

# MONTHLY BUSINESS REVIEW

Covering financial, industrial  
and agricultural conditions



Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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No. 12

The favorable situation evident in most lines of activity in the first eight months of 1937 has all but been forgotten because of the sharp curtailment that occurred in the last four months of the year. Reports of current operations make it hard to realize that the year's results are still quite favorable, in relation to recent previous periods. The accompanying chart shows the percentage change in several lines of activity important to this district in the first eleven months of 1937 as compared with the corresponding period of 1936. Unfavorable comparisons of December with last year should not lower these percentages appreciably. Based on available figures to December 1, gains over 1936 were recorded in output of all industries important to this Federal Reserve District except plate glass production. The decline in commercial failures was, of course, a favorable sign. Crude rubber consumption was behind last year, but figures on tire production are not available. In some lines, improvement for the period was great and the year just closed was the best since 1929, from a production standpoint.

Employment declined quite sharply in the past four months; a falling-off of six percent was reported for Ohio in November compared with October, but the index, based on figures for over 8,500 firms, was less than one percent below last year. Manufacturing employment was down three percent, but for the eleven months employment averaged about ten percent above 1936.

Employment in November was better than a year ago at Erie, Pittsburgh, Sharon, New Castle, Pa., and Dayton and Springfield, Ohio. Columbus showed practically no change. Other cities reported declines ranging from 1 to 13 percent. Reports indicate that the contraction in December has been quite marked generally.

Steel ingot production in 1937 exceeded every year since 1929 even though operations in December were lower than since 1934. The recent contraction was the sharpest ever recorded in so short a period, but the rate of decline tapered off in mid-December and inquiries increased. Pig iron showed a similar trend.

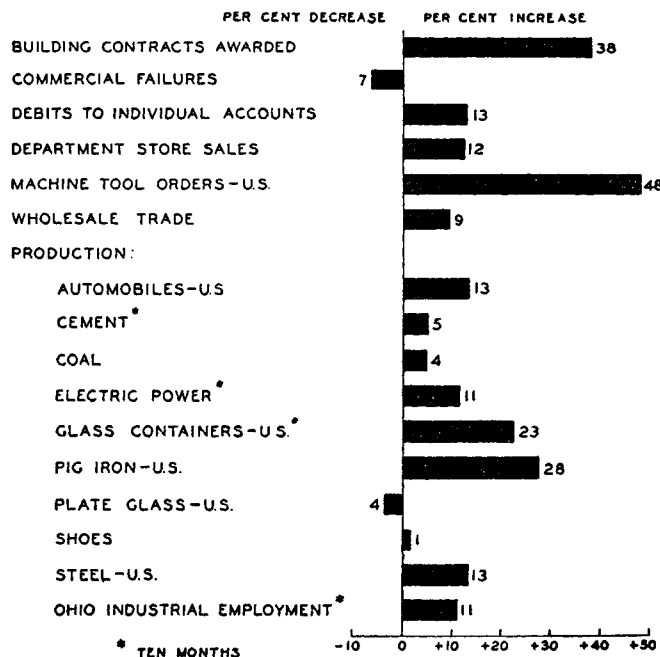
Auto parts and accessory manufacturers in this section enjoyed a good year, as a whole, but the curtailment this

fall has been sharper than the drop in auto assemblies, for the latter plants have been working down parts' inventories built up early in the year. Machine tool buying by domestic users has declined drastically, but total orders received in the year were larger than in 1929. Tire production has lagged recently to permit the working down of inventories built up in anticipation of labor trouble this spring.

Dollar volume of retail trade in the pre-holiday period was smaller than in 1936, but a gain for the eleven months of about 12 percent was experienced. Inventories have declined; on December 1, department store stocks were 16 percent larger than a year ago, compared with an increase of 23 percent on November 1, and the seasonally adjusted index was 81 percent of the 1923-25 average. Wholesale inventories have shown an even greater contraction from the early fall peak.

## INDICATORS OF FOURTH DISTRICT BUSINESS ACTIVITY

Percent change first 11 months 1937 from 1936.



Diminution in publicly-financed construction during 1937 offset part of the increase in privately-financed work, but total contracts awarded in this district in the first eleven months were 38 percent larger than in 1936. Residential building was up 43 percent. Construction activity was better than since 1930, but was still limited compared with pre-depression years.

Check transactions reported by banks in leading cities of the district for the four weeks ended December 22 were 12.4 percent smaller than in the corresponding period of 1936, but for the year 1937, excluding the last week, a gain of 10.8 percent over the previous year was reported.

### FINANCIAL

**Member Bank Credit** Banks in leading cities of the fourth district showed a reduction in credit extended during 1937. The net contraction was approximately \$100,000,000, or five percent, and was about two-thirds of the gain recorded during 1936. The falling-off, however, was entirely in the investment accounts of these banks; loans increased almost continuously from the beginning of the year to mid-October; a decline was evident for five subsequent weeks, but in December loans again turned upward, though they remained below the year's peak in the third week of October. In the third week of December total loans made by these banks, at \$721,000,000, were 10.6 percent in excess of last year at that time. The recent increase in loans was in the commercial classification and while strictly comparable figures are available only since May 1937, since then the increase in loans has been confined almost entirely to that classification. Real estate loans have declined and security and brokers' loans have shown little change.

Member bank investments in Government securities declined from \$957,000,000 in January to \$803,000,000 in mid-December, a contraction of 16 percent. In the third week of December an increase of \$11,000,000 was evident through purchase of the new U. S. Treasury issues in excess of Treasury bill sales by banks. Holdings of other than Government securities changed moderately during the year, but were down approximately \$13,000,000 in the period, about five percent.

Deposits with these banks declined slightly during 1937. Government and interbank deposits were down rather sharply; time deposits increased steadily throughout the year and demand deposits, chiefly commercial, while showing a moderate net decline in the period, were adequate for present needs. On the latest date for which information for all member banks in this district was available, demand deposits were larger than in 1929, but loans were less than half what they were prior to the depression.

**Reserve Bank Credit** At the Federal Reserve Bank of Cleveland total earning assets on December 23, at \$251,672,000, were almost identical with the beginning of the year, and changes during the period were small. Of this total, \$249,591,000 consisted of Government securities, and fluctuations in holdings of these securities, both by the bank and the System, were slight in the past year. Participation in open market purchases this fall increased this bank's holdings of Government securities by \$4,500,000.

Changes in acceptance holdings in the year were only nominal and direct loans to industry, to provide working

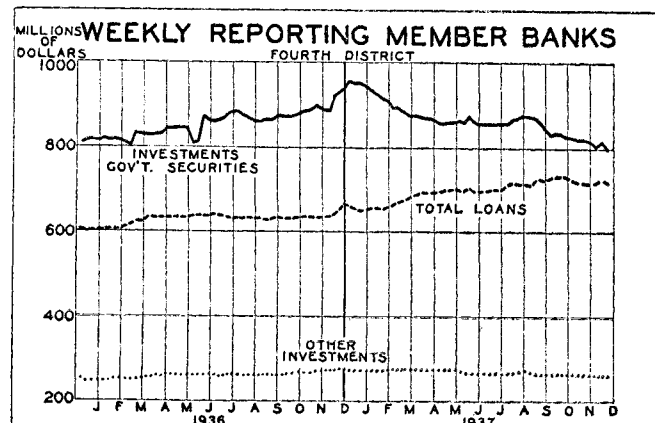
capital, receded throughout the period. On December 22 they amounted to \$762,000, compared with \$1,184,000 at the beginning of the year.

Bills discounted for member banks increased from practically nothing at the beginning of the year to slightly above \$1,000,000 in December. While some borrowing occurred in connection with the increase in reserve requirements for member banks last spring, this was slight and a good share of the gain this fall represented loans made by member banks in the southern part of the district to prepare and market the large tobacco crop. At current levels, discounts are relatively small in relation to pre-depression years and the rate charged on these loans was  $1\frac{1}{2}$  percent.

Excess reserves of member banks in this district declined in the third week of December as demand for holiday currency increased. The rise in currency requirements, however, was smaller than in any recent year. Between November 24 and December 22, note circulation of this bank rose \$10,000,000; a year ago in the same period the increase was \$27,000,000, while in 1935 it was \$28,000,000. Banks having excess reserves are less careful about retiring excess currency to the Reserve bank than they might be otherwise. Declining business this fall was not accompanied by a reduction in currency circulation, since holiday requirements probably were anticipated, accounting in part for the smaller than usual gain in the four latest weeks. Compared with last year, note circulation of this bank was still up about \$20,000,000 in late December. Excess reserves dropped to \$70,000,000 on December 20, or 18 percent above requirements for all banks in the district but rose to above \$81,000,000 on December 24, or 22 percent above requirements. Banks outside reserve cities had an average excess of 27 percent.

### Iron and Steel

Indications of slightly better sentiment appeared in the steel industry in the third week of December even though output dropped in the holiday week and production apparently reached a reasonable balance with demand. Miscellaneous buying was on a slightly improved basis, and it is reported that some steel makers booked orders in December at a better rate than in November or October. Steel-making scrap prices showed a slight rise for three consecutive weeks. A large number of inquiries have recently come to light, but most of these will not materialize until after the turn of the year. Actual orders that have been placed are for small



volume; insistence upon immediate delivery, almost universal, however, indicates that inventories are small if not entirely depleted.

With operations in the third week of December at 27 percent of capacity for the industry as a whole, they were unchanged from the preceding week for the first time since the first week in September. The total contraction in this period exceeded 50 points, the sharpest ever recorded in so short a period. The nearest parallel probably was in 1934 when the rate declined from 62 percent in June to 20 percent in August. A year ago at this time production was just under 80 percent and mill backlogs were increasing rapidly.

In principal centers of this district operations in the latest week were below the national average at Pittsburgh and Wheeling, the respective rates being 19 and 24 percent. At Cleveland, operations were at 36 percent of capacity, up from a low of 15 percent in November, but a year ago the rate was around 80 per cent. Youngstown mills in the week of December 18 were operating at 30 percent, up 6 points from the previous week, but 50 points under last year. Operations at mills in southwestern Ohio have increased from 14 to 54 percent of capacity in the two latest weeks, but a year ago they were operating at 95 percent.

Despite these wide swings in weekly production rates, the steel industry made a very favorable record in 1937. With December partly estimated, ingot tonnage for the year was calculated by *Steel* to have been 49,620,000 tons. This figure was exceeded by two previous years. It was only 8 percent below the all-time record of 1929 and less than one percent under 1928, the second best year in history. November production was 2,153,781 gross tons, almost 37 percent less than October output and 50 percent below November 1936. Output in the latest month was less than since December 1934. In the first half of 1937 the industry operated at almost capacity rates, but still was unable to keep up with incoming orders. In April, production reached a peak of 90.5 percent of capacity. Various factors interfered with orders, however, and business procedure during this half year caused some overbuying by consumers seeking to assure themselves of sufficient supplies to meet expected needs. Higher prices were no deterrent to these purchases at the end of the first quarter, so that orders were booked only in proportion to consumers' normal requirements. Labor difficulties seemed to intensify the situation. An active fall season was expected generally, but failure of the automotive industry to buy the anticipated steel volume for new

models, and action of consumers in almost every other line in working off surplus steel stocks accumulated in the first eight months of the year, reduced sales far below expectations. At the beginning of the fourth quarter it developed that inventories in hands of consumers were larger than had been estimated, with the result that mill buying was extremely light and production was reduced sharply.

A somewhat analogous situation prevailed in pig iron, except that shortages of steel scrap enabled pig iron producers to show larger gains over recent preceding years. The year's output was estimated at 36,705,000 tons of coke iron. This compares with 30,683,000 tons for 1936. Pig iron production in November was down 28 percent from October, and the daily rate of 66,925 tons was smaller than since March 1936. A year ago the daily rate was 98,331 tons. From August 1 to December 1, 78 blast furnaces were taken out of production, 37 being lost during November. On the latest date there were still 114 furnaces active, although further curtailment occurred in December. Iron ore shipments were unusually heavy until near the close of the navigation season. Slackening of the rate of steel production, however, brought a sharp curtailment of ore shipments in the final months. The total of 63,199,000 tons compares with 44,822,000 tons in 1936, but it was still almost 2,000,000 tons less than in 1929. Ore on hand at the close of navigation at lower lake ports and furnaces totaled 42,626,000 tons, an increase of over 7,000,000 tons over last year. Not since 1926 have ore supplies been as large as at present.

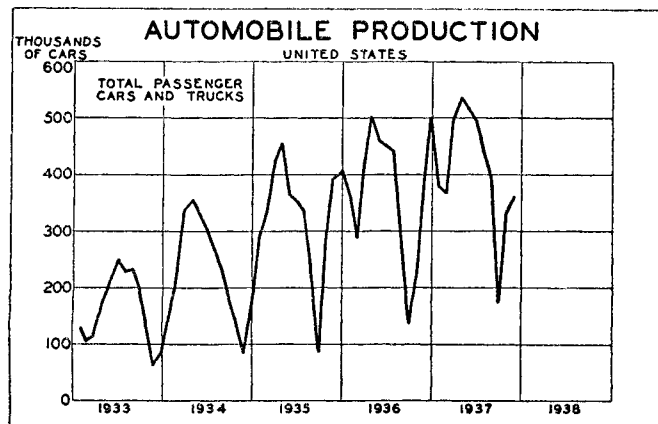
Exports of steel products in the first ten months of this year were almost three times as large as the corresponding period of 1936, and also were 41 percent greater than the same period of 1929. Scrap export shipments in the first ten months were at the highest level ever reached in the history of the steel industry, and practically doubled those of the same period of 1936.

### Coal

Output of bituminous coal increased quite sharply in the first two weeks of December, prior to the date coal code prices became effective, after receding contra-seasonally in November, but declined again in the third week. Output of local mines in November was 13,111,000 tons, a decrease of 19.8 percent from last year and also less than in 1935. The gain in December was not enough to overcome losses in recent weeks, and production in the latest week was still somewhat below last year. Output, however, was the best since March when mine activity was abnormally great in anticipation of labor trouble in April, which failed to materialize.

Large inventories of coal have been maintained by industrial users through most of the year, and on November 1 stocks amounted to nearly 40,000,000 tons, compared with 29,403,000 tons a year previous. All classes of users showed sizable increases. Announcement of coal prices by the *Bituminous Coal Commission*, which were higher in most classifications, was followed by a drop in demand from producers. In October there was sufficient coal above ground to last 42 days at the current rate of consumption, but it was not evenly distributed.

In the first eleven months, mines in this district produced



4.4 percent more coal than in the comparable period of 1936 and greater than in any year since 1930.

**Automobiles** Auto assemblies maintained a fairly steady rate until the week of December 18 in contrast to sharp curtailment in other industries. Since the annual shows have been held in late fall, however, output in previous years has tended to increase quite sharply toward the year end. In early December weekly production was about 85,000 cars and trucks; some plants were curtailing assemblies, but one major producer late getting started, increased operations sufficiently to offset the decline. In the week ended December 18, output receded to 82,000 units, whereas a year ago 121,000 cars were made in a similar period, and in 1935 output was approximately 100,000.

Failure of the industry to expand as expected has adversely affected many manufacturing plants in this district, necessitating sharp curtailments in employment and man-hours worked.

November assemblies, according to the *Department of Commerce*, totaled 360,063 cars and trucks, a drop of 8.8 percent from last year. The nine percent gain over October was much less than seasonal and the Board's index dropped from 142 to 90 percent of the 1923-25 average. Truck production held up quite well, being 20 percent in excess of last year, while the gain for the eleven months was 14 percent. Passenger car production in November was 13 percent under last year, while for the first eleven months a gain of 13 percent was evident.

Despite the recent curtailment, based on December information now available, fourth quarter output was estimated to be only ten percent under last year and about six percent below 1935. The year as a whole, however, was only exceeded by 1929, and the gain over 1936 was better than ten percent. In the first eleven months the gain was 12 percent.

Sales of new cars held up well through October. The *Analyst* seasonally adjusted index of passenger car sales rose to a new high level for the year and was not far behind the all-time record of last December. Earlier introduction of new models was a factor and in November a decided contraction occurred. In principal counties of this district, registrations in November were 33 percent smaller than in November last year, but the 11 month gain was 7 percent.

**Rubber, Tires** Operations in the rubber industry continued at low levels in November and the first half of December, and plants in Akron were reported to be operating less than factories in other sections of the country. Rubber consumption in November for the entire industry, at 33,984 tons, was smaller than since October 1934, and 33 percent under last year. The drop from October was 12 percent. While this is always the dull season for the rubber industry, the drop from second quarter, when over 50,000 tons of rubber was consumed monthly, was particularly sharp and reports indicate that in December, operations were further reduced. With December rubber consumption estimated, the annual figure should approximate 536,000 tons, compared with

574,000 tons in 1936, a decline of about six percent, despite the fact that consumption in the first half of 1937 established an all-time record.

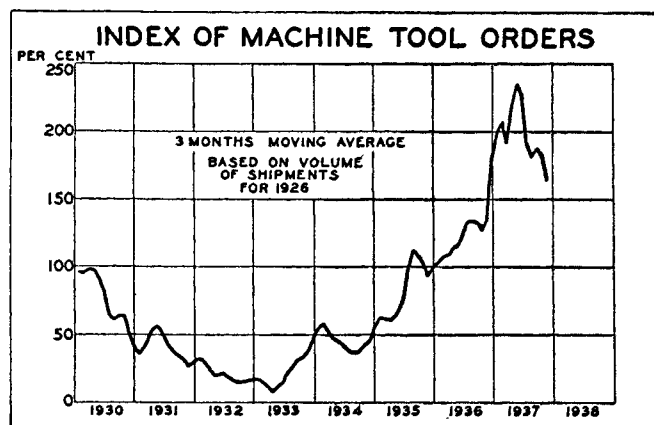
Rubber imports have exceeded consumption since July. Shipments from producing areas continued at high levels, stimulated in part by announced increases in ocean freight rates. In November imports totaled 56,302 tons, larger than since 1929 and only exceeded then by two months. The gain over November 1936 was 27 percent and domestic rubber stocks increased by 21,900 tons, an amount equal to two-thirds of a current month's consumption. On December 1, rubber stocks were 217,536 tons, compared with 164,441 tons in July, the recent low point, but they were still nearly 6,000 tons smaller than a year ago at this time. Lowering of the production quota from 90 percent to 70 percent for the first quarter of 1938 caused rubber prices to rise slightly, but in mid-December they were only a trifle above the November low and more than ten cents under the year's high point.

Production of rubber goods, chiefly tires, was greater this year than sales, despite the sharp contraction in recent months. In the opening months of the year manufacturers produced at a high rate to build up inventories, as a protection against labor trouble. Recently these inventories have been worked down, but the extent of the contraction is not known.

### Clothing

Makers of men's and women's clothing were operating at fair rates in the first half of December, an entirely seasonal condition. Efforts were being expended on spring merchandise, advance orders for which are still coming in. Buying has been very conservative generally and there is less activity than is normally the case at this season. Many retailers are reported to have deferred ordering of spring merchandise until after the year-end. The between-season shut-down was longer than usual at most plants, but resumption of operations in the men's wear branch so far as employment was concerned was at approximately the same level as a year ago. Makers of women's wear, however, were employing 16 percent fewer people than in late 1936.

Operations of textile plants have been very much reduced recently, a decided contrast to the favorable position evident in the first half of 1937. Employment and man-hours



worked are both under last year at this time. Cloth inventories are larger than a year ago and raw material price declines indicate some inventory adjustments. Some drop in retail clothing prices has recently occurred. How much this represents lower raw material prices or efforts to stimulate buying can't be estimated. November sales of men's apparel, at stores in this district, were 16 percent smaller than a year ago, and boys' wear sales were down 14 percent. Sales of women's apparel dropped behind last year by six percent in November.

### OTHER MANUFACTURING

**Auto Parts** The contraction in auto parts' production in the fourth quarter has probably been more severe than in auto output because the assembly industry has been working down inventories built up early this summer. The year 1937 as a whole, from a production standpoint, was quite satisfactory, but earnings do not compare so favorably because of the higher costs of operation, taxes, etc. In mid-December the industry was working at rates estimated to be down 30 percent to 40 percent from last year. The decline in man-hours worked has been materially greater than the reduction in employment. Inventories in some items have dropped to the point where buying will follow any change in orders.

**China, Pottery** In mid-December china factories in this district were operating less than half-time, but sales for the entire year were reported close to those of 1936. This is always the dull season of the year, but the falling-off has been much greater than usual.

**Electrical Supplies** In the electrical apparatus and supply industry the decline in new orders in November and December was such that a reduction in operations occurred. Until recently they were maintained at a high level by large backlogs accumulated in earlier months of the year. In some cases operations are still above last year at this time. November sales were about 15 percent under a year ago. Inventories, both of materials and finished goods, are much larger than at this time in 1936.

**Hardware** The decline in activity at some metal-working plants has paralleled that of iron and steel, while at others it has been more moderate. Inventories have been worked down to a point more in line with current conditions. De-

mand for engineering specialties has dropped off sharply.

**Glass** Plate glass production in November was 12,517,000 sq. ft., a decrease of four percent from last year, and a similar reduction was reported for the year to December 1. The fourth quarter has been disappointing, chiefly because of the limited requirements of the auto industry. Other industries also were taking less glass than usual. Window glass production in early December was at about 50 per cent of capacity, but output for the first eleven months was up sharply over 1936. Glass sales in the same period were 24 percent greater than in 1936, but this was less than the gain in output, and manufacturers' inventories amounted to 2,400,000 boxes on December 1. Distributors' stocks are reported to be very small.

**Machine Tools** Foreign buying recently has maintained the machine tool industry. In November it represented 50 percent of the total volume received by the entire industry. Backlogs have all but disappeared, and plant operations recently have been curtailed. From an order standpoint the year 1937 surpassed any on record, even 1929. November orders were at about the level of mid-1935. A similar situation prevailed in foundry equipment, but unfilled orders on December 1 were still nearly 30 per cent larger than a year ago. Cancellations were negligible. Small tool demand has held up quite well, according to reports.

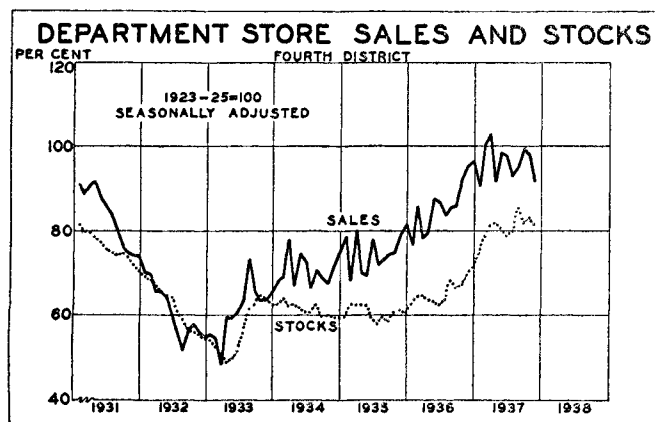
**Paint** A decline in paint sales and production generally occurs at this season, but the recent drop was greater than usual. Industrial demand was down most sharply in recent months, but other lines also contracted. Lead sales in the first 11 months were approximately ten percent under last year.

**Paper** Although the paper and boxboard industry was operating at about 50 percent of capacity in early December, down much more than seasonally from the year's high point when production could not keep up with orders, 1937 output is estimated to exceed that of 1936 by a moderate amount.

**Shoes** Curtailment in shoe production in the fourth quarter was partly seasonal, but total output of local factories in November was 17 percent under last year; the eleven-month total was 1.3 percent larger than in 1936. A further decline was reported in December. Spring models were being bought in much smaller quantity than a year ago in most cases. November shoe sales at department stores were slightly in excess of last year. Hide and leather purchases have been limited, inventories have declined, but some interest was evident in mid-December. Prices have improved in recent weeks though they are still under last year.

### TRADE

**Retail** Unusual efforts to stimulate sales this holiday season seem to have produced fairly satisfactory results, although preliminary figures indicate that dollar volume was under the corresponding period of last year. The drop, however, was moderate in principal cities of the fourth district, particularly in relation to the rather sharp curtailment in manufacturing payrolls that occurred in recent weeks. In Cleve-



land, sales in the first three weeks of December were approximately seven percent smaller than last year.

November dollar sales of all reporting stores in this district were only one percent less than a year ago, but the decline from October, on a daily average basis, was greater than seasonal, and the index of sales receded seven points to 91 percent of the 1923-25 average. Cincinnati, Columbus, Toledo, and stores in smaller cities of the district, showed increases in November over last year, but Akron, Cleveland, Pittsburgh and Wheeling showed declines ranging from 1.5 to 14 percent. Despite this contraction, sales in the first eleven months were 12 percent larger than in 1936, all cities showing gains ranging from 7 to 18 percent.

Collections held up quite well generally, but at Akron they were under last year, and in relation to accounts receivable at the beginning of November they were much lower than in other cities.

An increase of less than one percent in department store stocks occurred in November, which is somewhat smaller than seasonal, and the adjusted index of dollar value of stocks was down four points from the recent peak in August to 81 percent of the 1923-25 average. Inventories on December 1 were still 16 percent larger than a year previous, but on November 1 the increase over last year was 23 percent. Strenuous efforts have been made recently to reduce inventories built up early last fall in anticipation of a large volume of holiday business. Complaints of incomplete selections of sizes and colors indicate that this has been more or less successful.

Sales of reporting furniture stores were 21 percent smaller in November than a year ago, while sales of furniture in department stores were down four percent. In the first eleven months furniture stores sales were ten percent larger than in the comparable period of 1936.

#### Wholesale

Sales of wholesale groceries in November by reporting firms in this district were ten percent larger than a year ago, while the gain for the first eleven months was 7.3 percent. Inventories have been reduced considerably; at the month end they were 1.7 per cent larger than a year ago, while in August they were 20 percent greater.

Dry goods sales in November were 19 percent smaller than last year, but for the first eleven months a gain of five percent was reported. Dry goods stocks were 18

percent larger than last year, compared with an increase of 49 percent on September 1.

Wholesale hardware sales were down five percent in November from the corresponding month of 1936, although in the year to December 1 an increase of 14.6 percent was recorded. Drug sales were two percent larger in November than last year, but a gain of 13 percent was reported for the eleven months. Inventory on December 1 was ten percent greater than a year ago.

### AGRICULTURE

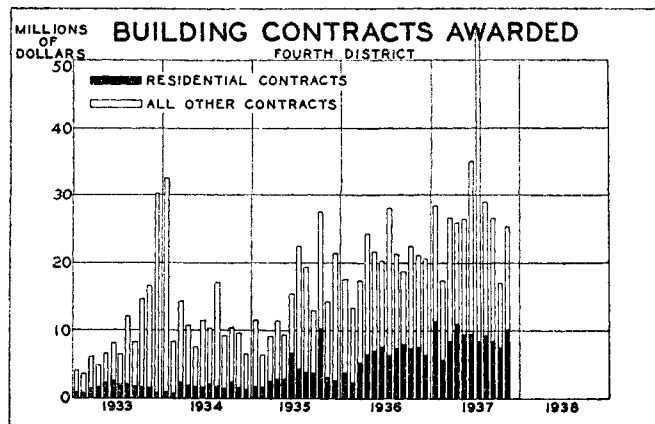
The December report of the *Department of Agriculture* confirms earlier reports that, for the fourth district as well as for the country as a whole, the 1937 season was one of exceptionally heavy crop yields. Crop production per acre planted was ten percent higher than in any season since 1920 and 13.7 percent above the ten-year average 1923-32. In 1936 acreage yields were 18 percent below this average. These higher yields were due to exceptionally favorable weather conditions in most areas, although not particularly so in the fourth district, to the use of better seeds, and to certain aspects of the Soil Conservation program.

Cash income of farmers, including Government payments, is estimated by the *Bureau of Agricultural Economics* at \$8,500,000,000, compared with \$7,918,000,000 last year, and exceeded every year since 1929. Increased income of 11 percent was derived from crops while the gain from livestock was three percent. In Ohio the gain over 1936 in income from crops was about eight percent, and total cash income, including benefit payments, was up nine percent compared with 1936. Farm income in the State was the sixth largest in the country. In Pennsylvania the gain was 14 percent in total farm income, while in Kentucky the estimated increase was more than 25 percent over last year.

Acreage sown to winter wheat for harvest in 1938 was estimated at 57,492,000 acres for the entire country, a decline of less than one percent from the record acreage sown a year ago. Condition of the crop on December 1 was the same as last year, but about six points under the ten-year average December 1 condition. In Ohio five percent less acreage was sown than a year ago, but condition of the crop averaged 83 percent of estimated normal, two points below the ten-year average. Dry weather at planting time was an unfavorable factor.

#### Tobacco

The tobacco selling season in this district opened on December 6 with sales for the first day averaging around \$23 a hundred pounds. As the season progressed prices have risen generally and in the week before the holiday cessation the daily average price was above \$29. The season's average to December 21, at Lexington, was \$26.81. This, of course, is much below the high figure of above \$40 a hundred last year when the district's total crop was one-third smaller than this year's crop. The 1937 Burley crop was nearly 50 percent larger than in 1936 and sales on Lexington auction floors so far have broken all previous records, going back 32 years.



## CONSTRUCTION

The value of building contracts awarded, totaling \$25,325,100, in the fourth district during November 1937, exceeded the November 1936 figure by 20.4 percent and surpassed the previous month's total by 47.8 percent. Residential construction during November registered an increase over the same month a year ago of 30.1 percent.

However, two large projects in this district affected the November totals materially. The Homestead Development by the Resettlement Administration in Hamilton County, Ohio, amounting to \$4,600,000, constituted over 45 percent of the value of total contracts let in residential building, and a \$2,000,000 Lake dock improvement and expansion program raised the total amount of public utility construction to a figure comparable with that of last November.

Excluding the effect of these two projects on the November contract total, there was still a contra-seasonal gain over October of 9 percent. In the first two weeks of December contracts awarded in this section were up 16 percent when compared with the fore part of December a year ago. Only residential building failed to equal the corresponding period last December.

According to the *F. W. Dodge Corporation*, November total contracts awarded in 37 Eastern States declined almost five percent below November 1936, but less than two percent from October this year.

Because of increased building activity earlier in the year, total contracts awarded in the first eleven months continued well ahead of the same period last year, in the fourth district. The gain was 38 percent, while residential building increased over 41 percent.

## Wholesale and Retail Trade

(1937 compared with 1936)

	SALES November 1937	Percentage Increase or Decrease First 11 months	STOCKS November 1937
DEPARTMENT STORES (50)			
Akron.....	-13.7	+ 7.3	+10.2
Cincinnati.....	+ 8.9	+13.1	+19.5
Cleveland.....	- 3.0	+10.0	+11.2
Columbus.....	+ 1.5	+ 9.0	+16.1
Pittsburgh.....	- 1.5	+15.3	+21.3
Toledo.....	+ 0.5	+ 6.8	+ 2.5
Wheeling.....	- 5.7	+ 7.6	+ 4.5
Other Cities.....	+ 1.3	+17.9	+13.9
District.....	- 1.0	+12.2	+16.1
WEARING APPAREL (13)			
Cincinnati.....	-17.0	+ 4.9	+ 7.7
Cleveland.....	- 7.0	+ 9.2	+ 9.3
Pittsburgh.....	- 9.5	+14.7	+17.1
Other Cities.....	- 3.8	+12.4	+ 0.6
District.....	- 9.5	+ 9.8	+ 8.7
FURNITURE (41)			
Cincinnati.....	-28.0	+16.3	
Cleveland.....	-20.8	+ 7.4	
Columbus.....	- 3.7	+12.2	
Dayton.....	-32.3	+ 9.2	
Toledo.....	-21.1	- 3.5	
Other Cities.....	-20.7	+26.8	
District.....	-20.9	+ 9.9	
CHAIN STORES*			
Drugs—District (4).....	- 4.8	+ 6.9	
Groceries—District (4).....	+ 4.6	+ 5.5	
WHOLESALE GROCERIES (28)			
Akron.....	- 7.8	+ 0.6	
Cleveland.....	+10.4	+ 3.0	
Eric.....	+19.0	+16.0	
Pittsburgh.....	+ 9.9	+ 6.1	
Toledo.....	+ 8.8	+10.1	
Other Cities.....	+13.5	+ 9.8	
District.....	+10.4	+ 7.3	- 6.5
WHOLESALE DRY GOODS (9).....	-19.4	+ 5.2	+17.6
WHOLESALE DRUGS (10).....	+ 1.8	+13.0	+10.2
WHOLESALE HARDWARE (10).....	- 5.0	+14.6	

\*Per individual unit operated.

## Fourth District Business Indexes

(1923-25=100)

	Nov. 1937	Nov. 1936	Nov. 1935	Nov. 1934	Nov. 1933
Bank debits (24 cities).....	85	87	76	63	52
Commercial Failures (Number).....	40	34	48	60	57
(Liabilities).....	16	30	20	67	50
Sales—Life Insurance (O. and Pa.).....	85	84	88	86	89
—Department stores (49 firms).....	96	100	83	75	67
—Wholesale Drugs (10 firms).....	119	105	93	82	75
Dry Goods (9 firms).....	50	61	51	47	43
Groceries (28 firms).....	82	74	71	67	56
Hardware (10 firms).....	89	93	75	63	57
All (57 firms).....	81	79	71	65	56
—Chain Drugs (4 firms)**.....	87	92	91	74	67
Building Contracts (Total).....	53	44	30	20	35
(Residential).....	59	46	18	9	9
Production—Coal (O., W. Pa., E. Ky.).....	73	90	69	65	66
—Cement (O., W. Pa., E. Ky.).....	101	57	33	20	20
—Elec. Power (O., Pa., Ky.)*.....	198	193	168	144	137
—Petroleum (O., Pa., Ky.)*.....	127	118	118	114	109
—Shoes.....	67	81	70	54	49

\*October.

\*\*Per individual unit operated.

## Fourth District Business Statistics

(000 omitted)

	Nov. 1937	% change from 1936	Jan.-Nov. 1937	% change from 1936
Fourth District Unless Otherwise Specified.....	\$2,293,000	- 2.3	\$27,935,000	+12.7
Savings Deposits—End of month: 40 banks, O. and W. Pa.....	\$ 768,869	+ 5.5		
Life Insurance Sales: Ohio and Pa.....	\$ 81,825	+ 2.5	966,777	+ 6.3
Retail Sales: Dept. Stores—51 firms.....	\$ 21,276	- 1.0	225,784	+12.2
Wearing Apparel—13 firms.....	\$ 930	- 9.5	10,273	+ 9.8
Furniture—41 firms.....	\$ 728	-20.9	11,522	+ 9.9
Wholesale Sales: Drugs—10 firms.....	\$ 1,594	+ 1.8	16,662	+13.0
Dry Goods—9 firms.....	\$ 1,097	-19.4	13,423	+ 5.2
Groceries—28 firms.....	\$ 4,290	+10.4	46,816	+ 7.3
Hardware—10 firms.....	\$ 1,561	- 5.0	18,211	+14.6
Building Contracts—Total.....	\$ 25,325	+20.4	312,763	+38.1
—Residential.....	\$ 10,211	+30.1	98,971	+41.3
Commercial Failures—Liabilities.....	\$ 705	-46.1	8,139	-23.0
—Number.....	59 <sup>2</sup>	+18.0	586 <sup>2</sup>	- 6.5
Production: Pig Iron—U. S..... tons	2,008	-31.9	35,205	+27.8
Steel Ingot—U. S..... tons	2,154	-50.2	48,045	+13.4
Auto—Passenger Car—U. S.....	295,328 <sup>2</sup>	-13.4	3,671,478 <sup>2</sup>	+13.2
—Trucks—U. S.....	64,735 <sup>2</sup>	+20.1	811,803 <sup>2</sup>	+14.1
Bituminous Coal, O., W. Pa., E. Ky..... tons	13,111	-19.8	159,403	+ 4.4
Elec. Power, O., Pa., Ky. thous. k.w.h.	1,663 <sup>3</sup>	+ 2.6	16,235 <sup>4</sup>	+11.3
Petroleum—O., Pa., Ky. bbls.	2,350 <sup>3</sup>	+ 8.1	23,520 <sup>4</sup>	+ 7.5
Shoes..... pairs		-17.3		+ 1.3
Bituminous Coal Shipments: L. E. Ports..... tons	4,061	-28.1	45,081	+ 0.4
Iron Ore Receipts: L. E. Ports..... tons	1,140	-62.2	43,598	+39.2

<sup>1</sup>not available<sup>2</sup>actual number<sup>3</sup>October<sup>4</sup>Jan.-Oct.<sup>5</sup>confidential

## Debts to Individual Accounts

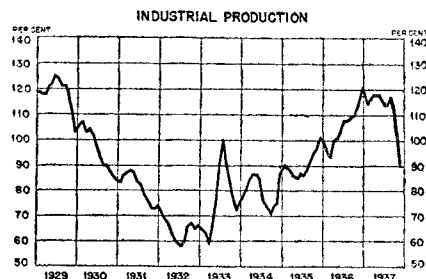
(Thousands of Dollars)

	4 weeks ended Dec. 22, 1937	% change from 1936	Year to date to Dec. 22, 1937	Year to date Jan. 2, 1936 to Dec. 23, 1936	% change from 1936
Akron.....	\$ 59,590	-10.7	\$ 822,499	\$ 720,313	+14.2
Butler.....	9,117	-12.2	124,711	104,336	+19.5
Canton.....	34,147	- 9.3	471,563	403,680	+16.8
Cincinnati.....	302,772	-16.6	4,191,756	3,910,066	+ 7.2
Cleveland.....	555,863	-14.1	7,397,486	6,684,000	+10.7
Columbus.....	180,078	-14.3	2,210,141	2,082,349	+ 6.1
Dayton.....	64,615	- 2.3	892,657	744,204	+19.9
Eric.....	28,195	- 5.1	388,564	312,040	+24.5
Franklin.....	3,081	-23.6	42,408	41,140	+ 3.1
Greensburg.....	7,696	+17.1	90,562	78,896	+14.8
Hamilton.....	10,068	-17.9	151,358	131,738	+14.9
Homestead.....	2,994	- 2.1	40,828	31,900	+28.0
Lexington.....	28,091	-12.0	288,882	234,284	+23.3
Lima.....	12,637	- 6.1	169,828	140,561	+20.8
Lorain.....	4,731	- 1.4	64,868	49,347	+31.5
Middletown.....	9,416	- 6.7	130,439	108,225	+20.5
Oil City.....	10,343	- 3.2	134,977	119,116	+13.3
Pittsburgh.....	735,926	- 9.7	9,184,906	8,415,336	+ 9.1
Sharon.....	8,082	- 8.2	112,015	91,980	+21.8
Springfield.....	16,687	- 3.2	225,334	188,149	+19.8
Steubenville.....	9,474	-13.3	134,006	104,203	+28.6
Toledo.....	124,503	-17.0	1,635,650	1,421,615	+15.1
Warren.....	9,600	- 0.9	124,970	101,580	+23.0
Wheeling.....	28,746	-25.2	407,656	384,827	+ 5.9
Youngstown.....	41,249	- 8.3	625,065	537,417	+16.3
Zanesville.....	7,616	- 2.2	99,423	87,470	+13.7
Total.....	\$2,305,317	-12.4	\$30,162,552	\$27,228,772	+10.8

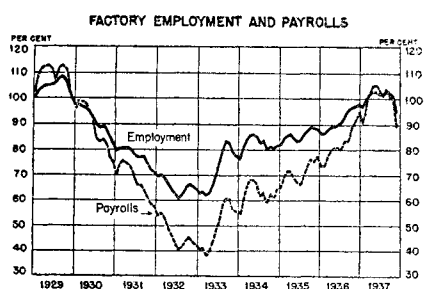


## Summary of National Business Conditions

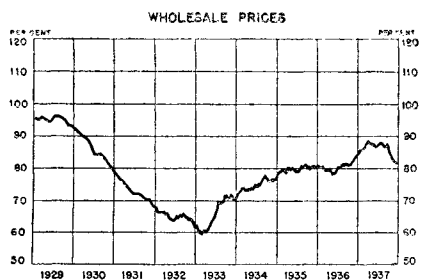
By the Board of Governors of the Federal Reserve System



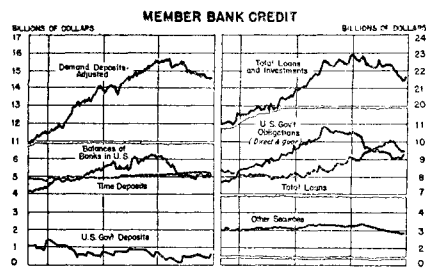
Index of physical volume of production, adjusted for seasonal variation, 1923-25 = 100. By months January 1929 to November 1937, the latest figure being 90 preliminary.



Index of number employed and payrolls, without adjustment for seasonal variation, 1923-25 average = 100. By months January 1929 to November 1937. Indexes compiled by U. S. Bureau of Labor Statistics.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months 1929 to 1931; by weeks, 1932 to December 18, 1937.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to December 15, 1937.

In November, volume of industrial production continued to decline sharply, and employment and payrolls also decreased. During the first half of November commodity prices declined further but for the past month they have been steady.

### Production and Employment

Volume of industrial output, as measured by the Board's seasonally adjusted index, declined from 103 percent of the 1923-1925 average in October to 90 percent in November, reflecting chiefly a sharp reduction in the manufacture of durable goods. There was a further curtailment of activity at steel mills and output for the month was at a rate of 38 percent of capacity, a decline of one-third from October. In the first three weeks of December steel production was at about 28 percent of capacity. Output of lumber and plate glass also declined substantially in November, and automobile production showed considerably less than the usual seasonal increase. Production of nondurable goods, which had decreased by a substantial amount earlier this year, declined further in November, reflecting a continued reduction in output of textiles and shoes, partly offset in the total by an increase in activity at sugar refineries. Output of minerals, as well as manufactures, declined in November. There were marked decreases in output of bituminous coal and in iron ore shipments, while crude petroleum production continued in large volume.

Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed little change in November and the first half of December. Awards for privately-financed projects declined, reflecting chiefly a further reduction in residential building, while contracts for publicly-financed work increased.

Employment and payrolls at factories showed an unusually sharp decline between the middle of October and the middle of November, and there were decreases also in the number employed in trade and other non-manufacturing lines. The Board's seasonally adjusted index of factory employment was at 94 percent of the 1923-1925 average in November as compared with a level of 102 last summer and 96 in November last year. In the steel, machinery, lumber, and textile industries the number employed decreased by substantially more than the usual seasonal amount, and there was some decline at automobile factories, although an increase is usual at this season. There were declines also in the seasonally adjusted indexes for most other lines, except foods and tobacco which showed little change.

### Agriculture

Department of Agriculture estimates recently issued indicate that most crops will be about the same size as forecast earlier but that cash farm income will be lower than had been anticipated, largely because of price declines both for crops and livestock. Cash income in 1937 is expected to be \$8,500,000,000, as compared with \$7,918,000,000 in 1936. The increase over a year ago is due primarily to increased income from marketings of wheat, tobacco, and fruits and to larger Government payments.

### Distribution

Distribution of commodities to consumers, which earlier had been maintained, declined slightly in November. There was a slight decline in sales at department stores, and mail order sales decreased considerably, while sales at variety stores showed little change. Preliminary information for the first half of December indicates that department store sales increased by approximately the usual seasonal amount.

Freight-car loadings declined by considerably more than the seasonal amount in November and the Board's adjusted index for that month was 71 percent of the 1923-1925 average as compared with 76 percent in October and an average of 81 percent in the first half of the year. The decline from October to November reflected principally marked decreases in loadings of coal and miscellaneous freight.

### Commodity Prices

The general level of wholesale commodity prices, which had declined sharply from the latter part of September to the third week of November, has shown little change since that time. Prices of nonferrous metals, leather, wool, textile yarns, and finished cotton goods have declined somewhat further in this period, while steel scrap, hides, rubber, cotton, print cloths, and bituminous coal have recently shown some advance.

### Bank Credit

Excess reserves of member banks showed a small decline but for the first three weeks of December remained somewhat over \$1,000,000,000. The increase in demand for currency during December has been smaller than usual, reflecting largely the effects of the recent sharp decline in business activity and payrolls.

Total loans and investments of reporting member banks in 101 leading cities increased somewhat during the four weeks ending December 15, reflecting a growth of \$190,000,000 in holdings of United States Government obligations, mostly in New York City. A factor in this increase was the purchase by banks of the December 15 issues of Government securities. Commercial loans, which had begun to decline in October, showed a further reduction.