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In iron and steel and some of the smaller industries of the district, a noticeable pick up occurred in July and the first three weeks of August, but in other lines only slight changes from recent levels were evident. As a result of the earlier-than-usual shut-down of auto assembly plants for model changeovers, however, local conditions failed to reflect the full increase evident for the entire country in July over June, despite the rise in steel production. Sentiment has improved materially, and in August there were reports of some resumption of, or increased operations at parts plants, and tool and die factories. The gains in most cases in these lines have been moderate, and should be considered in connection with developments in the auto industry.

Despite increases of less than one percent in employment at steel plants, glass and miscellaneous factories, and a rise of two percent at lumber mills, three percent at shoe factories, and seven percent at textile plants, total Ohio industrial employment was down one percent in July from June, and payrolls were off 1.5 percent, chiefly as a result of the earlier-than-usual shutdown at auto plants. Compared with last year, Ohio employment was off 30 percent. Preliminary reports point to slight gains in August in several lines, but notably the metal industries.

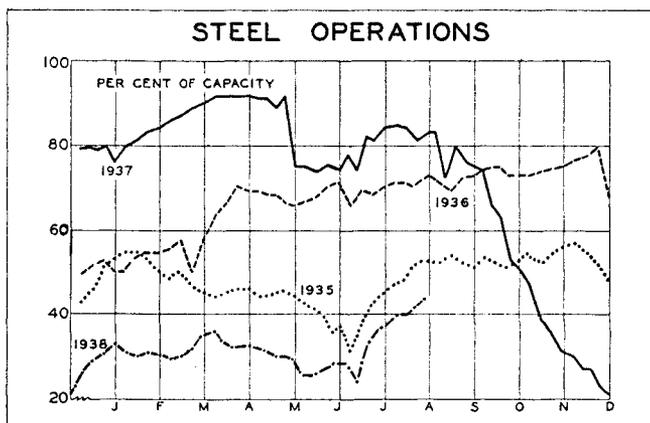
Department store sales in July registered a second increase, after allowing for seasonal variations, but they were still close to 20 percent behind a year ago. In the first three weeks of August they were showing only a slightly smaller loss from 1937 than in the previous month, although in the week ended August 20 sales were down only 14 percent. July and first seven months' retail passenger car sales were off about two-thirds from last year in principal counties of this district. Sales of Ohio prepaid tax stamps for the first seven months of 1938 were 27 percent smaller than a year ago, but since certain goods are exempt from tax, this reduction is larger than the drop in retail trade. Debits to accounts at banks in leading cities were 27.6 percent off in the five weeks ended August 24, and down 22.5 percent for the year to date from similar periods of 1937.

A rather substantial increase in steel mill operations occurred in recent weeks, the national rate rising to about 43 percent in the last week of August, compared with around 35 percent in late July. With the exception of

Pittsburgh, all steel areas in this district were operating at close to or better-than-average rates in the latest week, and gains have occurred at Pittsburgh recently. Lake shipments of iron ore in July increased slightly over June, but ore consumption was still lagging, and ore stocks at furnaces and on Lake Erie docks rose to 35,846,000 tons, which was 23 percent above last year on July 31. Blast furnace activity was increased by the addition of ten furnaces in July, but there were still nearly four times as many idle as a year ago.

July tire production was the highest since last October, and nearly eight percent over June, although Ohio rubber factories reported a reduction in both employment and payrolls in July from the previous month. Auto parts companies reduced operations further in July, but expanded them slightly in August by increasing the number of hours worked, and in a few cases by adding to the number employed. In July, auto parts makers reported 61 percent fewer employes than a year ago. Machine tool and foundry equipment orders advanced slightly; textile, clothing, and shoe plant operations were up; paper and box-board demand was better, and electrical equipment sales increased moderately in late July and early August over previous months.

July cement production was ahead of last year by 3.7 percent, the first increase in 15 months, and lumber companies reported a slight gain in employment, and also a rise in sales. In the construction industry a possible im-



provement was indicated by the fact that contemplated building reported in various parts of the district was two to three times greater than last year at this time, and there was a decided gain over earlier months of 1938 in every field. Actual contracts awarded in this area in July were still behind last year, and for the first seven months a decrease of 33 percent was shown.

Conditions in agricultural areas of the district, from a crop yield standpoint, are above the average of previous years, but estimated farm income is approximately 15 percent lower than in 1937 because of sharply reduced farm prices. They are off nearly 25 percent from a year ago.

FINANCIAL

The contraction in total loans made by reporting member banks in leading cities of the district, which set in last October, continued at a modified rate in late July and the first three weeks of August. While commercial loans exhibited no definite trend in August, on the latest report date they were down \$9,000,000 from the third week of July, and were 17 percent lower than a year ago at this time. Other types of loans were little changed in the four latest weeks and were down less, proportionately, than commercial loans. Total loans made by these banks were 7.3 percent smaller in the third week of August than a year previous.

Investments in other than Government securities increased in the five latest weeks and they were approximately the same as at this time in 1937. The upward trend in these security holdings has continued uninterrupted since the first of June. Investments in Government and guaranteed securities also have increased since that time, but they are still well below August last year. The reduction was 14 percent.

Total credit extended by these reporting banks in late August was at about the same level of the third week of July, but, at \$1,771,000,000 on the latest date, it was 7.6 percent less than a year ago. Total deposits at these banks were down less than one percent from last year, and although they fluctuated somewhat in the five latest weeks, on August 24 they were larger than in the third week of July. Time deposits showed little change in the latest five weeks, but were within \$1,000,000 of the high point of recent years, and they were slightly higher than a year ago. Adjusted demand deposits were up in the four latest weeks, but they were down \$36,000,000, or 3.2 percent from last year. The upward trend in deposits recently has only been partly paralleled by total credit extended by these banks. Expenditure of Government funds through various channels creates deposits at banks without necessarily expanding loans or investments. They do, however, increase either cash or reserves, and excess of the latter over requirements at the reserve bank rose in August to the highest level since early June. On the latest date excess reserves of all member banks in this district were estimated at \$188,000,000. This was 62 percent in excess of those required by law. The recent increase was chiefly at reserve city banks, but, on a percentage basis, excess reserves in this district are about equally distributed between country and city banks.

At the Federal reserve bank, changes in condition figures were of little importance in the five weeks ended August 24. Bills discounted and direct industrial loans declined slightly, but the volume of each was small.

Other earning assets were unchanged in volume in the period.

Circulation of this bank's Federal reserve notes fluctuated around \$405,000,000 in the period with a tendency to increase being evident, though not to the extent that it has been in previous years at this season. Compared with last year, note circulation is down about \$32,000,000.

MANUFACTURING, MINING

Iron and Steel

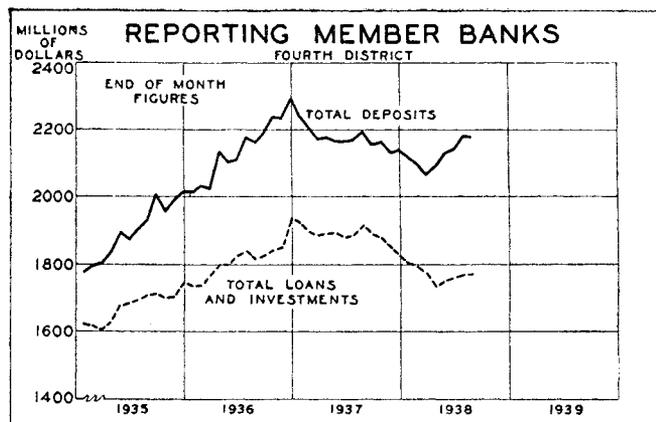
Steel ingot production continued to increase in August above 40 percent of capacity, after a sharp rise during July, accompanied by an upward buying tendency, chiefly from miscellaneous steel consumers. Beginning at 40 percent, the national rate gained 3.5 points during the month.

The rate at Cleveland rose from 23 percent on July 30 to above 40 percent during the latter half of August, while the Pittsburgh rate fluctuated between 29 and 33 percent in the same period. Youngstown operations continued the steady rate of increase started in July, moving from 38 to 43 percent, while Wheeling mills advanced operations from 46 to 54 percent of capacity. Southwestern Ohio plants got up to 65 percent in the two latest weeks, the highest rate in the industry. The steel industry as a whole was operating at the highest rate of the year in what generally is a dull period. According to trade reports, the industry was receiving its chief support from miscellaneous buyers and from structural shape and plate work, while the automobile, railroad, and farm implements industries were reported as purchasing steel in only limited quantities. Shipments of the U. S. Steel Corporation were down in July from June and the smallest of the recent downward movement, but it is more dependent on heavy steel buying than others in the industry.

Railroads are showing little interest, although some small buying is being done in steel for repair and maintenance work, and some rolling stock is being placed each week. Freight car orders on hand on August 1 were the largest this year.

Construction is gaining steadily, and the fall season is expected to see this on a better basis, as soon as public work reaches the bidding stage. Numerous Ohio municipalities voted bonds in August for improvements that will require steel in structural and reinforcing lines and also cast iron pipe.

The automobile industry as yet has given only limited support to steel production even though it is about to introduce new models. A few material and parts orders are



being placed, but they have been very conservative. Most steel buying has been on a hand-to-mouth basis, although it was reported that tonnages placed in the first half of August were larger than in the first half of July. Warehouse business in August also was better than in the corresponding period of July, and orders represent a wide variety of consumers. Number of orders has increased and slightly larger tonnages are involved.

A disturbing factor, to those who regard steelmaking scrap prices as barometric, was the sudden check at mid-August in the composite price of this material, which had been moving upward steadily for several weeks. Quotations dropped 50 cents on nearly all grades in most consuming centers, indicating melters had sufficient stocks for immediate needs and are not interested in additional purchases at present levels. On the other hand, it might be pointed out that the previous advance was very rapid and probably due for a check and adjustment to conditions.

Steel ingot production in July was 1,982,058 gross tons, compared with 1,638,277 tons in June, an increase of 21 percent. Weekly production in July was 448,429 tons, compared with 381,883 tons in June. July production was nearly 57 percent lower than in July 1937, at 4,556,304 tons.

Pig iron output in July gained 10.7 percent in daily rate and 14.3 percent in total tonnage over June, but was still 65 percent below last year. Seven months' output this year aggregated 9,143,882 tons, compared with 23,272,694 tons in the period last year, a loss of 60.4 percent. The number of furnaces in blast, however, registered the first gain since July last year. Active stacks at end of July totaled 77, against 67 in June, and 192 in July 1937.

Coal

A slight increase in activity at coal mines in this district and the entire country occurred in July, compared with June, and continued in the first half of August, but the gain was chiefly seasonal and July output was down about 23 percent from last year. Industrial coal stocks above ground still constitute a retarding factor, for at the rate coal was being consumed in June they represented seven percent more on hand than a year ago, despite the fact that they actually were 27 percent smaller than in mid-1937. Retail coal stocks have been rather well liquidated and are six percent smaller than at this time last year. Electric utility plants had sufficient coal on hand to last 85 days at the present rate of consumption, or a gain of eleven percent over a year ago, while railroad stocks were enough for 27 days, a drop of 40 percent from last year. Other consumers showed inventory positions ranging between these two extremes, with decreases in most cases.

Coal shipments from Lake Erie ports in July were 20 percent larger than in June, a more-than-seasonal gain, but at 4,800,000 tons, they were still 21 percent behind last year. Prior to August 1, 40 percent less coal was shipped this season than in 1937.

Automobiles

With the first of 1939 models already coming from assembly lines, chief interest in this area in industrial circles is centering more on them and sales prospects for the remainder of the year than on the 1938 models and their limited July production. Shifting forward again by about six weeks, the time when new models are likely to be

available, makes it difficult to allow for so-called seasonal changes in various indexes. In 1935, 1936 and 1937, the low point of the year was in September, and the annual shows were in November. This year the shows also are in November, but present indications point to a low rate of assemblies in early August, for slight increases were shown in the two closing weeks of the month as some plants started new models, while others resumed production for a time on 1938 models after a shut-down for vacations and inventory taking. Actual July output was 141,437 cars and trucks, a drop of 19 percent from June, and of 68 percent from last year when 439,000 cars and trucks were made, according to the *Department of Commerce*. Passenger car production was off 70 per cent from 1937 to 106,841 units, while truck output held to within 56 percent of last year with 34,596 units being made in the month. In the first seven months auto production was down 58 percent from 1937 with 1,345,317 cars and trucks being assembled, of which 402,000 were trucks. The decline in passenger car production was twice as great in the seven-month period as in truck output, which was off 31 percent.

The fact that the seasonally adjusted index of automobile production was lower in July than since late 1934 is less significant than that sales in recent weeks did not decline seasonally, and sentiment of the entire industry has improved materially. The *Department of Commerce* estimates that new cars in hands of dealers have dropped to the lowest position since 1934; used car stocks have been decreasing at an accelerated rate, and prices have stiffened. Dealers thus are favorably situated to handle the new cars when they are released, but actual demand will depend on such factors as price, style, and most important, the trend of employment and payrolls in coming months.

Despite this reversal in feeling, however, auto companies have been very reticent about releasing orders for materials beyond needs for the first run of sample cars. Employment and payrolls at Ohio auto and parts factories in July were 6 and 9 percent smaller, respectively, than in June, and employment was down 61 percent from last year. Some scattered improvement was evident in August, both in orders received and actual operations, but employment increases were small, the gain being chiefly in number of hours worked. Since at least one manufacturer is planning to continue production of 1938 models for a time, and not be in production of 1939 models until late October, the trend of assemblies is likely to show "a slow steady rise until the end of October", according to the *Department of Commerce*.

New auto registrations in principal counties of this district in July declined somewhat more than the expected seasonal amount, and in the month and the first seven months of 1938 they were less than one-third of those in similar periods of the previous year.

Rubber, Tires

From the standpoint of replacement demand and size of inventories, of both manufacturers and dealers, the rubber and tire industry has shown improvement in recent weeks. Operations also have increased moderately, those plants doing entirely a replacement business being at or close to capacity under the limited schedules of four shifts of 36 hours per week. Larger manufacturers also have increased operations somewhat, but limited original equipment demand has been a retarding factor to those companies. Employment at Ohio factories, however, was lower in

July than in June. Crude rubber consumption in United States increased in July over June for the first time in many years; at 32,207 tons it was larger than since last November, although still 26 percent behind July 1937. This was the smallest decline recorded from 1937 so far this year, but last July was the first month to show a marked drop in rubber consumption from the high rate prevailing in the first six months. July consumption was the largest for any month, so far in 1938, and it was over 9,000 tons in excess of rubber imported in the period.

Imports, at 22,918 tons, were down 41 percent from last year, and the smallest for any month in the first half of 1938. Crude rubber inventories in hands of manufacturers remain large at 285,000 tons, 70.5 percent in excess of last year at this time, but for three consecutive months rubber stocks have declined moderately. Extension of the rubber export quota at 45 percent, by the International Rubber Regulation Committee, in the face of slightly better demand caused prices to firm and advance to above 16 cents a pound for the first time this year. A year ago rubber was 18 cents, but the low point in April was about 10 cents a pound.

Considerable progress has been made in reducing inventories of finished tires. Manufacturers' stocks on July 31, as reported by the *Rubber Manufacturers' Association*, were 8,201,000 casings, compared with 11,654,000 casings on the corresponding date last year. The reduction from the spring peak has been quite sharp and tire inventories are now at about the level of this time in 1936. At the rate tires were delivered to dealers in July, (shipments were 3,947,000 casings) inventories constituted 2.4 months' supply. The *Department of Commerce* survey of dealers' tire inventories as of July 1, indicated that tires taken from manufacturers' stocks moved into consumers' hands, for dealer tire stocks were reduced eight percent in the second quarter, and were 18 percent smaller than a year ago. Tire stocks at other retail outlets were larger on July 1 than on April 1, but combined distributors' inventories were nearly seven percent smaller than in mid-1937. Dealer tire stocks are smaller than reported in any previous survey, but marketing of tires through oil companies, mail order houses, and manufacturer-owned outlets has increased, and their stocks were slightly larger than a year ago.

July tire production was 3,352,000 casings, the highest since last October, and an increase of 7.8 percent over June, but 21.9 percent below July 1937.

Clothing Employment at men's clothing plants in this district increased ten percent in July over June and payrolls were up 19 percent, both largely seasonal gains indicating activity on fall merchandise, but on a more conservative basis than a year ago, for employment in all textile lines was still down 15 percent. Sentiment in the trade has improved considerably and most plants were operating at fair rates, but advance orders have been received in smaller volume than last year. Unless buying this fall for immediate delivery increases, the season is likely to be shorter than usual.

Retail sales of clothing at department stores were from 18 to 22 percent smaller in July than a year ago, about the same falling-off as in total store sales. Stocks have been reduced through semi-annual clearance sales of seasonal merchandise, but new fall goods have been taken with some

caution since in some cases carry-over from last winter has been rather an important item. This was particularly true of men's wear.

Textile mill activity in July showed a further rise, there being a considerable increase in wool consumption, part of which represented a delay in weaving materials for fall and winter lines. While approximately only half as much wool was consumed in the first half of 1938 as in the corresponding period of 1937, improvement evident in the second quarter continued in July.

Wool prices rose to 73 cents a pound for fine Territory grades at Boston in early August, but reacted to 71 cents in the third week. A year ago it was 98 cents a pound.

Other Manufacturing Many plants in this district recently were affected by developments in the auto industry. Moving forward the time of model changeovers by about six weeks from what it was in the three previous years, caused July operations of many factories to drop lower than in June. Also the industry, so far, has released orders for only a limited volume of cars, and is reported to have done much of its own retooling, and so far has purchased relatively few machine tools, with the result that only moderate gains were shown in these lines in the first three weeks of August over July. Metal products plants in July reported employment down 32 percent from last year, and makers of machinery, and autos and parts showed decreases of 39 and 61 percent, respectively, from July 1937.

Makers of machine tools reported an increase of 17 percent in domestic sales in July over June, and of 38 percent in foreign orders, the combined gain being 28 percent for the month, but in relation to last year July orders were down 49 percent, the bulk of the drop being in orders from domestic sources. Foreign purchases constituted 53 percent of total sales in the latest month, as against 32 percent last year at this time. The slight increase in July was reported more general than in June, and there were indications of further gains in August. Foundry equipment orders in July showed a similar slight increase over June, but both new and unfilled orders were off sharply from last year. Survey of the industry revealed some improvement was expected in August and September in this field.

Electric machinery companies showed a decrease of one percent in employment, and 2.4 percent in payrolls in July from June, and more reported smaller sales than increases in the latest month, compared with June. New business obtained so far this year was off from 40 to 75 percent from 1937, and orders placed recently were small generally. Large capital goods orders are rare. Inventories have been reduced further.

Makers of small tools, engineering appliances, and screw-machine products reported slight improvement in orders in July over June, and further gains in August. Employment changes were small, but some increase in hours worked was evident.

In the glass industry, conditions were varied. Plate glass demand was very limited, inventories are large, and operations at very low levels. Window glass sales, however, have improved recently. Stocks, particularly in dealers' hands, are low and manufacturers' supplies are being further reduced by the orders which specify immediate delivery, in most cases. Production so far this year was about one-third what it was in 1937. Glass container and

molded glass demand receded seasonally in July, but so far this year moderate gains have been experienced. July employment in the entire industry in this district was 20 percent under last year, but up one percent from June. China and pottery sales in the first half of August increased over July, but operations remained unchanged, sufficient inventories being available to supply the additional requirements.

Shoe production at fourth district factories increased 15 percent in July over June, and in August factories were running at a fair rate, though in both periods production was behind last year. The July drop was 14.6 percent, but the seven-month production was 17 percent less than in 1937. Shoe inventories in hands of both manufacturers and retailers were somewhat lower than a year ago. Employment at shoe factories increased three percent in July over June, and payrolls were up 20 percent, both seasonal gains as production was stepped up on fall and winter lines.

A slight demand for paperboard has occurred in recent weeks, and in mid-August the industry was operating at 65 percent of capacity, compared with 58 percent for the year to date. Price reductions earlier in the year brought out orders from various sources, and while container prices remain at low levels, boxboard prices are reported to be showing a firming tendency.

TRADE

Retail For the second consecutive month the seasonally adjusted index of daily average sales at department stores in the fourth district increased. The gain in the latest month resulted from the fact that July sales did not show the usual falling-off from June. Dollar volume, however, was still nearly 20 percent smaller than in July last year, and in first three weeks of August little change from this level was indicated by weekly reports received. These declines are larger than the national average, partly because local retail trade a year ago was above the level for the country as a whole, and since the business contraction has been most pronounced in durable goods industries, including iron and steel, automobiles, and mining, which predominate locally, trade has suffered proportionately more in this district than in the entire country where diversification and the relatively better trade in agricultural areas have buoyed the national figures.

The decrease in July total sales was slightly smaller than in June, but it was greater than the 16 percent decline recorded for the first seven months from the corresponding

period of 1937. Reductions in sales at Cincinnati and Columbus stores were about half as great in July as the average for the entire district, but those areas are less dependent on heavy industry than other centers.

Credit sales in the latest month represented 58 percent of total sales, slightly less than in June, but a little greater than in July 1937. The increase over last year was entirely in regular charge sales, which represented 51 percent of total sales, compared with 47 percent a year ago. Installment sales represented only 7.3 percent of total sales in the latest month as against 10.6 percent last July.

Wearing apparel stores in this area reported about the same sales decline in July as department stores, and furniture store sales were down 36 percent as against 41 percent in both June and the first seven months from last year. Chain grocery and drug sales were off four and nine percent, respectively, in the latest month from a year ago. Both were larger than in June.

While reports have been received that buyers were purchasing merchandise in slightly better volume in anticipation of a possible upswing in retail business this fall, inventory figures of reporting stores in this district failed to show any expansion. Dollar value of stocks on July 31 was 7.5 percent less than a month previous, and down 13.7 percent from last year. The drop from June was greater than seasonal, and the adjusted index receded one point further to 67.8 percent of the 1923-25 average.

Collections held up quite well in July, being 33 percent of accounts receivable at the end of June, only slightly under last year. The reduction was about evenly divided between regular and installment collections.

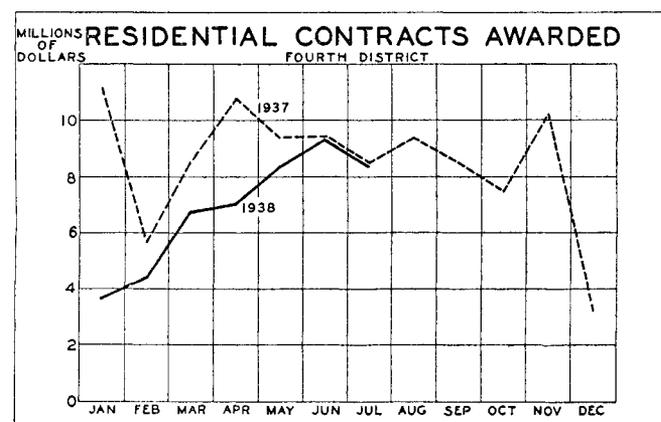
Wholesale

July sales of all reporting wholesale firms in this district were off 29 percent from last year. The declines in June and the first seven months were 26 percent. All lines except automotive supplies, drugs, and electrical goods showed larger reductions in July from 1937 than were evident in June. Firms in Youngstown reported slightly larger sales than in June, but in all other centers a contraction occurred, and, in relation to last year, decreases ranging from 17 to 50 percent were reported in the various cities. Wholesale sales in Cleveland and Pittsburgh were down about 38 percent, while at Cincinnati the drop was 23 percent. Electrical goods, hardware, jewelry, and miscellaneous wholesalers reported the largest decreases in July sales from last year.

Inventories of wholesalers in this area also were further reduced moderately in July, and were 17 percent smaller than a year ago. The decreases in some lines, however, ranged up to 37 percent. Collections were better than in June, but the decrease from last year in July was greater than in the previous month.

CONSTRUCTION

Residential contracts awarded in this district were ten percent smaller in July than in June, but this contraction was less than the average falling-off at this season in previous years. Contracts awarded in this field, at \$8,410,000, were also slightly under July 1937, whereas in the entire country a gain in the residential field was evident. Despite this fact, however, the accompanying chart showing monthly residential contracts awarded since January 1937, indicates moderate improvement in the residential field from the beginning of the year and a narrowing of the spread between last year and 1938, when, after the



April peak, the decline in residential work was quite pronounced.

Throughout the district conditions were not uniform. In western Pennsylvania, July residential contracts awarded were more numerous than in June or July last year, but the value of such awards was up by a smaller amount, indicating that the average cost per new dwelling awarded was less than a year ago. For the seven-month period residential work started in western Pennsylvania was within six percent of the corresponding period of 1937. In Ohio and Kentucky, decreases were shown in July from June, and in July and the first seven months from last year in the residential field, but less public residential work occurred in these areas than in western Pennsylvania.

Comparison of total contracts awarded in this district in July with last year shows a drop of 62 percent, increasing the cumulative decline for the year to date to 33 percent. In July 1937, however, large industrial contracts were awarded in western Pennsylvania which raised that figure to an unusually high level, although in Ohio non-residential contracts awarded in July were less than half what they were in July 1937.

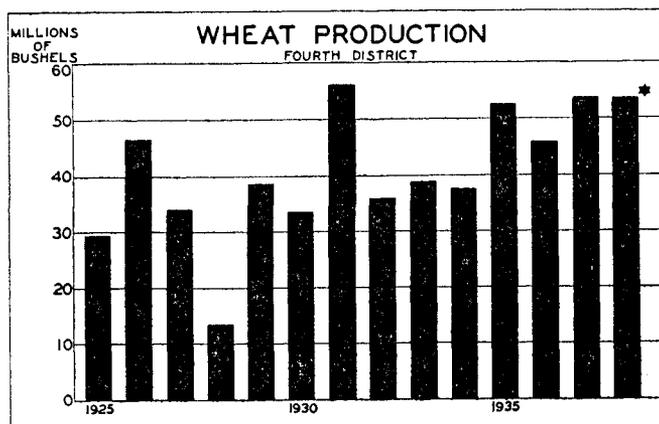
Publicly-financed building of all types constituted 57 percent of all contracts awarded in western Pennsylvania in the first seven months of 1938, and 21 percent in 1937. In northern Ohio, public construction represented only 38 percent of all awards in 1938 to August 1, compared with 24 percent in 1937, while in the Cincinnati area public construction was 43 percent of all work started in 1938, and 37 percent in 1937.

Possible increased activity in the construction field is reflected in contemplated building reported, particularly in the large-scale medium or low-price residential rental field. Recent residential activity has been chiefly in one or two-family houses. Contemplated construction reported in this area in the first seven months was more than double last year, figures in recent weeks increasing over earlier ones this year.

Lumber dealers report conditions just about in line with the contract figures. In western Pennsylvania they are more optimistic than elsewhere in the district. Increased buying of lumber and materials was reported in July over June, partly for inventory purposes. Firming of lumber prices brought out some orders.

AGRICULTURE

The agricultural situation in this district was quite



*Based on Aug. 1 estimate.

favorable in mid-August, so far as crop conditions and prospective yields were concerned, but price weakness in nearly all crops was a disturbing element, and one which was causing reduction in estimated farm incomes. Farm prices in mid-August, according to the *Bureau of Labor's* index, were 22 percent lower than a year ago. The recent decreases in grain prices, with world record production and near record wheat supplies, and in cotton, more than wiped out increases shown in other products in July, and the current index of farm prices was 30 points lower than a year ago.

For the country as a whole, indications in August, according to the *Department of Agriculture*, pointed to yields of a number of important field crops in excess of the generally excellent yields secured last year. Even allowing for less promising prospects of some principal fruits, the August 1 composite of prospective yields per acre was nearly ten percent above the ten-year, 1923-32 average. This would be about six percent below the exceptionally high yields of 1937, but substantially above any other year since 1920. Cotton, flaxseed, and buckwheat are the only field crops which show 1938 prospects below average production. The fact that, compared with 1937, reduced acreages of many crops were planted, is expected to be offset by less than usual loss of acreage, and about an average acreage will be harvested. As a result, a further increase in both feed supplies and food crops is indicated.

In the fourth district, generally favorable weather in July caused prospects for nearly all crops to improve. August 1 estimates of all principal crops in this district were revised upward over the July figures, which, with the exception of oats and tobacco, were somewhat above the ten-year average harvest.

Wheat The accompanying chart shows estimated wheat production in the fourth district for the past fourteen years. The 1938 crop, now estimated at 53,550,000 bushels, is within 200,000 bushels of the record output last year, despite the smaller acreage sown last fall. Yields per acre, particularly in the northern parts of the district, were above the ten-year average and last year's yields, and the grain generally is of better-than-average quality. Little yet is known about acreage curtailment likely to be accomplished in this district on next year's crop which soon will be sown. A general reduction of 30 percent is being sought and additional adjustment payments are being offered as inducements.

Estimated total wheat production for the entire country was reduced slightly in July, but at 956,000,000 bushels, it was within five percent of the record crop of 1915, and exceeded all crops for intervening years.

Corn While corn plantings were rather uneven early in the season, very favorable weather recently has overcome much of this condition in this district. Estimated production has been revised upward to within seven percent of last year's harvest which was the largest in this district since 1925. The indicated yield per acre is about the same as last year, and considerably above the ten-year average, so the smaller crop is due to reduced acreage planted.

Oats The oat crop this year was slightly better than in 1937, but rains at harvest time reduced the quality of grain in many areas. Indicated yield is around 34 bushels per acre, greater than last year, but still less than

average. A good oat crop has not been harvested locally since 1931, largely due to unfavorable weather conditions.

Potatoes This district's 1938 potato crop, estimated at 20,740,000 bushels, is expected to be about 3,000,000 bushels larger than last year's harvest, and slightly in excess of the ten-year average crop. Recent hot weather has damaged potatoes in some sections through development of late blight and the crop was still in a critical condition.

Fruits The light crop of fruit in this district, on the whole, developed satisfactorily in July. Estimated production of all crops, except apples, was raised on August 1, but with the exception of pears a smaller than average crop was indicated for all fruits. Weather has been generally favorable for grape development, and a larger crop is now expected than was estimated earlier in the season. The apple crop is little more than one-third of last year's large harvest, but about two-thirds of the average of recent years.

Tobacco Harvesting of tobacco started somewhat earlier than usual, and on the whole it is reported the best crop ever grown, but not the largest, chiefly because of acreage reduction which followed adoption of a marketing quota for this year. The indicated crop of Burley tobacco is

still nearly 50,000,000 pounds over the first quota set. This is the most important type raised in the fourth district and it is used largely in the manufacture of cigarettes. Warm, damp weather has been harmful to some crops already cut because it has prevented proper curing and drying. Prospects are for a very large acreage yield in most sections. The fourth district crop, all types, is estimated at 128,000,000 pounds, with the exception of last year, larger than in any year since 1931, the recent high record for this area. The *Department of Agriculture* indicates that "the general outlook for all types of tobacco is rather favorable, although less so than last year" Burley tobacco stocks were 80,000,000 pounds larger on July 1, 1938, than a year ago, and they constituted 641,000,000 pounds. As a result of this and the large indicated production, the prospective supply of Burley is six percent above last year.

Wholesale and Retail Trade

(1938 compared with 1937)

	SALES July 1938	Percentage Increase or Decrease SALES first 7 months	STOCKS July 1938
DEPARTMENT STORES (53)			
Akron.....	-27.7	-24.9	-20.1
Cincinnati.....	-11.6	-9.5	-12.0
Cleveland.....	-21.4	-15.9	-16.7
Columbus.....	-10.4	-9.9	-13.1
Dayton.....	-21.3	-21.2	-10.3
Pittsburgh.....	-19.1	-16.3	-11.5
Toledo.....	-23.2	-20.1	-17.0
Wheeling.....	-15.2	-14.8	-7.5
Other Cities.....	-24.3	-18.3	-11.4
District.....	-19.4	-16.0	-13.7
WEARING APPAREL (12)			
Cincinnati.....	-21.3	-21.9	-2.8
Cleveland.....	-23.3	-16.1	-21.3
Pittsburgh.....	-18.3	-15.6	-6.4
District.....	-19.8	-16.7	-10.1
FURNITURE (40)			
Cincinnati.....	-48.4	-46.8	
Cleveland.....	-30.3	-41.3	
Columbus.....	-7.9	-20.5	
Dayton.....	-44.1	-40.3	
Toledo.....	-51.7	-48.0	
Other Cities.....	-51.5	-49.1	
District.....	-36.0	-41.1	
CHAIN STORES*			
Drugs—District (4).....	-9.4	-7.8	
Groceries—District (4).....	-4.1	-4.8	
WHOLESALE TRADE**			
Automotive Supplies (6).....	-13.6	1	1
Drugs (7).....	-11.9	-10.7	-8.6
Dry Goods (8).....	-36.5	-28.9	-33.5
Electrical Goods (16).....	-49.5	-44.7	-31.9
Groceries (62).....	-20.0	-14.9	-10.7
Total Hardware Group (37).....	-41.2	-35.2	
General Hardware (12).....	-35.8	-29.5	-22.7
Industrial Supplies (15).....	-56.3	-49.4	-15.4
Plumbing & Heating Supplies (10).....	-33.0	-29.6	-5.0
Jewelry & Optical Goods (7).....	-43.4	1	-15.5
Leather & Shoe Findings (3).....	-18.9	-15.5	1
Lumber & Building Materials (3).....	-18.7	1	1
Tobacco & its Products (23).....	-6.3	1	-12.6
Miscellaneous (12).....	-44.4	-43.4	+36.9
District—All Lines (184).....	-29.3	-26.2	-17.3

*Per individual unit operated.
**Wholesale data compiled by U. S. Department of Commerce.
1 Not available.

Fourth District Business Indexes

(1923-25 = 100)

	July 1938	July 1937	July 1936	July 1935	July 1934
Bank debits (24 cities).....	73	99	89	73	65
Commercial Failures (Number).....	44	32	36	47	38
" " (Liabilities).....	12	16	13	38	39
Sales—Life Insurance (O. and Pa.).....	64	89	90	90	94
" " Department Stores (48 firms).....	59	71	63	55	51
" " Wholesale Drugs (7 firms).....	91	103	97	84	76
" " Dry Goods (8 firms).....	27	43	43	35	34
" " Groceries (62 firms).....	66	82	86	72	63
" " Hardware (12 firms).....	61	95	83	64	57
" " All (89 firms).....	60	79	78	64	58
" " Chain Drugs (4 firms)**.....	90	99	90	79	69
Building Contracts (Total).....	44	115	90	47	21
" " (Residential).....	49	50	37	25	12
Production—Coal (O., W. Pa., E. Ky.).....	49	73	72	51	59
" " Cement (O., W. Pa., E. Ky.).....	94	91	103	76	83
" " Elec. Power (O., Pa., E. Ky.)*.....	166	188	172	143	134
" " Petroleum (O., Pa., Ky.)*.....	119	131	122	111	113
" " Shoes.....	99	116	118	113	108

*June
**Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	July 1938	% change from 1937	Jan.-July 1938	% change from 1937
Bank Debits—24 cities.....	\$1,968,000	-27.0	\$13,903,000	-22.7
Savings Deposits—end of month				
40 Banks, O. and W. Pa.....	\$ 770,154	+ 1.1	1	
Life Insurance Sales				
Ohio and Pa.....	\$ 61,184	-28.0	480,416	-26.1
Retail Sales:				
Dept. Stores—53 firms.....	\$ 14,123	-19.4	124,592	-16.0
Wearing Apparel—12 firms.....	522	-19.8	5,051	-16.7
Furniture—40 firms.....	593	-36.0	4,530	-41.1
Building Contracts—Total.....	20,894	-61.9	143,404	-33.2
" " Residential.....	8,410	-1.7	48,157	-33.7
" " Commercial.....	508	-27.4	7,326	+42.3
" " Number.....	64 ²	+36.2	575 ²	+54.2
Production:				
Pig Iron—U. S..... Tons	1,213	-65.4	9,144	-60.7
Steel Ingot—U. S..... Tons	1,982	-56.5	12,801	-61.6
Auto—Passenger Car—U. S.....	106,841 ²	-70.4	1,043,358 ²	-60.6
" " Trucks—U. S.....	32,596 ²	-56.0	401,953 ²	-30.7
Cement—O., W. Pa., W. Va. Bbls.	1,132	+ 3.2	4,519	-20.3
Elec. Power, O., Pa., Ky.....				
Thous. K.W.H.	1,397 ³	-11.4	7,703 ⁴	-21.1
Petroleum—O., Pa., Ky..... Bbls.	2,205 ³	-9.2	13,431 ⁴	-2.2
Shoes..... Pairs	5	-14.6	8	-16.6
Tires, U. S..... casings	3,353	-21.9	19,729	-46.5
Bituminous Coal Shipments:				
L. E. Ports..... Tons	4,800	-21.4	14,512	-39.7

¹ not available
² actual number
³ June

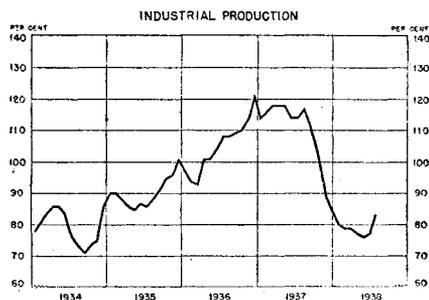
Debts to Individual Accounts

(Thousands of Dollars)

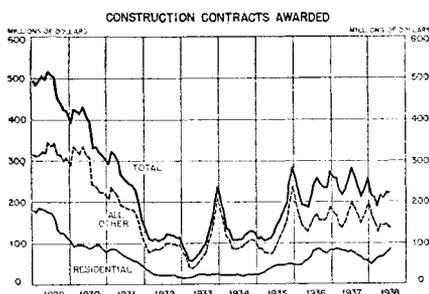
	5 Weeks ended Aug. 24, 1938	% change from 1937	Year to Date Dec. 30, 1937	Year to Date Dec. 31, 1936	% change from 1937
Akron.....	\$ 58,478	-22.1	\$434,888	\$541,152	-19.6
Butler.....	8,633	-28.4	65,186	83,123	-21.6
Canton.....	30,453	-32.7	228,155	315,839	-27.8
Cincinnati.....	301,860	-23.6	2,326,976	2,823,269	-17.6
Cleveland.....	514,280	-27.7	3,798,775	4,952,119	-23.3
Columbus.....	166,142	-17.2	1,245,614	1,475,915	-15.6
Dayton.....	59,055	-26.8	469,166	594,689	-21.1
Eric.....	27,336	-32.6	193,156	263,798	-26.8
Franklin.....	2,998	-19.1	21,863	28,335	-22.8
Greensburg.....	7,299	-17.2	51,972	58,759	-11.6
Hamilton.....	11,096	-30.4	79,366	102,340	-22.4
Homestead.....	3,294	-20.3	22,777	27,085	-15.9
Lexington.....	20,837	-9.2	182,950	201,886	-9.4
Lima.....	14,593	-5.9	108,470	112,081	-3.2
Lorain.....	4,896	-20.6	35,231	42,347	-16.8
Middletown.....	9,552	-24.4	66,445	85,748	-22.5
Oil City.....	9,949	-22.3	73,869	89,484	-17.5
Pittsburgh.....	615,523	-32.4	4,600,137	6,193,109	-25.7
Sharon.....	8,226	-29.6	56,447	73,643	-23.4
Springfield.....	16,900	-19.3	126,552	149,625	-15.4
Steubenville.....	9,404	-27.5	64,811	87,987	-26.3
Toledo.....	114,568	-27.7	823,340	1,089,704	-24.4
Warren.....	8,059	-32.9	61,183	83,343	-26.6
Wheeling.....	27,768	-31.7	208,181	280,928	-25.9
Youngstown.....	41,585	-33.4	294,732	424,832	-30.6
Zanesville.....	8,019	-15.3	57,144	66,411	-14.0
Total.....	\$2,100,803	-27.6	\$15,697,386	\$20,247,551	-22.5

Summary of National Business Conditions

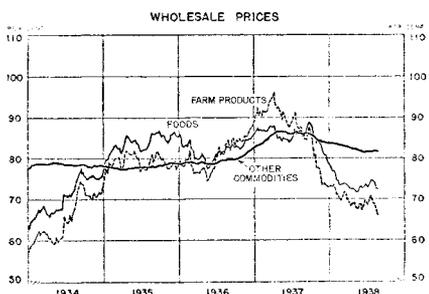
By the Board of Governors of the Federal Reserve System



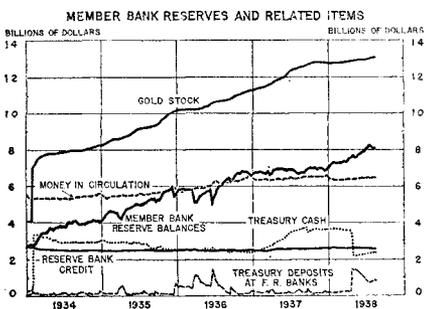
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1934 to July 1938. Latest figure July 83.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for June and July and estimate for August.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending August 20, 1938.



Wednesday figures, January 3, 1934, to August 17, 1938

Industrial activity increased in July, when there is usually a considerable decline, and rose somewhat further in the first three weeks of August.

Production

Volume of industrial production increased from 77 percent of the 1923-1925 average in June to 83 percent in July, according to the Board's index which is adjusted for changes in the number of working days and for usual seasonal variations. Steel output rose sharply, lumber production also increased, and output of cement and glass was maintained. Automobile production declined somewhat further. In the first three weeks of August activity at steel mills was at a rate of around 40 percent of capacity as compared with an average of 35 percent in July, while in the automobile industry there was more than the usual seasonal reduction in output as producers closed plants somewhat earlier than in other recent years to prepare for the shift to new model production.

At textile mills activity in July showed a further rise, marked increases being reported in mill consumption of cotton and wool and in shipments of rayon yarn. Shoe production also increased substantially, following a decline in June.

Bituminous coal production advanced somewhat in July, and output of crude petroleum was at a much higher rate, reflecting chiefly a return to production on a six-day week basis in Texas. Anthracite production decreased sharply following a considerable volume of output during May and June.

Value of construction contracts awarded in 37 eastern States showed little change from June to July, according to figures of the F. W. Dodge Corporation. Contracts for residential building continued to increase, and there was an increase also in commercial building, reflecting the award of a contract for a large office building. Factory construction remained at a low level and declines were reported in most other types of construction.

Employment

Factory employment and payrolls, which usually decline at this season, increased somewhat from the middle of June to the middle of July. There were substantial increases in the number employed at textile mills, clothing establishments, and shoe factories, and at railroad repair shops there was a slight increase. In the machinery and automobile industries employment declined somewhat further. In non-manufacturing industries the principal changes in employment were a decrease at mines and an increase on the railroads.

Agriculture

A domestic cotton crop of 12,000,000 bales was indicated on August 1, according to the Department of Agriculture. Last season the crop was 19,000,000 bales and, with world consumption of American cotton about 11,000,000 bales, the carryover increased sharply to 13,500,000 bales. The wheat crop was forecast at 956,000,000 bushels, as compared with 874,000,000 bushels harvested last year and usual domestic consumption of about 670,000,000 bushels. Production estimates for most other major crops were slightly under the large harvests of a year ago.

Distribution

In July department store sales declined by less than the usual seasonal amount, while sales at variety stores and mail-order houses decreased seasonally. Retail sales of automobiles increased somewhat, although there is ordinarily a decline in July. In the first half of August sales at department stores showed less than the usual seasonal rise.

Freight-car loadings increased from June to July, reflecting chiefly larger shipments of grain, coal, and miscellaneous freight.

Commodity Prices

Prices of grains, cotton, livestock, and meats were lower in the third week of August than in the middle of July, while prices of most industrial commodities were unchanged. Steel scrap advanced further in July, then declined somewhat in the first half of August. Cotton grey goods also declined in the early part of August, while prices of copper and rubber were maintained, following increases in the latter part of July.

Bank Credit

Excess reserves of member banks declined by about \$230,000,000 in the five weeks ending August 17 to a total of \$2,930,000,000, following a steady growth from the middle of April to a peak on July 13. Most of the decrease in excess reserves was at city banks.

Following substantial declines since the autumn of last year, commercial loans and brokers' loans at reporting member banks in 101 leading cities increased somewhat during the first half of August. Member banks in leading cities added about \$170,000,000 to their holdings of investments in the middle of July, mainly United States Government guaranteed obligations, but thereafter their holdings showed little change.