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The trend of industry and trade in the fourth district continued downward in late April and the first three weeks of May, with few exceptions. While in some cases this was partly seasonal, in most instances it was greater than could be accounted for in this way, and new lows for the latest downward movement, which began last fall, were touched by such lines as iron and steel, automobile parts, tires, retail, and wholesale trade.

Ohio employment was 1.9 percent less in April than in March, and payrolls of wage earners were off 2.7 percent in the same period. Compared with a year ago, the drop in employment was 21 percent. In Pennsylvania, employment was off 28 percent in April from 1937, and payrolls were down 35 percent. Employee hours worked were 38 percent less than a year ago. In principal cities, slight declines in April from March occurred, except at Canton, Columbus, and Cincinnati where the gains were one percent, or less. In contrast with last year, industrial areas showed declines in manufacturing employment ranging between 20 percent at Cincinnati to 41 percent at Toledo. The drop at Ohio cities was greater generally than in western Pennsylvania. In May, further curtailment was reported at several of the larger plants, chiefly in the auto parts, tire, machine tool, and steel industries.

In the face of this sharp contraction, retail trade has held up moderately well. Department store sales in the first four months of 1938 were off 12 percent from last year; furniture store sales, however, were down 39 percent in the same period, while chain store sales were off about six percent. Lower prices were a factor in the declines, *Fairchild's* index being down more than five percent from last year at this time. Sales of new life insurance in this section in April dropped to the lowest level in many years, even below the 1932 figure and the decline from last year was 34 percent. Debits to individual accounts at banks in 26 leading cities of the district were 22 percent smaller in the four weeks ended May 18 than in the comparable period of 1937, exceeding slightly the 20.6 percent contraction for the year to date.

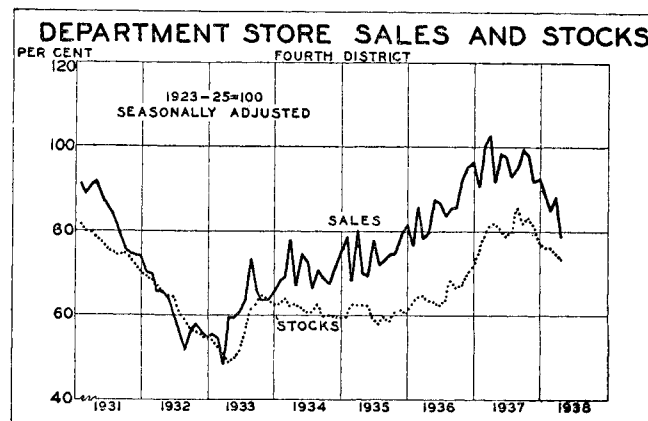
Wholesale trade dropped slightly in April from March and was 30 percent less than last year. Inventories were

16 percent smaller than a year ago and little replenishment of depleted supplies was apparent. Department store stocks on April 30 were nine percent smaller than a year previous, and on a seasonally adjusted basis, they were smaller than since December 1936.

Construction activity in this district lagged in April, total contracts awarded being 33 percent smaller than a year ago, whereas for the first four months the falling-off was 22 percent. Residential building was 35 percent less in April than last year, but the decline for the year to date was 39 percent. In the first half of May, the drop from last year was smaller, but there was no improvement over April.

Despite the early season, Lake shipments in April were very small in comparison with 1937. Iron ore receipts at Lake Erie ports totaled 24,000 tons, compared with 1,830,000 tons in April last year. Stocks on hand on April 30 were 130 percent larger than a year ago. Coal shipments from Lake Erie ports, at 1,934,000 tons, were approximately half what they were in 1937. Transporting of autos and other freight also was in small volume.

In the industrial field, further declines were quite general in April and early May. Reports received from smaller centers indicate that operations in their general manufacturing plants compared more favorably with last year than did those in large industrial areas. Road-building and



excavating equipment sales, so far this year, were reported ahead of 1937, and glass container demand also was better. Those plants doing an export business reported that foreign orders were enabling them to operate at higher levels than those dependent entirely on domestic orders. This was particularly true of machine tools. In the latter part of May, all local steel centers, except Wheeling, reported plant operations at lower levels than the national average, which was just about 30 percent.

FINANCIAL

There was a greater increase in credit extended by reporting member banks in leading cities of the fourth district, in the four weeks ended May 18, than could be accounted for by the opening of a new member bank in Cleveland on May 16, whose figures are now included in the tabulation. In late April and early May the trend of total bank credit was moderately downward, but in the middle of May an increase in investments reversed this movement. On the latest date local banks had loans and investments of \$1,744,000,000, compared with \$1,823,000,000 in January and \$1,886,000,000 a year ago, a contraction of 7.5 percent. As has been pointed out previously, the drop in the past year has been almost entirely in the investment field. Holdings of Government securities were 16.5 percent smaller in mid-May than in 1937, although in the latest week an increase in Government security holdings was reported, the first in this district since early March. Holdings of government-guaranteed securities also increased in late April and early May, after showing little change in the earlier months of the year. Investments in other than Government securities continued to decline moderately, and in the latest week they were 8.8 percent under the corresponding date in 1937.

Loans made by these banks increased slightly between April 27 and May 18, but about half the gain represented the new bank. Despite the fact that loans have shown a general downward tendency for six months, on the latest date they were only \$3,000,000 smaller than a year ago at this time. In recent weeks, commercial loans have shown only minor fluctuations and no definite trend; they were the same on May 18 as four weeks earlier and they were still larger than at this time in 1937. Loans to brokers, acceptance holdings, and loans on real estate showed a slight upward tendency in recent weeks, but brokers' loans were the only ones which were larger than a year ago. Real estate loans have shown little change since the beginning of the year, notwithstanding efforts to stimulate construction.

Excluding figures of the new member bank, adjusted demand deposits were lower on May 18 than four weeks earlier, but in the three latest weeks an upward trend was evident. Time deposits were little changed. Total deposits, including interbank deposits, were larger on May 18 than in any previous week this year, but at \$2,129,000,000 they were \$46,000,000 smaller than a year ago. Savings deposits at 40 selected banks throughout the district declined in April by 0.7 percent, but at the month end they were larger by \$20,000,000, or 2.7 percent, than on the corresponding date last year.

Reserve Bank Credit There was a slight increase in bills discounted for member banks in the three latest weeks,

but total volume was 40 percent below the peak of the year on April 13, just prior to the lowering of reserve requirements. Working capital loans also increased moderately in three of the four latest weeks; they are still smaller than a year ago. Holdings of bankers' acceptances and Government securities were unchanged in the four latest weeks, and the latter constituted 99 percent of this bank's earning assets.

Note circulation showed a very slight downward movement in the first three weeks of May, and, at \$408,655,000 on the latest date, it was \$18,000,000 less than a year ago. In the face of declining prices and payrolls, which might be expected would be accompanied by a reduction in money in circulation, the volume of this bank's notes outstanding has shown little change from last year.

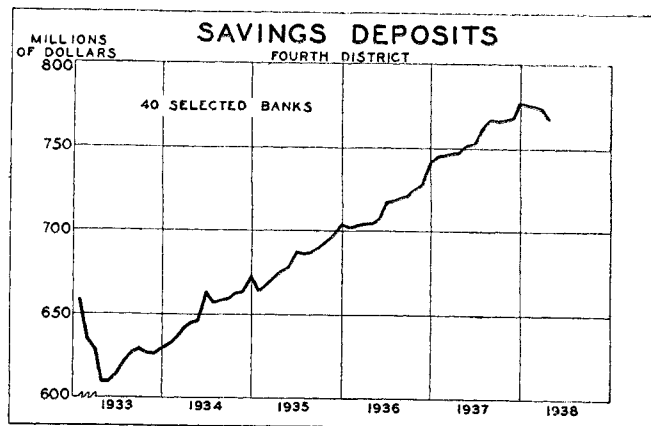
Member bank reserve deposits receded somewhat from their peak of mid-April just prior to the lowering of reserve requirements. They continued close to \$500,000,000, however. In mid-May this was estimated to be \$197,000,000, or 65 percent, in excess of requirements. Reserve city banks had an average excess of 69 percent, while country banks had an excess of 53 percent. Lowering of reserve requirements in mid-April has not been followed by any appreciable reduction in member bank deposits with the reserve bank. Total deposits with the reserve bank, including Government deposits of \$12,600,000, were close to the all-time high record of \$580,000,000 in mid-April.

MANUFACTURING, MINING

Iron and Steel

Activity in the steel industry in the five weeks ending May 21 was slightly downward, the national rate yielding slowly from 32.5 to 30 percent of capacity. In the Cleveland district it dropped from 32 to 23 percent and in the Pittsburgh area from 29 to 25 percent, with a rise to 30 percent in the week ended May 21. This upturn is said to have resulted from a slight accumulation of tonnage rather than an increase in buying, and a drop occurred in the following week. At Youngstown, the rate eased from 31 to 26 percent, at Wheeling from 44 to 38, while at Cincinnati it fluctuated between 25 and 45 percent. A year ago local steel centers were operating between 80 and 95 percent of capacity.

The most important event of the month was announcement May 18 of prices for third quarter delivery. Second quarter prices were reaffirmed on all rolled products except sheets and strip. New base prices were named



on these products with a new system of extras and deductions for size, gauge, and other factors, resulting in approximately the same prices on most items in this classification. These changes were made to remove inequalities and discrepancies which arose while continuous processes of production were developing. Little additional buying followed the price announcement, although it was felt some consumers had been holding back purchases because of possibility of a drop in quotations.

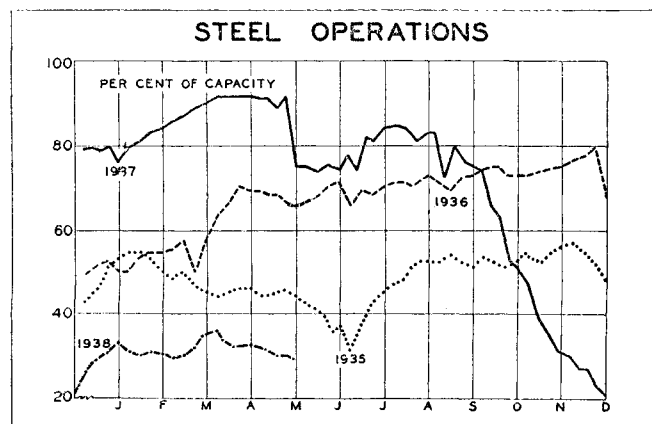
Railroads have taken little advantage of Government offers to finance purchases of rails and rolling stock. Bids have been opened by the Maritime Commission on four additional cargo boats on a contract covering subsidy for ten ships, four to be laid down this year.

Automobile output continues at a level far below the usual record for spring production, and indicates the lack of purchasing by the public. Taking of steel by this industry and parts makers has been in limited quantities.

Steelmaking scrap prices, compiled by *Steel*, have shown additional weakness, and for the week of May 21 the composite stood at \$11.37, compared with \$18.49 a year ago. Export scrap demand from Europe and also from Japan has dwindled to nothing and most contracts have been filled and shipped.

Production of steel ingots in April amounted to 1,925,166 gross tons, representing 33.44 percent of capacity, compared with 2,011,840 tons, at 33.84 percent of capacity in March, a decline of 4.3 percent. In April 1937, production was 5,070,445 tons at 90.24 percent, last month showing a shrinkage of 62 percent from that figure. Though falling behind March, the April total was larger than December last year and January and February this year. For four months this year, production totaled 7,372,517 tons, a weekly average of 429,884 tons. In the corresponding months of 1937 the total was 19,425,414 tons, a weekly average of 1,132,683 tons.

Pig iron production in April fell slightly under that of March, the daily average rate being 46,267 gross tons, which was 2.5 percent lower than the 47,426-ton daily rate in March. This was the lowest for any month since 1933. Total production in April was 1,388,008 gross tons, compared with 1,470,211 tons in March, a loss of 5.6 percent, partly due to the shorter month. Output for four months aggregated 5,609,414 tons, compared with 13,110,853 tons for the same period of 1937, a decline of 57.2 percent.



Coal

Except for the fact that coal inventories are being reduced, the industry continues in a very depressed condition. Output in April was at about the low level of 1932, and in this district, at 8,789,000 tons, it was 26 percent under last year and the smallest monthly figure since July 1932. According to reports, most coal is being sold at less than the cost of production, for costs have not declined with operations, and coal prices are quite depressed. In the first four months local mines produced 38 percent less coal than in 1937, although in the first quarter last year, production was somewhat in excess of consumption, in anticipation of labor trouble developing.

This year, according to the *National Bituminous Coal Commission*, soft coal inventories were reduced 11,700,000 tons, or nearly 25 percent during the first quarter, and on April 1 total stocks were smaller than a year ago by 17,773,000 tons, or 33 percent. In view of the reduced demand, however, this contraction is partly offset, for in terms of current requirements (there being sufficient on hand to last 35.7 days) the decline was only 2.7 percent. Last year, though actual stocks were over 17,000,000 tons above the current figure, they equaled 36.7 days' supply, sufficient for only one more day than in April 1938. Coal on Lake docks was 37 percent in excess of last year, with the largest increases at Upper Lake ports. Shipments from Lake Erie ports so far this year have been much smaller than in 1937.

Rubber, Tires

In addition to lower rates of operation in April and the first half of May, part of the rubber industry was again experiencing labor trouble. In Akron, tire plants were operating only 18 to 24 hours a week with actual forces down about one-third, but other divisions were somewhat more active and plants in other parts of the district were operating at higher rates, in most cases. Number of employees in the Ohio rubber industry, according to the *Ohio State University* index, was 17 percent less in April than a year ago, and down slightly from March. The index of employment in the tire industry was about 60 percent of the 1926 average, while employment in other branches of the rubber industry was approximately 95 percent of this same average, or nearly 50 percent better than tire production.

Rubber consumption in April by domestic users declined further and was 46 percent less than a year ago. In the latest month, it amounted to 27,984 long tons. Imports showed the effects of lower export quotas from producing countries, set at 60 percent for the second quarter, but they still exceeded domestic rubber consumption by 3,000 tons. As a result, crude rubber stocks rose above 300,000 tons, for the first time since late 1935. These increasing stocks, in face of limited domestic consumption, make the forthcoming meeting of the International Rubber Regulation Committee significant. While crude rubber prices in the third week of May weakened, at 11.5 cents a pound, ribbed smoked sheets were still more than a cent a pound above the year's low point in early April. With prices less than half what they were a year ago, interest in reclaimed rubber and its production has fallen proportionately.

April tire production was 2,705,606 casings, a drop of 52.8 percent from last year. Manufacturers' shipments, though 42.5 percent under those of a year ago, were in excess of factory output by nearly 500,000 tires, causing a reduction of inventories of 4.5 percent in the month. On the latest date it was reported that there were 18 percent fewer tires in hands of producers than on the corresponding date of 1937, but they still exceeded 10,000,000 casings. Distributors' tire stocks also have declined to the lowest level in two years, and were 11 percent under last year at this time.

Automobiles In each of the past four years April automobile production exceeded every other month in the year as plants built up their own and dealer inventories for the active early summer season, and to carry through the period when manufacturers were down for model changes. This year, with retail demand very limited and every effort being directed, not only to keep stocks down, but also to reduce them, April output, according to the *Department of Commerce*, was 219,314 cars and trucks, a drop of 1.2 percent from March. Excluding the two years 1932 and 1933, April output was smaller than since 1921. Compared with last year, when April production was 536,000 units, the decline in total output was 59 percent.

It was reported that April retail demand declined contra-seasonally from March and the contraction was extended into the first half of May, causing a further lowering of weekly plant schedules. New passenger car registrations in principal counties of this district were off 63 percent in April from last year, and the decline for the first four months was 67 percent. In the week ended May 21, factory output was reported by *Ward's* to be 46,810 units. This compared with 131,000 in the corresponding week of 1937, and in early May last year weekly output was 140,000 units. Assembly and parts plants recently reduced employment further, and parts plants in this district continue to operate on very restricted schedules. Plans for next year's models are still uncertain. Some tool and die orders are reported to have been placed; parts samples are being made, but no definite programs have been adopted, in most cases. Employment at Ohio auto parts plants in April was nine percent less than in March and 52 percent smaller than a year ago. In addition, those still employed were working only part time.

In the three years 1935 to 1937, output of cars in the first four months constituted approximately 36 percent of annual production. Up to May 1 this year the industry produced 838,000 cars and trucks, compared with 1,774,000 units in the comparable period of 1937, and in excess of 1,500,000 units in each period of 1936 and 1935. Passenger car production so far this year has been 55.5 percent less than in 1937 and truck output was off 40.6 percent. While early in the year truck production held up somewhat better than passenger car production, in April there was little difference in the declines shown; passenger cars were off 60 percent and trucks 55 percent.

Production of cars for export in April continued to hold up better than it did for domestic requirements. In the first four months, factories made 139,382 cars and

trucks for export purposes, compared with 161,940 in the first four months of 1937. Cars produced for export constituted 16.6 percent of total output so far this year, compared with 9.1 percent in the first four months of 1937.

Textiles, Clothing

The inventory situation, so far as textile and textile products industries in this district are concerned, is rather mixed. At the end of 1937 three woolen textile plants had 43 percent larger inventories than a year earlier. Since that time they have been reduced, but the exact extent of the contraction is not available. One large plant whose inventories at the year end were 24 percent less than in 1936, indicated the contraction was over ten percent in the four-month period, and that on April 30 its inventories were 40 percent less than a year ago. Three makers of knit wear had four percent smaller inventories at the end of 1937 than at the close of 1936, but eight clothing manufacturers' stocks were 27 percent greater than a year ago. Two showed small declines, but the remainder experienced increases of 21 to 97 percent over last year.

In clothing manufacturing circles it is indicated that where inventories on hand are excessive, they represent chiefly fall and winter goods, and larger quantities of men's clothing are being carried than women's wear. Stocking of spring and summer materials by clothing manufacturers, and buying of such finished merchandise by retail houses have been on a very conservative basis, according to reports. Most plants are down now between the spring and fall seasons. April employment at Ohio plants was 26 percent below last year and off 6 percent from March. Repeat orders have been small.

Department stores in this district sold 19 percent less men's clothing in the first four months than in the same period of 1937. Price changes were slight and only moderately affected dollar volume. At the end of April, however, men's clothing inventories were three percent smaller than a year ago, but 5.5 percent larger than on December 31. This was chiefly a seasonal increase, and compared with a 27 percent rise in men's clothing stocks at department stores in the first four months of 1937. Spring and summer merchandise was purchased in limited quantities, from 15 to 40 percent less than a year ago, and the few orders for next fall and winter season that have been placed showed about the same relation to last year as do current sales and spring buying—down 15 to 40 percent. Less forward buying is being done than usual.

In women's wear, changing styles is a more important factor than in men's wear, and advance buying is therefore more conservative. Fall and winter lines have not yet been presented by manufacturers. Women's clothing sales at fourth district department stores in the first four months were 16 percent smaller than in the comparable period of 1937. On April 30, retail store inventories of women's wear were six percent smaller than on the same date last year, and they were only four percent larger than on December 31, 1937. A year ago, women's wear inventories were 11 percent larger on April 30 than in the previous December. Turnover of women's wear stocks in April was .85, less than the .92 in April last year, de-

spite the fact that more Easter buying occurred in April 1938 than in 1937.

Several plants in this district manufacture and sell direct to the consumer. These sales currently are running 10 to 30 percent below last year, with more cancelations than usual. With wool prices soft, purchasing of materials by manufacturers is only for immediate needs. No labor trouble is being experienced in this industry; wages have been maintained quite generally, so far as could be ascertained.

Other

The few changes reported in the smaller industries of the district in late April and the first half of May pointed to further curtailment in most lines. The inventory situation, so far as manufacturers were concerned, has shown little improvement, and in many lines stocks on hand are larger than a year ago. Operations have not been curtailed as sharply as demand for goods, although both were off decidedly, compared with last year at this time.

Shoe production at fourth district factories in April was 28 percent less than in March and down 30 percent from last year. In the entire country, shoe factories produced 11 percent less in April than in March. A decrease of 12 percent was reported at local plants in the first four months. First quarter output held up fairly well in relation to 1937, but in April a somewhat greater than seasonal contraction occurred. Demand for summer footwear has not been up to expectations, and showing of fall samples has been followed by very few advance orders. Producers' stocks of finished footwear are indicated to be slightly larger than a year ago, but retail stores in this district reported shoe inventories nearly four percent smaller on April 30 than in 1937. Prices have been reduced slightly along with the drop in leather, and in some instances a downward adjustment in wages has been effected.

In the machine tool industry a slight decrease in both domestic and foreign buying occurred in April compared with March, but combined orders were less than one-third what they were a year ago. Of the small volume of orders received in April, those coming from foreign sources constituted 51 percent of the total, compared with 17 percent in April 1937. Those companies doing an export business were operating at fair rates, but those dependent on domestic sales were working at very low levels. Small tool demand has held up somewhat better, with payrolls 50 to 60 percent of what they were last year.

Foundry equipment orders received in April were little more than half what they were in March and about a third of last year. Some buying possibly was deferred until after the Foundry Association convention at Cleveland in mid-May. Road machinery and special products of this type have continued to move in fair volume, in some cases ahead of last year.

In the metal trades industries as a whole, April employment was three percent less than in March, but off 31 percent from last year, and many of those still considered employed were working only a few hours a week. The inventory situation was irregular; some state stocks have been reduced and show about the same relation to

current sales as a year ago; others report inventories still considerably larger than in April 1937. Electrical equipment sales in April were 33 to 50 percent smaller than last year. While inventories have been declining so far this year, in not all cases are they smaller than at this time in 1937. Stocks of finished goods were larger than raw materials.

In the china and pottery industry, April employment was down slightly from March, but at 148 plants it was off 25 percent from last year. Sales in the first four months were reported to have been little more than half of last year and about one-third of estimated normal. Wages have remained firm under contract which runs to October.

Production of plate glass in the first four months was 20 percent lower than the average of 1932-33. April output was off 80 percent from 1937. Recent limited demand reflects in part heavy stocking of both producers and consumers, before and after the strike, which occurred over a year ago. Special requirements, necessitating current operations, work against a reduction in total inventories. In relation to current sales, stocks are reported three or four times as large as a year ago. Window glass production, prior to May 1, was less than half what it was in the comparable period of 1937, and inventories were reported five percent larger than at the beginning of the year. In the moulded glass division, special new products have enabled manufacturers to show a gain in production over 1937 and inventories are down about 16 percent. Wages and prices have remained unchanged.

Inventories in the paper container industry, were down 20 percent from last year. In the fine paper branch they were reported 25 percent higher than in 1937, off 15 percent from January 1, but dealer stocks are smaller generally. Boxboard prices have been weak for some time and now are 15 percent lower than a year ago. The slack period, which usually develops in late June, seems to have started earlier, for mills have curtailed operations somewhat in recent weeks.

TRADE

Retail

With most pre-Easter buying occurring in April this year, a truer comparison of retail trade is now available. The seasonally adjusted index of daily average sales at department stores in leading cities of this district was 79 percent of the 1923-25 average in April, compared with 91 a year ago. Dollar volume was eight percent smaller than last year, and the decline in the first four months, from 1937, was 12 percent. In principal cities of the district, April declines ranged from one percent at Columbus to 18 percent at Akron, with Wheeling showing an increase of six percent. Sales at stores in smaller cities of the district were down 20 percent from last year. In the four weeks ended May 21, dollar sales of fourth district stores were off 19 percent from a year ago.

Stocks of goods on hand at the end of April were reduced further to 73.2 percent of the 1923-25 average, and the dollar value was approximately nine percent smaller than on April 30 last year.

The percentage of all credit sales to total sales in April remained unchanged from March. Regular charge sales

were 53.3 percent of total volume, compared with 48.9 percent in April last year, while installment sales were 8.5 percent of total sales, compared with 12.9 percent a year ago. Collections in the month fell off in dollar volume and as a percentage of accounts receivable at the end of March. In April, collections on regular accounts were 43.4 percent, compared with 46.7 last year, while collections on installment accounts were 16.1 percent, compared with 18.4 percent in April 1937.

Sales at retail furniture stores maintained the same rate of decline as in March, and dollar volume in April was 41.7 percent under last year, while for the year to date a decrease of 39 percent was reported from 1937.

The later Easter date was a factor contributing to the more favorable showing of wearing apparel store sales in the district. April dollar volume was 7.2 percent under last year, but the decline for the four months, from the same period of 1937, was 14.4 percent.

Wholesale Reports from wholesale firms in this district to the *Department of Commerce*, showed a further reduction in April sales volume. Compared with a year ago, a decline of 30.3 percent in sales was indicated, and for the year to date a reduction of 24.8 percent was reported. In various lines of wholesale trade, electrical goods, industrial hardware supplies, and jewelry and optical goods all showed declines of approximately 46 percent, while sales of automotive supplies and leather goods were off 12.9 percent and 9.5 percent, respectively from last year. Wholesale grocery sales were off 21 percent, drugs 19 percent, and dry goods 27 percent.

Inventories were reduced further in April and were off 15.8 percent from April a year ago; tobacco and miscellaneous wholesalers were the only ones to show larger inventories than last year at this time. The declines ranged from seven percent in groceries to 36 percent in the electrical goods classification. Total accounts receivable were 18.8 percent under last year's figure, and collections showed a decrease of 29.5 percent from April last year. In March, collections were 26.3 percent smaller than in March 1937.

CONSTRUCTION

For the fourth consecutive month, residential building contracts awarded, totaling \$7,046,000 in this district during April, showed an increase over the previous month. The gain over March, however, amounting to three percent, was the smallest this year, and a drop of 35 percent was evident from April 1937. Total contracts awarded, on the other hand, amounting to \$17,397,000, were 32 percent smaller than in March and 33 percent below April 1937.

In the first four months of this year, residential building and total construction were 39 percent and 22 percent smaller, respectively, than in the same period last year.

Contracts for public works showed a decided increase over both April 1937 and March 1938, and comprised approximately one-third of the total contracts let in April in this district, while utilities and non-residential building both declined. Of the total value of construction in

this district in April, expenditures of public funds accounted for approximately 45 percent, according to the *F. W. Dodge Corporation*. They accounted for almost 52 percent of total construction during the first four months of this year as compared with 25 percent for the same period last year.

Contemplated construction reported in this district in April was 29 percent greater than in March, and was 5.5 percent in excess of April 1937. The anticipated gains were in central and northern Ohio, and in Kentucky. In the first four months of this year contemplated construction reported was 18 percent less in the comparable period last year.

Wholesale lumber dealers continued to report little activity. "Hand-to-mouth" purchases by retailers were still evident, though attempts to take up slack were made in some sections by remodeling campaigns. Prices were reported low generally.

AGRICULTURE

Present agricultural conditions are in rather striking contrast with those of a year ago when spring work was retarded by adverse weather, and winter grains, hay, and pastures had not recovered from severe winter damage. As last year's growing season progressed, however, conditions in most sections became more favorable, farmers were generally encouraged by the high farm prices prevailing in early 1937 as a result of the short supplies, so that the volume of crops finally produced was the largest on record.

This year, conditions so far have been quite favorable through most of the district, and the advanced season made it possible to complete spring work earlier than usual. In Pennsylvania, 79 percent of all spring plowing had been completed by May 1, compared with 63 percent a year previous, and 55 percent of spring planting was done, as against 36 percent last year at that time, and 43 percent, the ten-year average.

Wheat With close to the largest acreage of winter wheat on record remaining for harvest, both in this district and the entire country, and conditions better generally than in recent years, the *Department of Agriculture's* April estimate was revised upward. For the entire country the crop is placed at 754,000,000 bushels, compared with the large crop of 685,000,000 bushels last year, and 546,000,000 bushels, the ten-year average harvest. Less than 12 percent of the acreage sown last fall was abandoned for various reasons, compared with a ten-year average abandonment of 18.2 percent. Wheat, however, is rapidly approaching the critical stage; with subsoil moisture lacking, and growth rather rank as a result of favorable conditions to this time, more moisture than usual will be necessary to mature the crop, and there is danger of considerable loss from lodging.

In Ohio, the May 1 estimate was 50,127,000 bushels of winter wheat, compared with the ten-year average crop of 34,585,000 bushels and the previous record of 46,056,000 bushels in 1937. Acreage abandonment was only one percent, and 2,387,000 acres remain for harvest, compared with 2,424,000 acres harvested in 1937. Current favorable conditions point to an average yield of 21 bushels per

acre. Indications are that the current Ohio crop will only be exceeded by those of Kansas and Oklahoma. In other States of the district the wheat crop is expected to be above average, but a smaller harvest than in 1937 is indicated in those areas.

Prospects for hay crops were very promising, based on May 1 condition figures. In Ohio, tame hay was 89 percent and pastures 88 percent of estimated normal, compared with ten-year averages of 77 and 75 percent, respectively. In other States of the district, hay and pasture conditions were not quite so favorable as in Ohio, but they were above average. Hay stocks on local farms are somewhat larger than a year ago, but only moderately in excess of the ten-year average.

Tobacco There seems to be confusion in tobacco circles as to just how the Burley crop is to be limited to 350,000,000 pounds, as provided by the new Farm Act. Last year 402,731,000 pounds were produced from 442,000 acres, or 912 pounds per acre, while in 1936 the yield was 727 pounds, and the ten-year average yield was 789 pounds from each of 380,000 acres. Farmers seem to be planning to set as large an acreage as possible and weather has been conducive to plant growth and ground preparation. Plant setting began about two weeks earlier than usual.

Leaf tobacco stocks on April 1 were reported to be 2,432,207,000 pounds, a gain of 153,094,000 pounds, or 6.7 percent, over a year ago and the increase in the first quarter was considerably greater than in the same period of 1937. Most of the gain was in Burley stocks, as a result of increased production in 1937, the total supply of

this type being 81,000,000 pounds, or 13 percent, greater on April 1 than a year ago. Burley inventories totaled 716,720,000 pounds.

Fourth District Business Indexes

(1923-25 = 100)

	April 1938	April 1937	April 1936	April 1935	April 1934
Bank debits (24 cities).....	76	99	85	71	62
Commercial Failures (Number).....	60	43	42	55	62
(Liabilities).....	29	30	33	24	74
Sales—Life Insurance (O. and Pa.).....	71	101	86	98	107
—Department Stores (48 firms).....	89	98	89	79	74
—Wholesale Drugs (7 firms).....	89	110	97	88	82
—Dry Goods (9 firms).....	40	54	50	46	44
—Groceries (44 firms).....	65	83	71	66	57
—Hardware (12 firms).....	71	101	83	68	69
—All (72 firms).....	64	83	72	65	60
—Chain Drugs (4 firms)**.....	91	98	89	73	73
Building Contracts (Total).....	37	54	51	24	23
(Residential).....	41	63	38	17	11
Production—Coal (O., W. Pa., E. Ky.).....	49	66	68	49	60
—Cement (O., W. Pa., E. Ky.).....		75	55	45	57
—Elec. Power (O., Pa., Ky.)*.....	178	206	169	149	147
—Petroleum (O., Pa., Ky.)*.....	131	129	120	115	106
—Shoes.....	94	134	111	113	106

*March.

**Per individual unit operated.

Debts to Individual Accounts

(Thousands of Dollars)

	4 Weeks ended May 18, 1938	% change from 1937	Year to Date Dec. 30, 1937 to May 18, 1938	Year to Date Dec. 31, 1936 to May 19, 1937	% change from 1937
Akron.....	\$ 52,309	—17.8	\$ 263,460	\$ 315,148	—16.4
Butler.....	7,974	—24.2	40,053	49,216	—18.6
Canton.....	27,355	—33.1	138,688	184,893	—25.0
Cincinnati.....	289,567	—15.7	1,420,568	1,681,749	—15.5
Cleveland.....	470,623	—22.5	2,256,102	2,903,210	—22.3
Columbus.....	173,302	+ 2.2	760,189	888,504	—14.4
Dayton.....	55,682	—28.0	284,430	357,583	—20.5
Paris.....	23,505	—29.0	116,420	152,635	—23.7
Franklin.....	2,738	—17.0	13,047	16,829	—22.5
Greensburg.....	6,279	—15.8	30,708	33,472	—8.3
Hamilton.....	9,494	—27.5	47,631	59,453	—19.9
Homestead.....	2,680	—17.5	13,152	14,884	—11.6
Lexington.....	17,551	—9.5	122,069	134,198	—9.0
Lima.....	12,862	—4.0	65,496	65,441	+0.08
Lorain.....	4,347	—14.8	21,064	24,299	—13.3
Middletown.....	7,729	—30.0	39,527	49,393	—20.0
Oil City.....	8,879	—16.9	45,540	53,311	—14.6
Pittsburgh.....	538,037	—25.6	2,786,194	3,634,684	—23.3
Sharon.....	6,417	—28.9	33,541	41,961	—20.1
Springfield.....	14,737	—20.4	77,284	88,392	—12.6
Steubenville.....	7,715	—30.3	38,156	51,351	—25.7
Toledo.....	93,108	—26.0	494,093	639,624	—22.8
Warren.....	7,376	—31.3	36,588	49,245	—25.7
Wheeling.....	25,781	—24.4	125,124	164,101	—23.3
Youngstown.....	34,807	—38.7	176,753	254,554	—30.6
Zanesville.....	6,676	—19.2	33,265	38,845	—14.4
Total.....	\$1,907,530	—21.5	\$9,479,145	\$11,945,975	—20.6

Fourth District Business Statistics

(000 omitted)

	April 1938	% Change from 1937	Jan.-Apr. 1938	% Change from 1937
Fourth District unless Otherwise Specified.....	\$2,056,000	—23.0	\$7,974,000	—21.3
Bank Debts—24 cities.....	\$ 767,967	+ 2.7	1	1
Savings Deposits—end of month: 40 banks, O. and W. Pa.....	\$ 767,967	+ 2.7	1	1
Life Insurance Sales: Ohio and Pa.....	\$ 68,665	—33.9	283,845	—24.9
Retail Sales: Dept. Stores—51 firms.....	\$ 21,788	— 8.0	72,740	—11.7
Wearing Apparel—12 firms.....	887	— 7.2	3,028	—14.4
Furniture—40 firms.....	756	—41.7	2,455	—39.1
Building Contracts—Total.....	\$ 17,397	—32.9	76,898	—22.1
—Residential.....	\$ 7,046	—34.9	22,046	—38.6
Commercial Failures—Liabilities.....	\$ 1,265	+ 5.8	3,982	+27.0
—Number.....	87 ²	+38.1	354 ²	+53.9
Production: Pig Iron—U. S..... tons	1,388	—59.2	5,609	—57.2
Steel Ingot—U. S..... tons	1,925	—62.0	7,374	—62.0
Auto—Pass. Car—U. S.....	176,078 ²	—60.0	645,810 ²	—55.5
—Trucks—U. S.....	43,236 ²	—55.0	192,381 ²	—40.6
Bituminous Coal, O., W. Pa., E. Ky..... tons	8,789	—25.8	38,733	—38.4
Elec. Power, O., Pa., Ky. Millions..... k.w.h.	1,493 ³	—13.6	4,457 ⁴	— 9.9
Petroleum—O., Pa., Ky..... bbls.	2,411 ³	+ 1.0	6,766 ⁴	+ 2.5
Shoes..... pairs	5	—29.7	5	—12.0
Tires, U. S..... casings	2,706	—52.8	10,420	—52.4
Bituminous Coal Shipments: L. E. Ports..... tons	1,934	—48.9	2,058	—57.8
Iron Ore Receipts: L. E. Ports..... tons	24	—98.7	24	—98.7

¹ not available

² actual number

³ March

⁴ Jan.-March

⁵ confidential

Wholesale and Retail Trade

(1938 compared with 1937)

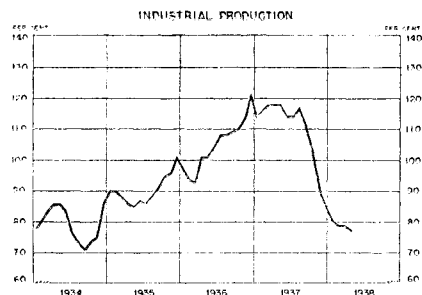
	SALES April 1938	Percentage Increase or Decrease SALES first 4 months	STOCKS April 1938
DEPARTMENT STORES (51)			
Akron.....	—17.6	—21.5	—13.9
Cincinnati.....	— 2.6	— 3.4	— 4.3
Cleveland.....	— 4.9	—11.6	—13.6
Columbus.....	— 0.6	— 7.4	—11.9
Pittsburgh.....	— 7.2	—11.7	— 5.4
Toledo.....	—16.6	—17.6	—15.4
Wheeling.....	+ 6.3	— 8.6	— 1.3
Other Cities.....	—19.6	—15.1	— 5.7
District.....	— 8.0	—11.7	— 8.8
WEARING APPAREL (12)			
Cincinnati.....	—17.9	—19.0	— 5.2
Cleveland.....	—12.3	—14.2	—12.2
Pittsburgh.....	+ 5.5	—11.6	— 0.2
District.....	— 7.2	—14.4	— 6.7
FURNITURE (40)			
Cincinnati.....	—48.9	—43.7	— 8.4
Cleveland.....	—42.2	—41.4	—21.9
Columbus.....	—17.6	—17.2	—36.4
Dayton.....	—52.3	—37.4	— 7.0
Toledo.....	—34.9	—42.9	—19.9
Other Cities.....	—47.5	—44.5	—23.0
District.....	—41.7	—39.1	—10.5
CHAIN STORES*			
Drugs—District (4).....	— 6.5	— 7.1	—11.2
Groceries—District (4).....	+ 1.5	— 4.8	— 9.6
WHOLESALE TRADE**			
Automotive Supplies (5).....	—12.9	—11.0	— 8.4
Drugs (7).....	—26.6	—27.9	—21.9
Dry Goods (9).....	—45.9	—40.7	—36.4
Electrical Goods (19).....	—21.4	—13.1	— 7.0
Groceries (44).....	—34.2	—32.3	—19.9
Total Hardware Group (36).....	—29.2	—28.0	—23.0
General Hardware (12).....	—46.1	—44.0	—10.5
Industrial Supplies (15).....	—32.5	—28.9	—11.2
Plumbing & Heating Supplies (9).....	—46.4	—44.5	— 9.6
Jewelry & Optical Goods (7).....	— 9.5	—17.0	— 9.6
Leather & Shoe Findings (3).....	—25.5		
Paper and its Products (3).....	+ 4.2		+47.4
Tobacco and its Products (8).....	—50.8	—44.3	+22.8
Miscellaneous (11).....	—30.3	—24.8	—15.8
District—All Lines (152).....			

*Per individual unit operated.

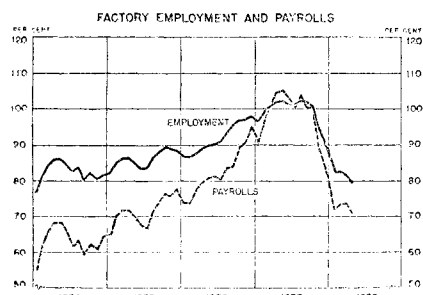
**Wholesale data compiled by U. S. Department of Commerce.

Summary of National Business Conditions

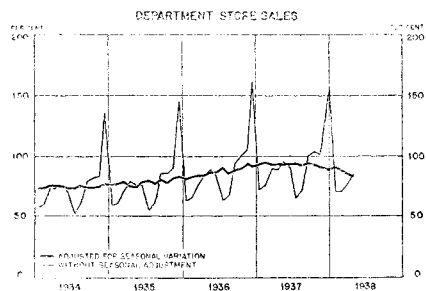
By the Board of Governors of the Federal Reserve System



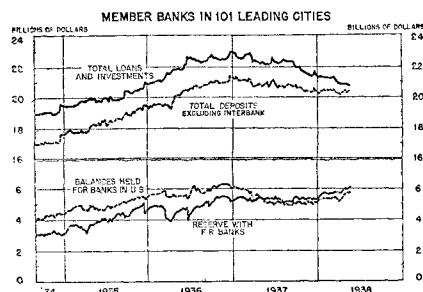
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1934 to December 1937. Latest figure, April 1938.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-25 average = 100. By months, January 1934 to April 1938. Indexes compiled by the United States Bureau of Labor Statistics. Latest figures: Employment 79.6, Payrolls 70.5.



Indexes of value of sales, 1923-25 average = 100. By months, January 1934 to April 1938. Latest figure, Adjusted 83, Unadjusted 86.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to May 18, 1938. Total deposits, excluding interbank, are adjusted to exclude "float".

Industrial production declined in April, reflecting chiefly reduced activity in the cotton textile and lumber industries. Distribution of commodities increased less than seasonally but continued to be somewhat in excess of production. Commodity prices showed a further decrease.

Production

In April volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 percent of the 1923-1925 average as compared with the level of about 79 percent maintained during the first quarter of the year. The decline reflected, chiefly, considerable reductions in output at cotton textile mills and lumber mills, where there had been moderate increases in production in March. In most other manufacturing industries changes in activity were largely seasonal in character. Output at steel mills continued at around 33 percent of capacity and in the automobile industry showed little change, amounting in April to about 40 percent of the volume of a year ago. In the first three weeks of May production of steel and automobiles was at a lower rate than in April. At mines there was a considerable decline in output of anthracite in April, while bituminous coal production showed somewhat less than the usual seasonal decrease. Crude petroleum production continued in large volume.

Value of construction contracts awarded, which had increased considerably in March, showed little change in April, according to figures of the F. W. Dodge Corporation. Awards usually increase somewhat further in April. In the first four months of this year private residential building was about one-fourth less than in the corresponding period last year, while other private work, particularly industrial and utility construction, was only about one-half as large as a year ago. Awards for public projects were somewhat larger than last year.

Employment

Factory employment and payrolls declined from the middle of March to the middle of April, and the Board's seasonally adjusted index of employment was at 79 percent of the 1923-1925 average as compared with 82 in March and 84 at the beginning of the year. The number employed at automobile factories declined sharply and there were further substantial decreases in the steel and machinery industries and at railroad repair shops. Smaller declines were reported in most other manufacturing industries. Employment at mines and on the railroads also decreased, while in trade there was some increase in the number employed, reflecting partly increased business at the Easter season.

Distribution

Distribution of commodities to consumers showed less than the usual seasonal rise in April. The Board's adjusted index of department store sales was 83 in April compared with 86 in March and 90 at the beginning of the year, and figures for the first half of May indicate a further decrease.

Freight-car loadings also declined from March to April, reflecting largely reduced shipments of miscellaneous freight, and were about 30 percent less than in April 1937.

Commodity Prices

Wholesale prices of industrial commodities continued to decline from the middle of April to the third week of May and prices of agricultural products also decreased somewhat further. Steel scrap, copper, and rayon showed considerable declines and there were reductions in prices of some finished industrial products. It was announced that prices of most finished steel products would be unchanged for third quarter delivery.

Bank Credit

Total loans and investments of reporting member banks in 101 leading cities showed little change during April and the first half of May. Holdings of United States Government obligations increased somewhat, while holdings of other securities and loans declined. Adjusted demand deposits in leading cities increased during the period as a result of expenditures by the Treasury from its balances with the reserve banks. Interbank deposits also increased substantially.

Member bank reserves increased further, reflecting principally Treasury disbursements from its deposits at the reserve banks, including retirement of \$50,000,000 of Treasury bills each week.

Money Rates and Bond Yields

Yields on Government securities declined slightly further in the four weeks ending May 21 to an average for longer-term Treasury bonds of 2.28 percent. The average yield on 3- to 5-year Treasury notes declined to a new low of 0.73 percent. The rate on three-month Treasury bills continued at record low levels, and other open-market money rates remained unchanged.