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Indications of a business upturn in this section in the first half of March, seasonal or otherwise, were confined to relatively few lines, and because such industries as iron and steel, automobile parts and accessories, tires, and glass failed to equal the seasonal gains for this time in other recent years, general trade and industry in this section continued at recent low levels.

Reports from some industries and most smaller centers of the district indicate that the declines in operations and sales from last year were moderate in comparison with the drop in iron and steel, auto parts, and heavy metal products. Retail trade in these smaller areas held up better than in the large centers, and agricultural conditions throughout the district were good. Winter wheat was in better condition than in several years and the spring season was quite advanced.

Total as well as manufacturing employment in this district declined slightly in February from January, and the latter was 21 percent less than a year ago in Ohio in the latest month, while in Western Pennsylvania the falling-off in principal counties was between 17 and 21 percent. In leading cities the declines from last year showed considerable variation. At Toledo, manufacturing employment was down 46 percent from last year; at Canton the loss was 33 percent; Akron, 28 percent; Cleveland, Columbus, Youngstown and Pittsburgh, 20 percent; Dayton, Erie, Oil City, Sharon and New Castle about 17 percent; while at Cincinnati the contraction was 10 percent. Payroll data, where available, indicate a greater falling-off from last year, chiefly due to a spreading of work through fewer hours.

Retail trade showed the effects of these employment and payroll decreases, department store sales in February being 14.5 percent smaller than a year ago, and in the four weeks ended March 19 sales were down 22 percent from last year, but variation in the Easter date was a factor in the latter figure. Debits to individual accounts at banks in leading cities of the district were 23.5 percent smaller in the four weeks ended March 23 than a year ago.

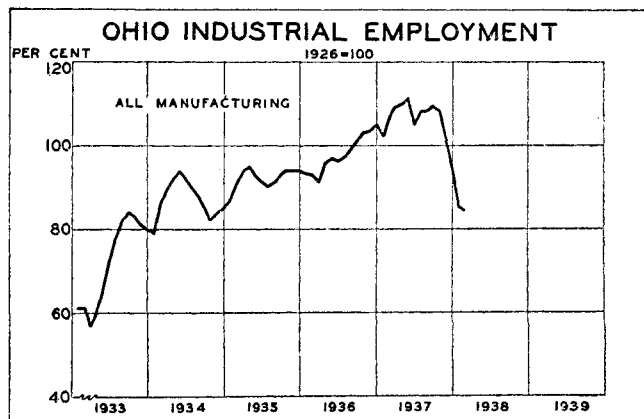
Failure of automobile production to expand seasonally in the first quarter, and it being little more than half what it was a year ago, has depressed business in this district to lower levels than in some sections of the country. Tire production in the first two months of this year was less

than half what it was in early 1937. Steel production was off 62 percent. Plate glass output was curtailed by a greater amount. Machine tool orders were less than half as large as a year ago, and foundry equipment sales were down 80 percent.

The consumer goods industries, such as shoes, clothing, and paper, which are relatively not so important in this district as the heavy industries, showed some improvement in late February and early March from the low level at the beginning of the year, and the declines from 1937 were smaller than in the heavy industries. Shoe production in the first two months actually was ahead of last year.

Electric power production in this section in January was six percent under early 1937, and preliminary figures indicate larger declines for February and March. Crude oil production early this year was nearly four percent ahead of last year in this district.

In some channels, recent moderate gains in the construction field were regarded as evidence of a better prevailing sentiment. Increases in the number of applications on residential property acceptable for appraisal by the F. H. A. surpassed expectations, and gains in the number of contemplated residential projects reported ranged from 45 to 50 percent in February over January. Actual contracts awarded in the fourth district in February, however, were 17 percent smaller than a year ago, and the contraction in the first two months was 27 percent. Total contemplated con-



struction reported in February was 37 percent less than a year previous, but contracts awarded in the first half of March in this section were only ten percent behind last year.

There was an increase of 72 percent in the number of commercial failures in this district in February over a year ago, and liabilities of the defaulting firms were up 41 percent. Life insurance sales in Ohio and Pennsylvania in February were 21.5 percent smaller than in February 1937, and the reduction in the first two months from last year was 18 percent.

FINANCIAL

Reserve Bank Credit There was a decline in note circulation of this bank in the four weeks ended March 23, amounting to over \$4,000,000, whereas at this season of every recent year a gain of approximately that amount was experienced. Compared with last year at this time note circulation was off about \$9,000,000, or two percent, a rather small amount in view of the contraction in general business and its currency needs.

Total estimated excess reserves of member banks in this district rose above \$100,000,000 in early March for the first time since higher reserve requirements became effective last May and in the third week of the month they were approximately 30 percent in excess of requirements, compared with 24 percent in the third week of February. The recent gain was principally at reserve city banks, and in part represented a moderate falling-off in demand deposits at these banks in the period. Country banks, however, continued to show a larger percentage of excess reserves over requirements, 32 percent, than did reserve city banks, where the excess was 28 percent.

Changes in credit extended by the reserve bank in the four latest weeks were nominal. Holdings of Government securities and acceptances were unchanged, and the total volume of industrial advances outstanding was down slightly in the period. Bills discounted for member banks in this district declined in the first half of March, but increased in the third week of the month, and at \$706,000 on March 23, they compared with \$600,000 four weeks earlier. A year ago a very small volume of discounts was evident.

Member Bank Credit Total credit extended by weekly reporting member banks in leading cities of this district continued to decline in the four weeks ended March 23, and since the beginning of the year the falling-off has been about 2.6 percent. The contraction from the peak early last year has been about eight percent. Recently, and in the past 15 months as well, the greater share of the credit contraction at these banks, taken as a group, has been in holdings of Government securities. In the four latest weeks, the reduction was nearly \$30,000,000, or 3.6 percent, and since early 1937 these banks have reduced their holdings of Government securities 21 percent, or approximately \$200,000,000. Bank investments in other than Government securities have shown no change so far this year.

The slight upward trend in loans evident in this section in February continued in March, but the increase (chiefly in the commercial loan classification) was limited to Pittsburgh banks, and there it was not attributed to any change in the general business situation. Banks in other cities of the district showed a slight contraction in commer-

cial loans between late January and the third week of March.

Demand deposits at these banks showed a net decrease of \$27,000,000 between February 23 and March 23, the latest figure available, and they were down \$62,000,000, or six percent, from the beginning of the year, and 11 percent from the high point early in 1937. Time deposits at these banks were \$13,000,000 larger than at the beginning of 1938, but a slight decline was evident in the two latest weeks. Savings deposits at selected banks throughout the district declined slightly in February, but at the month end they were still 3.8 percent larger than a year ago.

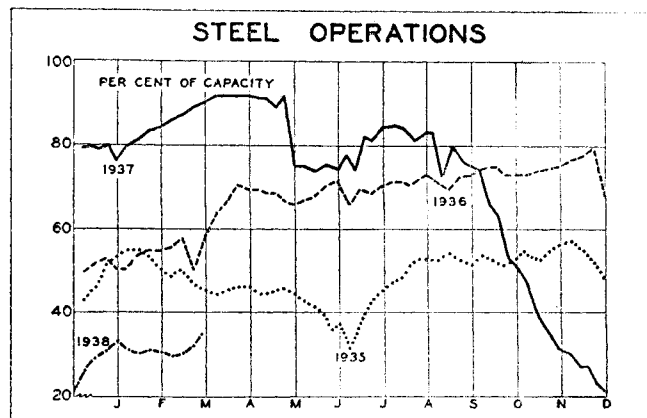
MANUFACTURING, MINING

Iron and Steel

Slight gains, probably no more than seasonal, characterized the steel industry's situation in March. The national operating rate rose only moderately from below 30 percent to about 35 percent of capacity late in the month. In the Cleveland-Lorain district operations were at 28 percent of capacity in the first half of March, but rose to 30.8 percent in the third week. In the Pittsburgh area, production was at 26 percent earlier in the month and rose to 30 percent in the third week. Activity at Wheeling held at 38 percent for four weeks, but rose to 41 in the latest week, while at Youngstown it fluctuated between 27 and 29 percent. Southwestern Ohio mills operated very erratically, the rate ranging between 10 and 45 percent of capacity. These low levels are in direct contrast with a year ago at this time when the industry as a whole was producing at 90 percent of capacity, and even then plants were unable to keep up with orders. While the trade feels that the current trend in demand is slightly upward, orders are for small lots, and quick delivery generally is specified.

The freight rate advance ordered by the Interstate Commerce Commission has given the steel market little support. The industry's greatest difficulty at present is the sharp curtailment in carloadings. One or two roads have placed fair orders, but railroad steel buying generally has been practically absent.

Another serious handicap to the steel market at this season is the lack of usual volume of automotive steel purchases. Auto assemblies so far this month have been under 60,000 cars a week, little more than half what they were a year ago. Demand for sheet steel from stamping concerns and other parts makers supplying the automotive trade is still noticeably absent. Parts makers apparently are in no hurry



to rebuild steel inventories, and some still have supplies of finished parts on hand.

Inquiries for structural steel have appeared in fair volume recently, and more than 60,000 tons, largely for public works, were indicated to be forthcoming. Actual buying, however, is at a smaller rate than in the corresponding period of 1937. Shipbuilding has provided considerable tonnage of plates, but releases on these carry over a long period and are of little immediate value to steel mills.

The scrap steel market is listless and fails to foreshadow a more active situation. Prices are largely nominal and only export demand seems to be of any effect. *Steel's* composite price of steelmaking scrap reached a recent low at the beginning of March; since then it has risen from \$13.13 to \$13.21 late in the month.

The steel industry as a whole operated at 31.73 percent of capacity in February, compared with 29.14 percent in January, a gain of 9 percent. This gave an average weekly production of 425,811 gross tons of ingots, compared with 391,031 tons in January, which was almost sufficient to carry February total production to the level of January in spite of three less working days. February total production was 1,703,245 tons, compared with 1,732,266 tons in January. The February figure was 61 percent lower than a year ago, when output was 4,413,832 tons.

Shipments of finished steel by the *United States Steel Corporation* in February were at practically the same rate as in January, but because of the shorter month the total, 474,723 tons, was 43,599 tons under the January figure. It was less than half the tonnage shipped in February 1937.

Pig iron production in February made a slight gain of 47 tons in the daily rate, 0.1 percent, over January. In the latest month the daily rate was 46,655 tons. Total production in February was 1,306,333 tons, 9.6 percent lower than the 1,444,862 tons in January. The February total was the lowest since December 1934, when total production was 1,028,006 tons. It was the lowest February since 1934 when output was 1,270,792 tons.

January steel exports were 229,565 gross tons, 77,082 tons below December, but close to the monthly average for 1937. Although steel ingots, pig iron and tin plate continued to lead in volume, each was considerably below the December volume. Scrap shipments were 356,537 tons, considerably above December and also above the monthly average for 1937. European markets took more than 230,000 tons of the total and Japan only 31,000 tons.

Steel and iron imports in January were 29,409 gross tons, an increase of 17.1 percent over December, but 21.8 percent below the monthly average for 1937 and 27.6 percent smaller than in January 1937. Pig iron was the leading article, most coming from the British India and the Netherlands. Scrap imports were the lowest in many months at 222 tons.

Coal

Last year at this time the coal industry was operating at relatively high levels building up stockpiles in anticipation of labor trouble. As a result, on April 1, 1937, more coal was above ground than since 1927. While some reduction in these supplies occurred last summer, stocks again were increased in the fall months, prior to the time the *Bituminous Coal Commission's* prices became operative. Since then coal mining has continued at low levels, and while stocks above ground declined quite sharply in January, and were smaller than a year ago, in view of the contraction in coal

consumption because of mild weather and reduced industrial demand, sufficient was on hand on February 1 to last 43 days, if evenly distributed, compared with 36 days' supply a year ago.

Output at fourth district mines in February was 9,293,000 tons, the smallest since July 1935, and a reduction of 42 percent from last year. In the first two months the decline was 36 percent, and mine output in March was only slightly above the low levels of 1933.

Coal prices have been weak since the Code was abandoned, and unemployment in mining districts has increased considerably.

Automobiles

Despite strenuous efforts on the part of the auto industry to stimulate sales, particularly of used cars, the assembly industry has not changed its weekly rate of operations appreciably since mid-February. As a result, in view of the fact that operations at this season generally are approaching the year's peak, the seasonally adjusted index of weekly output dropped to a new low level for the present recession in the third week of March, and was 54 percent of the 1927-30 average, compared with 94 a year ago, and a peak last summer of 160. Actual production in the third week of March was 42 percent less than in the comparable period of 1937, but at this time last year a good part of the industry was not producing because of strikes.

February production figures, reported at 186,806 units by the *Department of Commerce*, were the smallest since 1932 and 1933, and excluding those years, the smallest since 1922. The decline from January was more than seasonal, and the drop from last year was 48.7 percent. In the first two months of this year 397,256 cars and trucks were made by the industry, a drop of 47 percent from last year when strikes were hampering assemblies.

While truck production was down 30 percent in February from February 1937, as in all recent months this branch of industry held up better than the passenger car field where the decline in February was 53 percent. Only 139,519 passenger cars were made by American manufacturers in February.

It is reported in trade circles that auto assemblies are being carefully geared to actual demand, but in addition it is also evident that assembly plants have been reducing parts and material inventories as much as possible. Employment at Ohio parts plants in mid-February was 38 percent less than a year ago, but a gain of less than one percent was reported over January.

Reports from parts makers show that March shipments and sales have improved slightly over the February level, but they were 60 to 75 percent less than a year ago. Inventories of these plants are smaller than at this time last year by 15 to 30 percent. The auto industry consumed 20 percent of all finished steel produced in 1937, but its limited buying so far this year has been responsible for a good share of the recent inactivity at steel mills and auto parts plants in this district.

Passenger car registrations in leading counties of this district in February were from 60 to 65 percent below last year. Some improvement over January was reported, but for the first two months registrations were off 70 percent in this section. In the entire country, registrations of new cars and trucks, in the first three months of the 1938 models were

37.5 percent less than in the comparable period of the preceding year.

Rubber, Tires

The rubber industry continued to operate at low levels in February, and judging by reports now available, little change was apparent in the first half of March. Employment at Ohio rubber factories in mid-February was 31 percent less than a year ago and down eight percent from January. The index was 35 percent below the average of 1926.

While it has been reported that inventories of tires have been declining gradually since last fall, the drop since the first of the year must have been chiefly in dealers' stocks, for inventories in hands of manufacturers on February 28 were two percent larger than at the end of 1937. Ordinarily, however, tire stocks in hands of manufacturers increase sharply in the first two months of the year. On the latest date these inventories were reported by the *Rubber Manufacturers' Association* to be 10,833,000 casings, but they were 12 percent smaller than at this time last year. Attempts to reduce these inventories further were exemplified by the extent of the contraction in crude rubber consumption this year. In February the industry consumed 23,868 tons, smallest amount in any month since 1933, and 54 percent under last year. In January, crude rubber consumption was 29,429 tons, a drop of 42 percent from a year ago. United States generally consumes about 50 percent of the world's rubber production, but in January consumption outside the United States was 36,838 tons, compared with 41,151 tons in 1937.

Despite the reduction in export quotas from rubber-producing countries, importation of crude rubber by the United States in February amounted to 43,930 tons, a slight increase over February last year, and the gain in imports for the first two months was nearly 10,000 tons. Since consumption in the latest month was little more than half the amount imported, domestic stocks of crude rubber on hand, estimated at 288,883 tons on February 28, compared with 195,080 tons on hand a year ago, were up 48 percent. This increase in the face of sharply curtailed United States consumption caused crude rubber prices to drop below 13 cents a pound, the lowest since December 1935. In the third week of March, crude rubber prices were three cents a pound lower than in the third week of February.

Despite the drastic curtailment in tire production—52 percent from a year ago—output of domestic factories in the first two months of 1938, according to *Rubber Manufacturers' Association*, at 4,955,000 casings, was 116,000 in excess of shipments in the period, and was less than February production last year. With somewhere between 40 and 50 percent of total tire production representing original automobile equipment, the recent low levels of automobile assemblies at a time when the industry in other recent years has required a large number of tires, coupled with the fact that replacement demand is at a seasonal low level, and reluctance on the part of dealers to buy in excess of immediate actual needs to round out stocks, have worked together to depress tire manufacturing. In the mechanical and footwear divisions of the industry, operations have held up somewhat better, according to reports.

Clothing

While January figures of apparel wool consumption are the latest available on the accompanying chart, they show a slight increase from December, but also the extent of the

contraction in the wool textile field from the level prevailing a year ago. Approximately one-third as much wool was consumed in January as in the first month of 1937. Despite this curtailment in consumption, wool stocks at the end of last year, at 117,849,000 pounds, were 12 percent smaller than a year previous, and only slightly greater than the low point of recent years. Declining raw wool prices have retarded shipments from farms, receipts at Boston in February being one-sixth what they were a year ago. Scoured wool was quoted at 69 cents a pound in mid-March, compared with 80 cents in January and \$1.06 last March.

Textile mills are awaiting the opening of the fall season, sometime around April 1. The poor spring and summer season, from the mills' standpoint, now drawing to a close, is supposed to have resulted in an improved inventory situation in the apparel manufacturing and retail fields, although few figures are available on that point. At reporting stores in this district, stocks of wearing apparel departments, at the end of February, were only slightly smaller than a year ago.

Apparel sales at these same stores in February were 15 to 20 percent smaller than in February 1937, the contraction in women's wear being slightly smaller than in men's apparel. Retail clothing prices continued to recede in February, according to *Fairchild's* reports, and in some cases were slightly lower than a year ago, but the difference was not great.

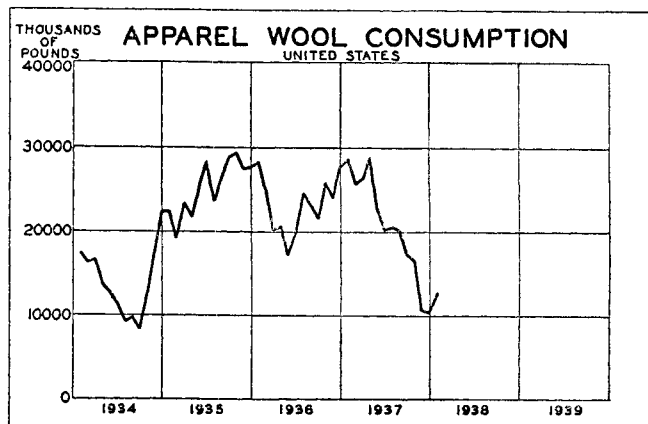
Employment at Ohio textile and clothing plants in mid-February, according to the *Ohio State University Bureau of Business Research*, was five percent greater than in January, but was 18 percent less than a year ago.

Other

Manufacturing

In the smaller industries, conditions continued quite irregular in late February and the first half of March. On the whole operations and sales were at levels substantially under last year, and the slight gains that have occurred recently were chiefly seasonal; in some cases they were less than seasonal, indicating that the downward trend was still continuing.

An exception to this trend was the shoe industry. Output of fourth district factories in February was only 1.6 percent less than a year ago, while for the first two months a gain of four percent was reported. Floods early last year reduced production at southern Ohio factories, but the industry locally has made a more favorable showing than in other parts of the country. Shipments have held up very well.



While conditions at individual paper and boxboard plants were irregular, some improvement in the two industries, taken as a whole, has been experienced so far this year. Operations were still under last year at this time. In mid-March paper board production was at approximately 60 percent of capacity, and paper production, other than newsprint, was at about 70 percent, compared with 40 percent of capacity at the beginning of the year. Price weakness has retarded what little forward buying was evident and unfilled orders are declining. Inventories are a little smaller than a year ago.

Foundry equipment orders received in February were about 20 percent larger than in January, but were only one-fifth what they were a year ago. While plant operations have been fairly well maintained until recently, because of the large volume of unfilled orders on hand, at the end of February they were only two-fifths as large as on the same date in 1937.

New machine tool orders received from domestic sources in February were ten percent larger than in January, but compared with last year, they were down 58.6 percent, and were smaller than since 1934. Foreign machine tool buying in February receded sharply from the level evident all through 1937, but it still represented 35 per cent of total orders received, compared with 26 percent last year. Total orders received in February by members of the *National Machine Tool Builders' Assn.* were less than half what they were a year ago, and smaller than in any month for nearly three years. Lack of new buying and declining unfilled orders has necessitated a curtailment in number of hours worked and also a reduction in employment. Small tool demand is reported to have improved in recent weeks, but payrolls in the first quarter, reflecting employment and hours worked, were little more than half as large as a year ago.

In the electrical apparatus and supply industry, new orders received in February were approximately half what they were in February 1937. In March a slight improvement in buying was reported, but it was largely seasonal. Shipments and operations held up better than sales because of the volume of orders on hand, but all exhibited a declining trend. Employment at Ohio firms in February was 21 percent under last year.

The molded glass and container industry experienced a gain in sales in February, both as compared with January and last year, and the increase continued in the first half of March. Inventories have declined and prices remained firm. In the plate and window glass industries, operations

remained at very low levels, some plants being closed entirely. The slightly improved demand from the automobile industry resulted in a decline in glass inventories, but no change in operations.

China and pottery plants were operating at about half the level of last year, and, while employment has been maintained, the number of hours worked has been greatly reduced. Some plants were working at about one-fourth capacity in mid-March. The brick, tile and clay products industry was at very low levels in March, though some slight improvement over February was reported. Employment in the clay products industry was three percent better in February than in January, but it was 19 per cent below last year.

Paint production and sales have held up better than the average for other industries, and some seasonal improvement was reported in March, but reduced operations, inventories, and sales are evident in comparison with last year.

The contraction in the metal working industries has been quite marked. Employment at 600 concerns in February was off only slightly from January, but was 24 percent under February 1937. Operations in the heavy lines were very sharply reduced in comparison with last year, some plants working at only 20 percent of capacity, but in other lines, activity held up fairly well.

TRADE

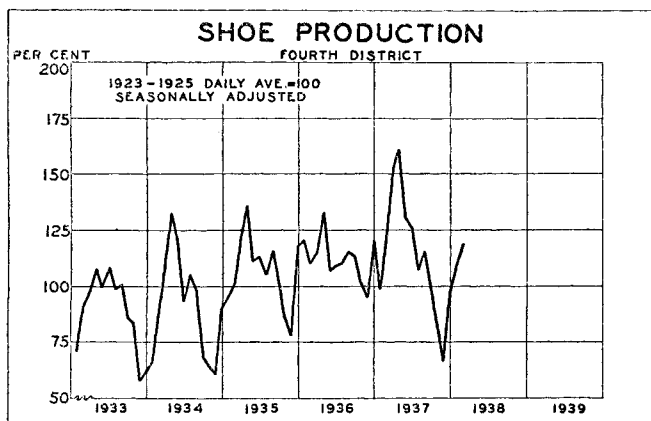
Retail

Distribution of merchandise through retail channels in February showed the effect of the sharp contraction in industrial activity in this section in recent months as compared with last year. Dollar sales of department stores in leading cities of the district in the month were 14.5 percent smaller than in February 1937, and the increase over January was less than seasonal, the index of daily average sales, adjusted for seasonal variations, dropping to 84.8 percent of the 1923-25 average, from 88.2 in January and 100.5 a year ago. This index was lower than since January 1936. A further falling-off was apparent in the first three weeks of March in this section, although lateness of Easter this year is an important factor retarding purchases of spring merchandise, especially apparel. In the four weeks ended March 19, dollar sales of leading stores in this district were 22 percent smaller than a year ago, and the number of transactions was off 13 percent.

In principal cities of the district the February declines ranged between 8 and 26 percent. Smaller sales were evident in all principal departments, but neckwear and scarfs, negligees, leather goods, jewelry, and toys. In the furniture and house furnishings departments, the drop from last year was about 25 percent; clothing sales were off 15 to 20 percent; while domestics and linens were down 12 percent.

At furniture and wearing apparel stores in this section, sales in February were 43 and 18 percent smaller, respectively, than in February 1937. The declines in chain drug and grocery sales in February were eight and seven percent, respectively, from last year, while the reductions for the first two months were six and eight percent.

The increase in total credit sales in February was less than has occurred at this season in recent years. Installment sales were up only moderately in February to 10.6 percent of total sales, compared with 8.8 percent in January, and 13.7 percent a year ago. Regular 30-day charge sales, however, represented 51.8 percent of total sales in the month,



compared with 48.7 percent last year in February. Collections fell off in the month, both in dollar volume and also as a percent of accounts receivable at the beginning of the month. Collections on regular accounts receivable were 41.4 per cent in February, compared with 44 percent last year, while payments on installment accounts averaged 15.8 percent, against 17.8 percent in February 1937.

Department stores in this area increased their stocks by about seven percent in February compared with January, but the change was just about seasonal; the adjusted index of dollar value of stocks remained at 76 percent of the 1923-25 average. Compared with last year at this time, dollar value of stocks at reporting stores was down 1.5 percent. The ratio of current sales to value of stocks on hand was somewhat smaller than a year ago.

Wholesale

Reports from wholesale firms in this district to the *Department of Commerce*, indicate that February sales of 121 companies were 26 percent smaller than a year ago, and the reduction for the first two months was 20.5 percent. In the various lines, the largest contraction from last year, 46 percent, was in wholesale sales of electrical goods, while grocery and drug sales held up so that the net decrease from February 1937 was 12 and 13 percent, respectively. Hardware sales were down 33 percent and dry goods sales 29 percent. Stocks of all reporting lines were 2.8 percent smaller on February 28 than a year ago, but drug and electrical wholesalers reported slightly larger inventories than at that time last year. Collections were a little slow, the decline in dollar volume from February 1937 being greater than in the amount of accounts receivable.

CONSTRUCTION

Total contracts awarded in this district in February, amounting to \$14,397,000, the lowest monthly figure in the past two years, were 17.3 percent below February 1937, and almost 26 percent below January of this year. In the first half of March awards were ten percent below the corresponding period of last year, according to the *F. W. Dodge Corporation*.

Of all classes of construction, public works alone increased over a year ago. The February figure reported was twice that of the same month last year. However, despite the increase in public works, private capital invested in construction in this section accounted for 49 percent of total building in February, as compared with 43 percent in January.

Residential building, totaling \$4,423,000 in February, was 18.4 percent larger than in the previous month, but 23 percent smaller than in February 1937. This same relation carried over into the first half of March. While residential building for this period was 21 percent under the comparable period last year, the dollar value was almost three-fourths as large as for the entire month of February.

Total contracts awarded in February in the 37 eastern States, amounting to \$119,038,000, as reported by the *F. W. Dodge Corporation*, were 37 percent below February of last year. All classes of construction, including public works, declined when compared with the same month a year ago. Residential building, however, was ten percent greater than in January 1938.

Wholesalers in lumber in this district reported limited sales, but prospects for future buying were somewhat brighter. This opinion was based on an increase in inquiries received. Apparently there was no change in retailers' policy of buying only for immediate needs.

AGRICULTURE

Weather, so far this year, has been favorable to outdoor work, and in rural areas of this district farm work is more advanced than usual. Precipitation, while not abnormal, occurred on several occasions when ground was little frozen in this section, and as a result much of the moisture deficiency evident in some areas has disappeared. This was not true of the entire wheat belt.

Condition of winter wheat improved generally between December 1 and March 1, whereas in most seasons it deteriorates during the early months of the year. Non-governmental estimates indicate that the March 1 condition for the entire country was above the average of recent years, and according to reports now available winter killing has been much less than usual. In Ohio, the March 1 condition was estimated to be 86 percent of normal compared with the Government's figure of 83 as of December 1, and 82 a year ago. In Pennsylvania the March 1 condition was 85 percent of estimated normal, unchanged from December, while in Kentucky the March figure was 87 as against 81 as of December 1. Based on these condition figures and average weather conditions from now until harvest, a slightly smaller crop of winter wheat is indicated for the entire country than was harvested in 1937. In Ohio the indicated reduction is rather sharp because of the curtailment in acreage seeded last fall, although the estimated figure is still above the average harvest of the five years 1928-32.

The March 1 report of the *Department of Agriculture* on farmers' planting intentions for the coming season indicates rather conservative changes in their crop programs for the country as a whole, and the adjustments fail to indicate any particular relation to recent changes in farm prices. Currently prices of field crops, other than cotton, are about 37 percent lower than a year ago, but planting intentions of farmers indicate that acreages of principal crops, excluding cotton, if the March 1 reports are followed closely, should be about equal to the average acreage of these crops harvested in the preceding ten years and about one percent below the acreage actually harvested last season. These intentions reports should only be taken as an indi-

Farmers 1938 Planting Intentions

(Acreage figures in Thousands)

	Corn		Oats		Potatoes		Tobacco		Hay	
	Acres	% of 1937 harvest	Acres	% of 1937 harvest	Acres	% of 1937 harvest	Acres	% of 1937 harvest	Acres	% of 1937 harvest
Ohio.....	3,682	97	1,198	93	118	95	29.1	102	2,670	108
Pennsylvania.....	1,368	100	915	100	205	100	23.7	100	2,455	100
Kentucky.....	2,760	95	89	95	47	100	434	106	1,400	109
West Virginia.....	502	97	76	100	31	97	3.1	85	665	100
United States.....	94,595	98	36,333	97.9	3,102	96.4	1,784	104.6	57,000	104

cation of what farmers were planning to grow in early March. Plantings of certain crops, such as oats, are dependent upon weather conditions at planting time; acreages of other crops which may not be planted for several months are sometimes revised to conform to this situation. A further difficulty in these preliminary indicators is the wide spread in recent years between acreages planted and the area remaining for harvest, particularly in sections where recent droughts have been disastrous. The accompanying table, however, shows what farmers in States of this district were planning to do with major farm crops. Generally speaking, farmers in this section were planning to reduce the acreages of most grain crops this year, but they had in mind a slight increase for tobacco and an appreciably increased acreage harvested for hay. For the country as a whole, intended plantings of corn and oats are below plantings in any recent year, and 8 to 10 percent below the ten-year average. For the last several years the oat crop in this section has been poor and farmers apparently are shifting to other crops.

While some adjustments and shifts between crops, to comply with the expected requirements of the latest Agricultural Adjustment Program, can be expected as the administration of it advances, as yet it is too early to formulate any estimate as to its net effect on crop acreages in this section.

As of March 1, tobacco raisers in Kentucky were planning to increase their acreage six percent over that harvested in 1937, while the indicated expansion in Ohio was two percent, and in the country as a whole, five percent. Acreage devoted to burley tobacco was expected to be six percent larger than last year. Possible effect of marketing quotas deemed necessary was not taken into consideration in arriving at these figures, so that some shift might develop as the season progresses.

Wholesale and Retail Trade

(1938 compared with 1937)

	Percentage Increase or Decrease		
	SALES February 1938	SALES first 2 months	STOCKS February 1938
DEPARTMENT STORES (52)			
Akron.....	-25.5	-23.1	+ 7.9
Cincinnati.....	-11.6	+ 7.3	+ 4.5
Cleveland.....	-12.7	-10.5	+ 7.1
Columbus.....	-7.7	-5.3	+ 2.3
Pittsburgh.....	-15.6	-9.4	+ 2.3
Toledo.....	-21.5	-17.4	+ 6.6
Wheeling.....	-8.6	-8.8	-0.03
Other Cities.....	-11.9	-10.1	-0.02
District.....	-14.5	-9.0	+ 1.5
WEARING APPAREL (12)			
Cincinnati.....	-28.4	-7.1	+ 1.7
Cleveland.....	-15.0	-10.5	+ 4.4
Pittsburgh.....	-8.3	-5.4	-0.08
District.....	-17.7	-8.9	+ 1.4
FURNITURE (41)			
Cincinnati.....	-62.1	-41.6	
Cleveland.....	-44.2	-39.5	
Columbus.....	-11.3	-10.6	
Dayton.....	-37.9	-26.1	
Toledo.....	-45.5	-41.1	
Other Cities.....	-48.6	-43.7	
District.....	-43.2	-35.5	
CHAIN STORES*			
Drugs—District (4).....	-8.3	-6.2	
Groceries—District (4).....	-7.0	-8.3	
WHOLESALE TRADE**			
Automotive Supplies (5).....	-20.9		+ 2.2
Drugs (7).....	-11.5	-8.5	+ 11.4
Dry Goods (10).....	-29.1	-29.8	+ 1.3
Electrical Goods (16).....	-45.6	-37.1	+ 1.1
Groceries (35).....	-12.9	-7.2	-6.6
General Hardware (11).....	-33.0	-30.5	-10.8
Industrial Supplies (12).....	-26.2	-27.8	+ 1.6
Leather & Shoe Findings (3).....	-49.1	-41.9	-10.1
Lumber & Building Materials (3).....	-26.6	-24.2	
Paper and its Products (3).....	-27.0	-21.7	
Miscellaneous (6).....	-32.0	-28.7	
District—All Lines (121).....	-23.6	-21.7	
District—All Lines (121).....	-58.9	-35.0	+31.2
District—All Lines (121).....	-25.7	-20.5	+ 2.8

*Per individual unit operated.

**Wholesale data compiled by U. S. Department of Commerce.

Prices of farm products and foods advanced slightly in late February and early March, but except for minor fluctuations they have exhibited a sharp downward trend for nearly a year. Since early April 1937, farm prices have declined 26 percent.

Fourth District Business Indexes

(1923-25 = 100)

	Feb. 1938	Feb. 1937	Feb. 1936	Feb. 1935	Feb. 1934
Bank Debits (24 Cities).....	64	81	70	60	53
Commercial Failures (Number).....	62	36	54	52	58
(Liabilities).....	21	15	43	22	28
Sales—Life Insurance (O. and Pa.).....	69	88	82	96	85
—Department Stores (49 firms).....	70	82	70	56	57
—Wholesale Drugs (7 firms).....	98	110	93	86	91
—Dry Goods (10 firms).....	35	49	41	40	39
—Groceries (35 firms).....	63	73	66	62	60
—Hardware (11 firms).....	56	76	56	47	44
—All (63 firms).....	61	73	63	58	57
—Chain Drugs (4 firms)**.....	86	93	90	67	70
Building Contracts (Total).....	30	37	28	14	18
(Residential).....	26	34	14	10	5
Production—Coal (O., W. Pa., E. Ky.).....	51	88	81	74	67
—Cement (O., W. Pa., E. Ky.).....	15	31	12	5	17
—Elec. Power (O., Pa., Ky.)*.....	187	199	174	156	142
—Petroleum (O., Pa., Ky.)*.....	120	116	109	113	101
—Shoes.....	120	122	117	103	90

*January.

**Per Individual Unit operated.

Debits to Individual Accounts

(Thousands of Dollars)

	4 weeks ended March 23, 1938	% change from 1937	Year to date Dec. 30, 1937 to Mar. 23, 1938	Year to date Dec. 31, 1936 to Mar. 24, 1937	% change from 1937
Akron.....	\$ 51,778	-19.1	\$ 155,910	\$ 185,893	-16.1
Butler.....	7,688	-23.3	24,372	28,313	-13.9
Canton.....	27,695	-25.4	83,291	104,964	-20.6
Cincinnati.....	287,355	-20.5	850,621	984,239	-13.6
Cleveland.....	434,626	-25.8	1,336,396	1,687,553	-20.8
Columbus.....	148,051	-23.4	431,314	535,402	-19.4
Dayton.....	57,144	-23.3	173,686	204,541	-15.1
Erie.....	22,173	-28.5	71,229	88,308	-19.3
Franklin.....	2,550	-29.5	7,944	10,439	-23.9
Greensburg.....	6,179	-9.3	18,406	18,991	-3.1
Hamilton.....	10,086	-13.6	28,803	33,381	-13.7
Homestead.....	2,505	-15.2	7,825	8,666	-9.7
Lexington.....	18,102	-11.3	88,579	97,290	-9.0
Lima.....	12,970	+ 0.03	38,770	38,323	+ 1.2
Lorain.....	4,004	-24.6	12,277	14,205	-13.6
Middletown.....	7,860	-20.8	23,018	27,748	-17.0
Oil City.....	9,541	-12.6	28,001	31,656	-11.5
Pittsburgh.....	553,044	-22.6	1,712,476	2,183,813	-21.6
Sharon.....	6,277	-23.1	20,882	24,681	-15.4
Springfield.....	15,794	-18.5	47,239	51,857	-8.9
Steubenville.....	7,510	-30.0	22,390	29,268	-23.5
Toledo.....	103,925	-29.3	303,691	388,365	-21.8
Warren.....	7,361	-23.0	21,266	27,848	-23.6
Wheeling.....	24,500	-25.3	74,507	95,901	-22.3
Youngstown.....	34,370	-32.9	105,495	144,363	-26.9
Zanesville.....	6,402	-17.2	19,832	22,408	-11.5
Total.....	\$1,869,490	-23.5	\$5,708,220	\$7,058,416	-19.2

Fourth District Business Statistics

(000 omitted)

	Feb. 1938	% change from 1937	Jan.-Feb. 1938	% change from 1937
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	\$1,735,000	-20.7	\$3,900,000	-18.5
Savings Deposits—End of month: 40 banks, O. and W. Pa.....	\$ 775,661	+ 3.8		
Life Insurance Sales: Ohio and Pa.....	\$ 66,801	-21.5	137,558	-18.2
Retail Sales: Dept. Stores—52 firms.....	\$ 15,958	-14.5	32,168	-9.0
Wearing Apparel—12 firms.....	596	-17.7	1,294	-8.9
Furniture—41 firms.....	566	-43.2	1,093	-35.5
Building Contracts—Total.....	14,397	-17.3	33,776	-26.7
—Residential.....	4,423	-23.4	8,159	-52.0
Commercial Failures—Liabilities.....	906	+41.3	1,871	+71.7
—Number.....	91 ¹	+71.7	180 ²	+81.8
Production: Pig Iron—U. S..... tons	1,306	-56.8	2,751	-55.9
Steel Ingot—U. S..... tons	1,703	-61.4	3,436	-62.4
Auto—Passenger Car—U. S.....	139,519 ³	-53.0	295,906 ²	-51.2
—Trucks—U. S.....	47,287 ²	-29.8	101,350 ²	-26.3
Bituminous Coal, O., W. Pa., E. Ky..... tons	9,293	-41.7	19,974	-35.7
Cement—O., W. Pa., W. Va. bbls.	175	-53.5	436	-43.3
Elec. Power, O., Pa., Ky., thous. k.w.h.	1,567 ³	-6.1		
Petroleum—O., Pa., Ky..... bbls.	2,225 ³	+ 3.8		
Shoes..... pairs	4	-1.6		
Tires, U. S..... casings	2,212	-57.8	4,955	-51.5

¹ not available

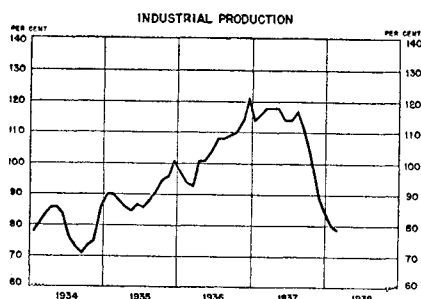
² actual number

³ January

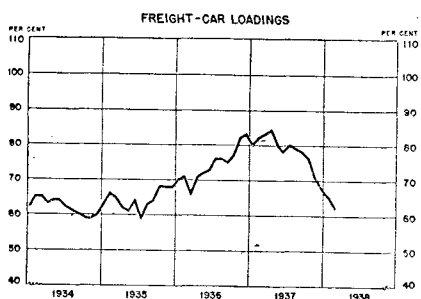
⁴ confidential

Summary of National Business Conditions

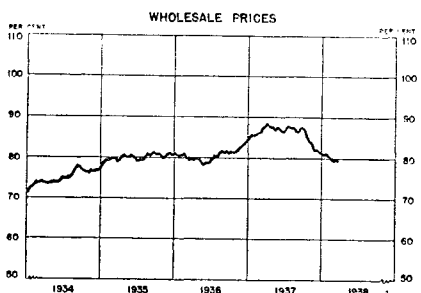
By the Board of Governors of the Federal Reserve System



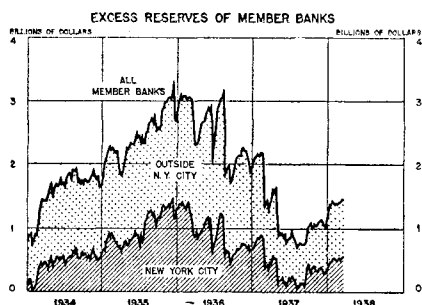
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1934 to February 1938. Latest figure 79.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1934 to February 1938.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending March 19, 1938.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934 to March 16, 1938.

Volume of manufacturing production showed little change from January to February, while output of minerals declined further. Awards for residential building increased somewhat in February and rose considerably in the first half of March.

Production

The Board's seasonally adjusted index of industrial production, which includes both manufacturing and mining, was 79 percent of the 1923-1925 average in February as compared with 80 percent in January. The decline in the total index was accounted for chiefly by a reduction in output of minerals, particularly of crude petroleum. Steel ingot production showed about the usual seasonal increase and averaged 32 percent of capacity in February. Automobile production decreased slightly further, and output of plate glass continued to decline. Lumber production rose seasonally. In the first three weeks of March activity at steel mills and automobile factories was at about the same average rate as in February. In the nondurable goods industries there were moderate increases in output in February at textile mills and shoe factories, where production has recently been at low levels, while at meat-packing establishments activity declined.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a sharp decline from January to February, reflecting chiefly a marked reduction in awards for publicly-financed projects. Contracts for residential building increased moderately. In the first half of March there was a considerable further increase reported for residential building and awards for other construction also increased.

Employment

Factory employment and payrolls increased by somewhat less than the usual seasonal amount between the middle of January and the middle of February. The Board's seasonally adjusted index of factory employment was at 83 percent of the 1923-1925 average in February as compared with 84 in January. In the durable goods industries decreases were general in February, though not so large as in preceding months. Employment in non-durable goods industries increased somewhat following a period of rapid decline. Employment in trade, at mines, on the railroads, and in the construction and public utility industries decreased somewhat from the January level.

Distribution

Value of department store sales, as measured by the Board's seasonally adjusted index, declined from 90 percent of the 1923-1925 average in January to 88 percent in February, and in the first three weeks of March there was a further decrease. Sales at variety stores and mail order houses in February showed somewhat less than the usual seasonal increase.

Freight-car loadings decreased further in February, reflecting chiefly reduced shipments of coal and grain, and showed a seasonal increase in the first two weeks of March. The current level of carloadings is about 25 per cent less than a year ago.

Commodity Prices

The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics' index, showed little change from the middle of February to the third week of March. There were seasonal increases in prices of livestock and meats, while prices of such basic commodities as wheat, cotton, rubber, zinc, and bituminous coal declined.

Bank Credit

Excess reserves of member banks increased during the first three weeks of March to over \$1,500,000,000, the highest level since last April. The bulk of the increase occurred at New York City banks, which in the third week of the month held over \$700,000,000 of excess reserves.

During February and the first half of March, there was little net change in deposits and in total loans and investments at reporting member banks in 101 leading cities. Holdings of United States Government obligations declined at banks in New York but increased in Chicago. Commercial loans, which had decreased sharply in the four preceding months, showed a further moderate decline.

Money Rates and Bond Yields

Conditions in the short-term money market continued easy in March. Rates on Treasury bills were slightly lower and prime commercial paper was quoted at a range of from $\frac{3}{4}$ to 1 percent as against the flat 1 percent rate which had prevailed since a year ago. Yields on Treasury bonds and notes, after declining for the past six months, advanced slightly around the middle of March. Yields on corporate bonds also advanced in March, reflecting principally declines in prices of railroad bonds.