factory operations.

Textile companies were between seasons and therefore operating at reduced rates. The clothing industry is reported as being well stocked with materials. Wool prices continue firm.

Other Manufacturing

Reports from most of the manufacturing industries in this district, other than automobiles and iron and steel, covering August and the first half of September, revealed that there had been a moderation of the trend of business experienced earlier in the year, if not a definite reversal. In most cases gains in August were still evident compared with last year, but they were small. Failure of trade and industry to expand this fall as expected and uncertain developments outside the business field were disturbing elements.

In the auto parts field, plant operations held up quite well through August because assemblies of 1937 models were continued longer than expected. The industry as a whole experienced the best eight months since 1929. In the first half of September, however, releases were not forthcoming in the volume anticipated and some plants had to curtail operations with a consequent drop in employment and payrolls. Costs have advanced considerably. Manufacturers and jobbers of hardware and metal products noted a slowing down in mid-September, which was not seasonal. Their trade should be quite active at this time.

New orders for machine tools and foundry equipment received in August were larger than in July, the former being up moderately and the latter about 25 per cent. The improvement in machine tool buying was from domestic sources entirely; foreign orders were lower, but repre-

sented 28 per cent of the total volume reported. While current machine tool orders were considerably below the spring peak, in the latest month they were still 15 per cent larger than the monthly average of 1929. Unfilled foundry equipment orders at the end of August were more than double a year ago. In the machine tool industry they have been reduced recently, though most plants still have a sizable volume on hand.

Buying of electrical apparatus and supplies in August continued to exceed last year, but the rate of gain was smaller than in earlier months. Large backlogs permitted operations to remain at or close to recent high levels though some indicate that unless orders pick up soon a curtailment will be necessary. Operations have been maintained for some time by the large backlogs built up this spring.

Pottery and china makers report that business in late August and early September was unusually quiet for that season. Some seasonal buying of better grade china was reported, but not so much of the cheaper grades. No cancellations of orders previously placed are indicated, but operations were at about 50 per cent of capacity in this section in early September, about 25 per cent below last year at that time. Window glass production in recent months has been considerably greater than shipments, because of a falling-off in orders, but the excess has been to build up inventories which were almost entirely depleted when the strike was on last winter. Manufacturers' stocks were still 20 per cent smaller than a year ago, and jobbers inventories also were down. Window glass shipments in the first eight months were 36 per cent larger than in the comparable period of 1936. Plate glass production in August also was in excess of orders, but this was not unusual for automobile demand is light at that time. Sales to jobbers and furniture makers recently have been below expectations. Paint sales have fluctuated rather erratically recently, being down in August, though not below last year, with some improvement in the first part of September. Raw material prices remain firm.

Fine paper production continued at a high rate in August on orders received earlier, but new buying was under a year ago and continued in limited volume in the first half of September. In the boxboard industry the expected rise failed to develop in August and even some orders placed earlier for future delivery were not specified against. Some price reductions have been reported.

Shoe production at fourth district factories increased 13.8 per cent in August from July, but was six per cent under a year ago. An increase of eight per cent was reported for the first eight months. August retail sales of men's shoes in this district were seven per cent above last year while women's and children's shoe sales were up 14 per cent. September is generally a dull month so far as production is concerned and this year is no exception. Few cancellations of orders have been received.

TRADE

Retail A greater than seasonal increase was evident in August sales of reporting department stores in leading cities of the fourth district. The seasonally adjusted index of dollar sales rose two points to 95 per cent of the 1923-25 average, but was still several points below the spring peak. Compared with last year the gain was ten per cent at the 51

reporting stores, but considerable variation was evident in the city comparisons. At Toledo, sales were slightly under last year, while Akron and Wheeling experienced only small gains. Youngstown stores reported an increase of 20 per cent and for the group of smaller cities for which individual percentages are not computed the increase in dollar sales was 18 per cent. At all stores the cumulative gain for the first eight months over the corresponding period of 1936 was 15.7 per cent. Furniture stores reported a gain of two per cent in August and 16 per cent for the eight months, while wearing apparel stores reported increases of 9 and 14.5 per cent, respectively, in similar periods.

Higher prices and the fact that buying of better quality merchandise has occurred this year account for part of these increases, for figures covering number of transactions, while not complete, recently have shown much smaller gains over last year than dollar sales. *Fairchild's* index of department store prices was nine per cent higher on September 1 than a year ago, but the rate of increase has moderated recently. Basement departments of reporting stores showed an increase in dollar sales of 5.5 per cent in August and 11.5 per cent in the first eight months, both smaller than the gains in total store sales, indicating that better quality merchandise continues to be bought.

Credit sales in August represented a greater share of total store sales than in either July or last August. Regular charge sales were smaller proportionately than in July, but installment sales were up somewhat, partly seasonal, and represented 12.8 per cent of total store sales. Both regular and installment sales were larger in relation to total sales than in August 1936. Collections fell off in August and represented 31.5 per cent of accounts receivable at the beginning of the month, compared with 34.5 per cent a year ago, and 32.9 per cent last year. The drop from July was in collections on regular accounts.

Department store inventories increased somewhat more than seasonally in August and the adjusted index rose six points to 85 per cent of the 1923-25 average, the highest point of the recovery movement. Compared with a year ago dollar value of inventory was up 25 per cent. Current sales, in relation to stocks, continue under last year.

Wholesale

A seasonal increase in sales of reporting wholesale firms of the district occurred in August, compared with July, all lines except hardware sharing in the gain. Dry goods sales were up 28 per cent, but, compared with last year, the increase was less than two per cent. For the first eight months dry goods sales were nine per cent larger than in the comparable period of 1936. Although hardware sales were smaller in August than in July they were 14 per cent larger than a year ago and the eight-month increase was 20 per cent.

Grocery sales were up 7.4 per cent in August, little more than the gain in prices as compared with last year. In the first eight months sales were up nine per cent. Wholesale drug sales in this area were 18 per cent larger in August than a year ago and the gain for the first eight months was 15 per cent.

CONSTRUCTION

Total construction in the fourth district, amounting to \$28,972,500, showed an improvement of 37.3 per cent for

August of this year when compared with the same month a year ago. Residential building increased 24.3 per cent over August 1936. However, these monthly increases over the corresponding periods of last year have become consistently smaller, particularly in residential building, which in January 1937, showed a gain of 189 per cent over January 1936.

Compared with July, total August construction in this district decreased 47.1 per cent. This was largely due to the extensive program of plant expansion in the steel industry undertaken in the greater Pittsburgh area during July. August residential building increased 9.6 per cent over the preceding month.

In the first half of September a gain in total construction of 31.9 per cent, over the same period last year, was reported for this territory, but residential building decreased 14.4 per cent.

Increases, as a whole, were slight in the 37 states east of the Rocky Mountains, as reported by the *F. W. Dodge Corporation*. Total construction during August, valued at \$285,104,100, represented an increase of less than four per cent over a year ago, while residential building decreased almost 27 per cent in the same period.

Residential construction in the country during August 1937 fell below the same month of last year, for the first time during the recovery period, partly because of a decided decrease in public projects in the residential field.

Wholesale lumber houses in this district reported a continued slow movement of materials with a general feeling of uncertainty permeating nearly all branches of the building trade.

AGRICULTURE

The September report of the *Department of Agriculture* reduced 1937 crop prospects by one per cent from a month previous because of dry weather in some sections, and too wet weather for proper harvest in others. For the country as a whole, most of the principal food crops will show better than average production. The total wheat crop, estimated at 885,900,000 bushels, will be slightly over the 1928-32 average and more than 50 per cent larger than the average harvest of the last four seasons. Rye production is about a third larger than average. Other feed crops show similar comparisons, but in contrast production of feed grains is expected to be only about average, and the supply, including old grain carried over, will be less than average though adequate for the greatly reduced number of livestock and poultry now on farms. This is the national situation, but in various sections of the country considerable variation exists—even to almost complete failure in some areas, particularly in the western Corn Belt and the Great Plain States. To a degree this condition also exists in the fourth district; in northern Ohio the corn crop has been very poor and several areas recently have been seriously affected by dry weather.

The trend of market prices since mid-August indicates that the general level of prices received by farmers in mid-September was somewhat lower than a month previous. Prices of grains, hogs and cotton have declined considerably in the past four weeks. Farm income did not increase as usual in August over July, but was estimated by the *Department of Agriculture* as being about \$100,000,000 above last year. Income of farmers in States of the

fourth district recently has been running only slightly above last year. A good share of farm income, in this section, is derived from sale of dairy products, poultry, eggs and meat animals though in summer and fall truck crops and grain add considerably to the income. With livestock and poultry supplies somewhat reduced, income from this source is only slightly better than last year. In July the gain was six per cent while for the year to date it was somewhat more than that.

The accompanying table shows revised estimates of fourth district production of principal crops, based on the September 1 crop report of the *Department of Agriculture*, compared with last year's harvest and the average of the preceding ten years. Figures released earlier have been rather sharply revised by weather conditions, etc.

FOURTH DISTRICT PRINCIPAL CROPS
(000 omitted)

	Estimated September 1, 1937	Harvest 1936	% change from 1936	10-yr. average Harvest 1926-35	% change from 10-yr. average
Corn, bu.	201,790	155,673	+29.6	162,316	+24.3
Wheat, bu.	53,760	45,798	+17.4	38,605	+39.3
Oats, bu.	45,893	50,268	- 8.7	68,327	-32.8
Hay, tons	4,902	3,816	+28.5	5,236	- 6.4
Tobacco, lbs.	122,404	80,888	+51.3	130,156	- 6.0
Potatoes, bu.	21,109	21,222	- 0.5	20,055	+ 5.3

The corn crop estimate was raised nearly four per cent in August and, as shown in the above comparison, the current harvest is expected to be 24 per cent above the ten-year average crop and 30 per cent larger than last year's crop. Despite this fact there were sections where the crop was very poor. This was partly true of northern Ohio and southwestern Pennsylvania where much of the crop was damaged by extremely dry weather following a long period when it was too wet to cultivate properly. The expected large crop generally however is reflected in the reduced livestock marketings even though prices are higher than in several years. Farmers are holding feeders with the idea of utilizing grain on which prices are lower than a year ago, hoping to benefit from the current high level of livestock prices. The September 1 condition indicated a yield of 40.5 bushels of corn per acre. While this has been exceeded several times, the acreage planted to corn in this section was the largest since 1920.

Oats turned out much poorer than expected and the crop was estimated to be 33 per cent under the ten-year average harvest. Poor weather was the reason for the small crop for it started well this spring. Damage at harvest and threshing time was quite general. Production of barley and buckwheat this year is estimated to be somewhat in excess of 1936, but both are smaller than the five-year average harvest.

Late cuttings of clover and alfalfa added materially to the hay crop in this district and it is estimated to be 28 per cent larger than a year ago, but six per cent below the ten-year average. Condition of the crop was somewhat above the ten-year average, but the total yield was below that figure because of the reduced acreage devoted to hay crops in this district in recent years.

Fruit prospects continued excellent throughout the district. On September 1 the apple crop estimate was slightly larger than a month previous. In Ohio, the crop is estimated to be nearly four times as large as in 1936 and 75 per cent in excess of the five-year average harvest. For the country as a whole this year's crop is expected to be about 72 per cent in excess of last year's harvest.

A heavy infestation of scab is reported in some sections and recent dry weather has damaged fruit. Picking was started earlier than usual. Grape crop estimates were reduced in August by rot, but it was still the largest crop in several years. Cutting of the crop in the Lake region is expected to be later than usual. Pear and peach crop estimates were little changed in the latest month; both are above the average of recent years.

Potato crop prospects for the entire country are 22 per cent larger than a year ago and eight per cent above the average of preceding years. In this district a slightly smaller crop than in 1936 is expected, though it is estimated to be 5.3 per cent above the ten-year average harvest. Dry weather and early frosts in September adversely affected the crop in this district.

The largest tobacco crop raised in this district in six years has been cut and housed, and at 122,000,000 pounds it was 51 per cent larger than last year's harvest. Most Burley tobacco was harvested under favorable conditions and although much of the leaf is thin, private estimators feel that the crop might even exceed the September 1 Government figure. Weather has been generally favorable for curing, but barns have been so well filled that quality of leaf is likely to be reduced because of improper spacing.

Cigar tobacco production is 33 per cent larger than last year. Tobacco prices in sections where selling has started are higher than last year on medium and common grades and about the same on good or fancy grades.

Wholesale and Retail Trade

(1937 compared with 1936)

	SALES August 1937	Percentage Increase or decrease SALES first 8 months	STOCKS August 1937
DEPARTMENT STORES (51)			
Akron.....	+ 2.1	+14.0	+23.0
Cincinnati.....	+14.1	+14.2	+33.5
Cleveland.....	+ 8.8	+12.3	+19.7
Columbus.....	+ 9.5	+11.4	+25.4
Pittsburgh.....	+11.5	+20.1	+27.8
Toledo.....	+ 0.9	+ 8.9	+15.1
Wheeling.....	+ 3.8	+11.1	+13.9
Youngstown.....	+19.7	+20.4	+39.7
Other Cities.....	+18.1	+22.3	+21.9
District.....	+10.0	+15.7	+25.2
WEARING APPAREL (13)			
Cincinnati.....	+10.5	+ 8.4	+20.5
Cleveland.....	+ 7.3	+12.8	+ 9.6
Pittsburgh.....	+ 2.3	+17.9	+22.9
Other Cities.....	+15.7	+18.5	+15.9
District.....	+ 8.8	+13.8	+17.1
FURNITURE (41)			
Cincinnati.....	+ 1.8	+26.4	
Cleveland.....	+ 2.8	+12.6	
Columbus.....	+ 2.4	+16.2	
Dayton.....	+20.5	+19.4	
Toledo.....	+ 9.4	+ 0.2	
Other Cities.....	+20.5	+37.4	
District.....	+ 2.0	+16.3	
CHAIN STORES*			
Drugs—District (4).....	+ 9.6	+ 9.5	
Groceries—District (4).....	+ 7.3	+ 5.9	
WHOLESALE GROCERIES (28)			
Akron.....	+ 6.0	+ 2.9	
Cleveland.....	+11.6	+ 8.3	
Erie.....	+35.9	+15.8	
Pittsburgh.....	+10.1	+ 2.8	
Toledo.....	+ 8.2	+10.0	
Other Cities.....	+ 4.4	+10.1	
District.....	+ 7.4	+ 8.9	+20.2
WHOLESALE DRY GOODS (10)			
	+ 1.6	+ 9.0	+42.2
WHOLESALE DRUGS (10)			
	+17.7	+14.9	+13.4
WHOLESALE HARDWARE (11)			
	+13.9	+19.9	

*Per individual unit operated.

Fourth District Business Indexes

(1923-25 = 100)

	Aug. 1937	Aug. 1936	Aug. 1935	Aug. 1934	Aug. 1933
Bank debits (24 cities).....	92	81	71	59	57
Commercial Failures (Number).....	32	30	47	45	81
(Liabilities).....	12	9	40	43	86
Sales—Life Insurance (O. and Pa.).....	95	92	85	87	92
—Department stores (49 firms).....	80	72	61	60	61
—Wholesale Drugs (10 firms).....	110	94	86	80	73
—Dry Goods (10 firms).....	55	54	46	50	44
—Groceries (28 firms).....	87	80	74	72	66
—Hardware (11 firms).....	88	78	63	59	57
—All (59 firms).....	84	77	68	66	61
—Chain Drugs (4 firms)**.....	96	87	82	71	66
Building Contracts (Total).....	61	44	41	36	25
(Residential).....	55	44	23	10	12
Production—Coal (O., W. Pa., E. Ky.).....	75	75	58	62	79
—Cement (O., W. Pa., E. Ky.).....	101	114	68	78	78
—Elec. Power (O., Pa., Ky.)*.....	189	179	153	131	136
—Petroleum (O., Pa., Ky.)*.....	135	125	119	111	101
—Shoes.....	132	140	145	124	126

*July.

**Per Individual unit operated.

Debits to Individual Accounts

(Thousands of Dollars)

	5 weeks ended Sept. 22 1937	% change from 1936	Year to date Dec. 31, 1936	Year to date Jan. 2, 1936	% change from 1936
Akron.....	\$ 76,173	+13.3	\$ 603,262	\$ 512,932	+17.6
Butler.....	12,386	+24.5	93,323	73,260	+27.4
Canton.....	46,211	+16.1	352,886	289,683	+21.8
Cincinnati.....	403,554	+ 6.8	3,146,563	2,801,236	+12.3
Cleveland.....	733,126	+12.1	5,548,581	4,769,522	+16.3
Columbus.....	203,537	+ 0.6	1,640,846	1,495,883	+ 9.7
Dayton.....	86,912	+25.6	666,695	537,625	+24.0
Erie.....	37,388	+24.0	294,079	220,771	+33.2
Franklin.....	4,224	+ 9.0	31,801	28,427	+11.9
Greensburg.....	8,368	+16.2	65,613	58,357	+12.4
Hamilton.....	16,543	+20.6	115,347	95,322	+21.0
Homestead.....	4,078	+27.8	30,382	22,882	+32.8
Lexington.....	22,244	+25.9	220,028	164,379	+33.9
Lima.....	16,760	+32.7	125,992	97,245	+29.6
Lorain.....	6,879	+19.2	48,147	34,521	+39.5
Middletown.....	13,219	+14.0	96,683	79,029	+22.3
Oil City.....	13,421	+22.3	100,475	85,336	+17.7
Pittsburgh.....	876,461	+25.6	6,897,979	6,026,984	+14.5
Sharon.....	11,159	+30.4	82,308	64,947	+27.0
Springfield.....	22,390	+20.9	167,966	136,514	+23.0
Steubenville.....	13,401	+27.7	99,314	71,524	+38.9
Toledo.....	169,867	+26.9	1,228,481	998,087	+23.1
Warren.....	12,018	+25.1	92,837	70,661	+31.4
Wheeling.....	36,224	+ 4.9	310,774	275,372	+12.9
Youngstown.....	63,167	+15.8	475,423	387,820	+22.6
Zanesville.....	9,312	+14.2	73,977	63,195	+17.1
Total.....	\$2,919,022	+16.0	\$22,609,962	\$19,461,514	+16.2

Fourth District Business Statistics

(000 omitted)

	August 1937	% change from 1935	Jan.-Aug. 1937	% change from 1936
Fourth District Unless Otherwise Specified.....	\$2,502,000	+13.7	\$18,481,000	+ 4.7
Savings Deposits—end of month: 40 banks, O. and W. Pa.....	\$ 766,414	+ 6.5	1	
Life Insurance Sales: Ohio and Pa.....	\$ 78,634	+ 3.8	728,668	+ 8.6
Retail Sales: Dept. Stores—51 firms.....	\$ 18,343	+10.0	157,660	+15.7
Wearing Apparel—13 firms.....	\$ 833	+ 8.8	7,076	+13.8
Furniture—41 firms.....	\$ 1,114	+ 2.0	8,826	+16.3
Wholesale Sales: Drugs—10 firms.....	\$ 1,380	+17.7	10,603	+14.9
Dry Goods—10 firms.....	\$ 1,342	+ 1.6	10,007	+ 9.0
Groceries—28 firms.....	\$ 4,542	+ 7.4	33,532	+ 8.9
Hardware—11 firms.....	\$ 1,618	+13.9	13,368	+19.9
Building Contracts—Total.....	\$ 28,973	+37.3	243,661	+48.5
—Residential.....	\$ 9,378	+24.3	72,635	+56.0
Commercial Failures—Liabilities.....	\$ 512	+35.1	5,662	+27.1
—Number.....	46 ²	+ 7.0	419 ²	+15.0
Production: Pig Iron—U. S..... tons	3,617	+33.4	26,889	+42.4
Steel Ingot—U. S..... tons	4,862	+16.2	38,183	+30.0
Auto—Passenger Car—U. S.....	311,456 ²	+48.8	2,958,817 ²	+12.8
—Trucks—U. S.....	82,866 ²	+33.8	663,322 ²	+14.8
Bituminous Coal, O., W. Pa., E. Ky..... tons	13,574	+ 0.4	116,475	+12.2
Cement—O., W. Pa., W. Va. bbls.	1,219	+11.2	6,890	+13.7
Elec. Power, O., Pa., Ky. thous. k.w.h.	1,589 ³	+ 5.0	11,347 ⁴	+14.1
Petroleum—O., Pa., Ky. bbls.	2,490 ⁵	+ 8.1	16,225 ⁴	+ 7.8
Shoes..... pairs	5	+ 5.9	5	+ 7.9
Tires, U. S..... casings	4,291 ³	+21.5	31,515 ⁴	+ 3.6
Bituminous Coal Shipments: L. E. Ports..... tons	5,820	+ 5.4	29,883	+11.4
Iron Ore Receipts: L. E. Ports..... tons	7,196	+40.5	30,838	+75.9

¹ not available

² actual number

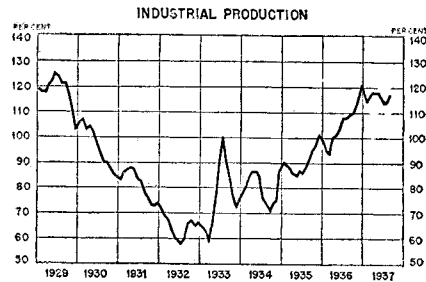
³ July

⁴ Jan.-July

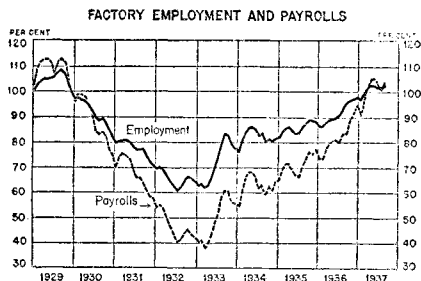
⁵ confidential

Summary of National Business Conditions

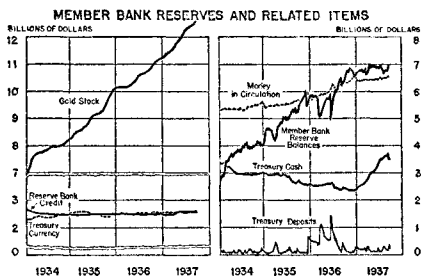
By the Board of Governors of the Federal Reserve System



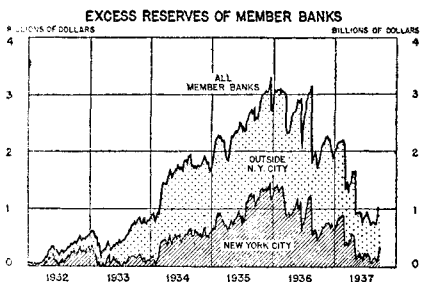
Index of physical volume of production, adjusted for seasonal variation, 1923-25 = 100. By months, January 1929 to August 1937, the latest figure being 117, preliminary.



Indexes of number employed, adjusted for seasonal variation, 1923-25 = 100. By months, January 1929 to August 1937. Latest figures, Employment 103.3; Payrolls 103.7.



Wednesday figures, January 3, 1934 to September 22, 1937.



Wednesday figures of estimated excess reserves for all member banks and for New York City, January 6, 1932 to September 22, 1937.

In August industrial activity advanced from the level of the two preceding months and on a seasonally adjusted basis was close to the volume of last spring. Early reports for September indicate a decline in steel output and a seasonal decrease in the production of automobiles.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, was 117 percent of the 1923-1925 average in August as compared with a level of 114 percent in June and July and 118 percent during the spring. Steel production rose slightly further and was close to the high level prevailing before strikes curtailed output in June. Automobile production was maintained in considerably larger volume than is usual in the month preceding the shift to new model production. Lumber output declined, following a period of increase. In the nondurable goods industries output increased in August, reflecting chiefly increases at cotton and woolen textile mills, following considerable declines in the preceding month. Activity at meat packing establishments increased somewhat from an extremely low level. Shoe production showed less than the usual seasonal rise. At mines, output of coal increased less than seasonally, while crude petroleum production continued to expand.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined somewhat in August and the first half of September. Awards for private residential building showed little change and were in about the same volume as in the corresponding period of 1936, while publicly-financed residential building declined and was in considerably smaller volume than last year.

Factory employment, which had increased in July, showed less than a seasonal rise in August. Factory payrolls increased by about the usual seasonal amount. The number employed at steel mills increased somewhat further, while at automobile factories, railroad repair shops, and sawmills employment declined. In the textile industries employment in the production of fabrics decreased somewhat, while employment in the production of wearing apparel increased. Changes in employment in most other manufacturing industries were small.

Agriculture

Department of Agriculture crop estimates based on September 1 conditions were about the same as the estimates a month earlier, except for an increase in cotton and a decrease in corn. Output of leading crops is substantially larger than last season. Supplies of livestock and meats are expected by the Department of Agriculture to continue smaller than last year.

Distribution

Mail order sales and sales at department stores showed somewhat less than the usual seasonal increase from July to August. Freight-car loadings continued at the level of the previous month.

Commodity Prices

Cotton prices declined considerably further from the middle of August to the third week of September and there were smaller decreases in cotton goods, silk, hides, steel scrap, copper scrap, and lumber. Prices of livestock and livestock products, after some decline in the latter part of August and the first week of September, advanced sharply in the middle of September.

Bank Credit

Excess reserves of member banks increased in the five-week period ending September 22 from \$800,000,000 to \$1,000,000,000, as the result of a release of gold by the Treasury from its inactive account. The bulk of the increase in excess reserves went to New York City banks and on September 22 these banks had excess reserves of \$350,000,000, Chicago banks had \$50,000,000, and banks elsewhere \$600,000,000.

Commercial loans at reporting member banks in 101 leading cities, reflecting in part seasonal demands, continued to increase substantially during the four weeks ending September 15, both in New York City and outside. Holdings of United States Government obligations and of other securities showed a further decrease, with the result that total loans and investments declined somewhat.

Money Rates

Rates on 9-month Treasury bills declined from 0.71 percent early in September to 0.44 percent later in the month, and average yields on long-term Treasury notes declined from about 1½ percent to below 1½ percent.