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Industry and trade in the fourth district so far this year have followed a more or less horizontal trend. When allowance is made for the fact that an expansion usually occurs in some of the more important industrial lines at this time of year, the net result was a falling-off of moderate proportions. Several favorable factors were present, however. Chief among them was the relatively high level maintained by the construction industry. Privately-financed contracts awarded in states of the fourth district increased four percent in January over December, a contra-seasonal change. Residential building was 121 percent greater than in January 1938 and the gain continued in the first half of February. The only decrease was in public works construction, the contracts for which in the P. W. A. classification had to be awarded by the year end. A great share of this work yet remains to be done. January contract figures were the largest for that month since 1930.

Many of the consumers' goods industries were operating at fairly high levels in the first part of February. Shoe factories were very active and clothing sales and production were at satisfactory levels for this season. Employment in this field was somewhat above last year and sufficient orders were on hand to permit operations further into the spring than usual. The rubber industry in January showed remarkable gains over last year. Crude rubber consumption was up by 57 percent. This rejuvenation was reflected in Akron retail sales which in late January and the first three weeks of February averaged 19 percent in excess of last year.

Retail trade generally declined in January by more than the usual seasonal amount and, after allowing for such changes, was at about the level of November and only slightly under a year ago. In February, weekly reports showed slight increases over February 1938 in this district. Greater disposition to replace depleted retail stocks was evident in wholesale sales of most lines in January. The average gain over last year, at nearly 200 concerns, was three percent.

Life insurance sales were large in January and the best since 1935. The gain over January 1938 was 48 percent. Liabilities of defaulting commercial firms in January were 40 percent smaller than last year, although the number of failures was down only slightly. Check transactions at banks in leading cities of the district were within two percent of last year.

In the steel industry employment and payrolls in this sec-

tion were lower in January than in December. Little advance buying was evident since prompt deliveries are obtainable. The increase in steel operating rates from the year end low point was moderate and tapered off in February, whereas usually gains are quite pronounced at this season. Current production is more than 25 points higher than at this time last year, but 30 points under the 1937 level of operations. Three more blast furnaces were in operation on January 31 than at the beginning of the year, but still only 50 percent of the total number available were in production.

Releases to automobile parts and material plants in this district were at a lower rate in the first half of February than in January, although they were at a much higher rate than a year ago. Plate glass orders also tapered off. Sales of electrical equipment in January turned up rather sharply from the level that had been evident for several months. Household equipment sales were particularly good and plants in that field were operating at high levels. Inventories continued downward.

Machine tool orders from both domestic and foreign sources rose in January with the former up proportionately more than the latter. Combined purchases were within five percent of the average of 1929. Sources of domestic orders were reported to be the airplane, shipbuilding, and to a moderate degree, the automobile fields. Government purchases also were an important factor, but better diversification of orders was reported than since the depression.

Inventories, where data are available, are not large in most cases, but neither are shortages apparent. Compared with the high levels of a year ago the declines are quite sharp in some fields. Iron ore on hand at lake ports and furnaces on February 1 was under the average for this season in past years. Department store stocks on January 31 were nine per cent smaller than a year ago, and wholesale inventories of all reporting companies were down 13 percent. Additions to inventories are being made very cautiously; in fact, reductions are still under way in several fields.

Employment in Ohio and Pennsylvania declined in January from December, but a contraction generally occurs after the year end. In Ohio, industrial employment was down 1.7 percent and payrolls 5.6 percent, according to the *Department of Labor*. In contrast with last year when the January index dropped 10 points from December, the reduc-

tion was not great, but employment is still under last year's level in most industries and cities.

FINANCIAL

Federal Reserve Bank Credit Federal reserve bank holdings of United States Government securities and of acceptances continued unchanged, and discounts remained in small volume during the five weeks ended February 21. Advances to industry under Section 13-B continued the steady downward trend which has been apparent since the spring of 1936 and fell from \$589,000 to \$464,000. Total deposits at the reserve bank increased to the highest level on record as the Government added to its balance. These operations, plus interdistrict transfers, raised total reserves of this bank to the highest point ever achieved. Reserve deposits of member banks, however, fluctuated within a narrow range slightly below the January level. Federal reserve notes in circulation also showed little change, but remained at a level about 3 percent below the December peak, a seasonal condition.

Member Bank Credit Effective February 8, a slight change was made in the form for reporting weekly condition figures of member banks in leading cities of the district. In order that the substance of the revision might be emphasized rather than its form, the banks were asked to exclude from loans and investments all items which indirectly represented bank premises or other real estate. In this district, approximately \$2,500,000 hitherto reported as loans, and \$3,000,000 formerly designated as other security investments, were transferred to "other assets." Except for these changes, which were purely statistical in character, figures for loans and most types of investments changed but little during the five weeks ended February 21. Holdings of securities fully guaranteed by the Federal government, however, were increased by approximately 15 percent. This type of asset now comprises about nine percent of the total investments of these banks. Member bank investments in direct obligations of the Government and other securities remained practically unchanged in recent weeks.

MANUFACTURING, MINING

Iron and Steel While weekly steel operating rates so far in 1939 have shown a moderate rise from the year end holiday dip, the expansion was smaller than the average increase at that season of past years. In the latter part of February the national rate leveled off as demand for steel products seemed to be marking time. A steady flow of small purchases was indicative of sustained consumption in some lines, according to trade reports, but there was evident a general reluctance to order large quantities or very far ahead.

The national operating rate at the end of January was 51.5 percent, with succeeding weeks at 53, 54 and 55 percent. For the week ended February 25 the rate was unchanged. These rates compared with 30 to 33 percent last year and 76 to 84 percent in 1937. Pittsburgh operations, dependent largely on the heavier steel products, gained two points from 46 to 48 percent in the four latest weeks. At Cleveland there was a dip from 64 to 54 percent and at Youngstown the rate fell from 45 percent to 42 percent, but rose again to 47 percent in the third week of February.

Automotive steel requirements seem to have had considerable influence on the steel rate which at Detroit mills ranged

between 90 and 86 percent of capacity so far this year even though the looked for large orders failed to appear in steel circles outside Detroit. The large purchases last fall apparently provided auto plants with more steel than was indicated when they were made.

Railroads and shipbuilding have afforded considerable support to the market, rail and car programs resulting in moderate tonnages of the heavier products. Rail mills have accumulated considerable backlogs and car builders have a fair volume of orders on books. Also, it is reported that a considerable number of cars will be built in railroads' own shops, bringing further steel tonnages to mills.

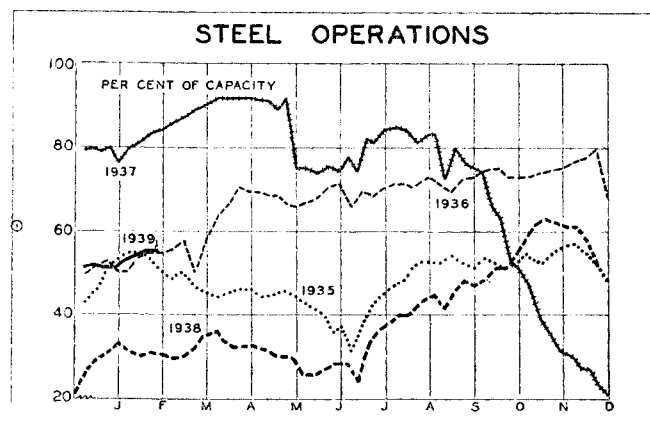
Vessel construction has contributed to prospective steel tonnage, about 75,000 tons being in sight for contracts recently awarded. These include ten cargo boats for the United States Maritime Commission, a total of fifty such craft being planned for this year. Bids also have been opened on two cruisers for the Navy, requiring a large tonnage of steel, but which will be spread over several months.

Structural steel orders for Federal projects have declined since the deadline for new work is passed; mills, however, still have considerable of this material on books for early delivery. Some increase in private building has been noted, but not sufficient to equal the loss in public work.

Pig iron production in January registered a decline of 1.3 percent from December. The daily rate dropped from 71,378 tons to 70,448 tons. This was the lowest daily rate since October, 1938. There were three additional blast furnaces in operation at the end of January over the previous month, but still only 50 percent of the number available were active. January iron ore consumption at lake front furnaces amounted to 2,927,000 tons, a slight decrease from December, but a gain of more than a million tons over January 1938. There were 31,689,000 tons of ore on hand at furnaces and on docks on February 1, a decrease of 18 percent from the large amount on hand a year ago. The twenty-year average amount of ore on hand at this time is just under 33,000,000 tons, about five percent more than the present supply.

Production of steel ingots in January was 3,186,834 gross tons, compared with 3,143,169 tons in December. Except for November, 1938, this was the largest monthly production since October, 1937.

The *American Iron and Steel Institute's* annual statement of iron and steel capacities showed that as of December 31, 1938, total capacity for steel ingots and steel for



castings had increased 1,467,249 gross tons over the previous year. Pig iron capacity on the same date had declined 407,480 tons from the previous year. The total capacity for ingots and castings, 73,062,000 tons, is the highest in the history of the industry. The largest annual quantity ever produced was 54,000,000 tons in 1929. Last year less than 28,000,000 tons were turned out.

In steelmaking scrap the situation is quiet, few tonnage sales being made and prices being unusually steady. Scrap exports continue in moderate volume although no large foreign purchases have been made recently. Steel prices have undergone no basic change and announcements for second quarter are expected shortly. Prices on a few products have been advanced recently to correct discrepancies.

Coal

So far this year bituminous coal production has been in excess of 1938 by approximately 15 percent. Weekly output has tended to rise moderately whereas last year, after a horizontal movement in January, a sharp contraction set in. Recent gains have been attributed to the fact that the miners' wage question must be settled again on April 1, and the trade feels that the coal code is likely to become operative in the near future. These forthcoming events cause dealers and large coal consumers to anticipate their needs somewhat.

Coal stocks above ground increased eleven percent in the last quarter of 1938, but consumption rose at a faster rate, so that total supply, in relation to actual coal being used, was down 13.5 percent in the quarter and was twelve percent under the amount on hand a year before. Industrial coal inventories were down proportionately more than dealers' supplies. Mild weather during most the winter season has been reflected in retail coal sales for household heating.

January production at fourth district mines was 12,689,000 tons. This was a gain of 18.8 percent from early 1938, but conditions were by no means uniform throughout this section. In some areas mines were quite active while in others operations were limited to two or three days a week.

Automobiles

Final production figures, released by the *Department of Commerce*, reveal that, while January output held up better than seasonally in relation to December, the falling-off was greater than preliminary reports indicated. At 339,152 cars and trucks, domestic output was 12.7 percent less than in December, but 62 percent above the low level of a year ago. After allowing for seasonal variations, the Board's auto

production index rose six points to 105 percent of the 1923-25 average, and was higher than since October 1937. Preliminary reports on new passenger car registrations for the entire country show that sales did little more than hold their own in relation to December, and in principal counties of this district January passenger car registrations, although more than twice as large as in January last year, were 27 percent smaller than in December, a somewhat more than seasonal contraction.

January passenger car output was 280,040 units, a gain of 80 percent over the low level of last year, but about 30,000 cars less than in January 1937, the year in which over 4,800,000 cars and trucks were made. In relation to December, January passenger car production was off 14 percent. Truck demand has held up quite well recently, and January output was within five percent of December and nine percent in excess of a year ago. The contraction last year in truck production was less pronounced than in the number of passenger cars made, which accounts for the smaller increase over January 1938.

It is quite evident that January output was in excess of distribution as is usual at this season. One estimate placed the increase in new car stocks in the month at 28 percent. They would still be around 18 percent lower than a year ago at this time when new car stocks were large, but the gain in the two latest months has been quite sharp.

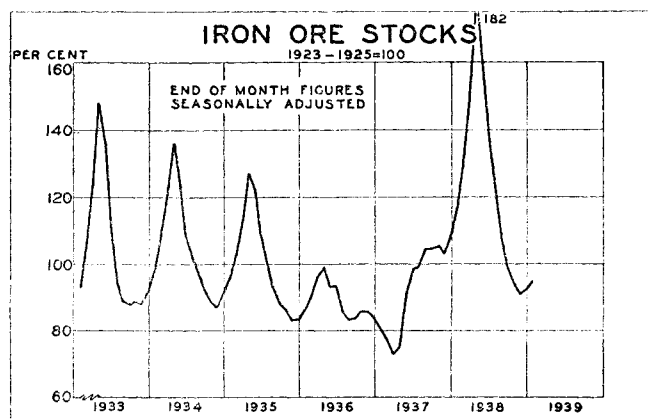
While *Ward's* reports for the first three weeks of February averaged better than 80,000 cars a week, this was slightly under the January figures and other indexes of activity in the automobile industry pointed to a contraction from the January level. Auto parts and accessory plants in Cleveland reported two percent fewer employed at the end of January than in December, while at Toledo employment was down eleven percent. At all Ohio auto and parts factories reporting employment data, a decrease in January from December was evident, but there was a gain over last year. Payroll data indicate a more favorable situation in comparing current operations with last year, the difference being accounted for by the greater number of hours worked per employed individual. Reports regarding February parts and material releases from local factories show them to be down from January by moderate, but varying amounts.

The date for the annual automobile show has been announced as October 15, three weeks earlier than last year. The effect this might have on the industry as a whole cannot be determined at present.

Rubber, Tires

Although tire sales fell off in late January and early February, chiefly seasonal, reports from the rubber industry indicate a continuation of the favorable situation that has been evident for several recent months. Domestic rubber consumption in January remained at a very satisfactory rate. At 46,234 tons, more rubber was used than in any month since June 1937, and the gain over last year at this time was 57 percent. For the tenth consecutive month the industry consumed more crude rubber than was imported and domestic stocks at the end of January, at 238,000 tons, constituted slightly more than five months' supply at the current rate of consumption. This was a sharp contraction from the 1938 peak of over 300,000 tons.

The export quota from rubber-producing countries was extended at 50 percent of the basic quota for the second quarter by the *International Rubber Regulation Committee*.



This permits shipment of around 61,000 tons a month, while world consumption has been running around 90,000 tons monthly. In view of the high level of consumption in recent months, domestic circles were expecting an increase in allowable exports, with the result that crude rubber prices advanced to above 16 cents a pound following the quota extension. Leading tire companies also announced moderate price increases averaging two and one-half percent. The present advance follows one of a somewhat similar amount last November.

Dealer stock figures which recently became available, substantiate the fact that expansion in the tire industry in the fourth quarter of 1938 was chiefly a result of actual demand and not because of tire stocking. At the beginning of the year, tire distributors had eight percent fewer tires than on January 1, 1938 and, with the exception of October 1938, a smaller number than on any date in nearly three years. At the same time manufacturers' tire inventories were nearly 20 percent smaller than a year ago, despite an increase in December. Inventories showed some increase in January because production was maintained at a high rate.

Employment at Ohio factories in January was slightly higher than in December.

In other branches of the rubber industry substantial gains over last year are apparent in output as well as employment and payrolls. The use of rubber in a variety of new ways as well as the improved general situation in contrast with a year ago are responsible for the gains shown. Replacement tire sales in recent months have held up much better than expected for this season.

Clothing

With small inventories generally, and advance buying of both spring and next fall's merchandise in better volume than a year ago, makers of wearing apparel in this area were operating at higher rates in late January and early February than at this season in 1938. It also was reported that sufficient orders are on hand to permit a longer period of peak operations than at this time last year.

The men's clothing branch of the industry seemed to be in better position than others. Inventories of men's apparel at leading department stores of the fourth district were reported to be 17 percent smaller on January 31 than a year previous, but sales during January were down more in relation to the preceding month than at that time a year ago. The January decline from January 1938 in men's clothing sales was 6.5 percent. Manufacturers had less winter merchandise for clearance sales than usual and in some cases the limited stocks were blamed for the smaller sales volume. In mid-February most makers of men's clothing reported operations at capacity, with overtime in a few cases. Employment in January at Ohio factories was slightly greater than in December but still under last year. More hours were being worked generally, however.

While manufacturers are little disposed to build up inventories of either piece goods or finished merchandise, it is necessary at present to order further ahead because deliveries from mills are said to be slow. Local textile plants have been quite active recently. They have enjoyed a very good spring season.

Consumption of apparel wool in December was at the highest level since early 1937 and well above the average for this season in the past ten years. This situation carried over into the year 1939 and prices have remained quite firm.

In the women's wear field, January retail sales were within three percent of early 1938, but sales of dresses were larger than a year ago. Coat and suit departments accounted for all the decline. As a result, at the various spring merchandise showings interest in dresses was good, but coats and suits lagged, according to reports. Inventories generally were stated to be smaller than a year ago. While retail prices of apparel, according to *Fairchild's* index, have shown no appreciable change in recent months, they are from three to five percent lower than in early 1938.

Other

In most lines, operations in late January and early February were at somewhat better levels than a year ago, but under those of 1937. A slight falling-off in early February was reported in some lines, notably those allied with the auto industry.

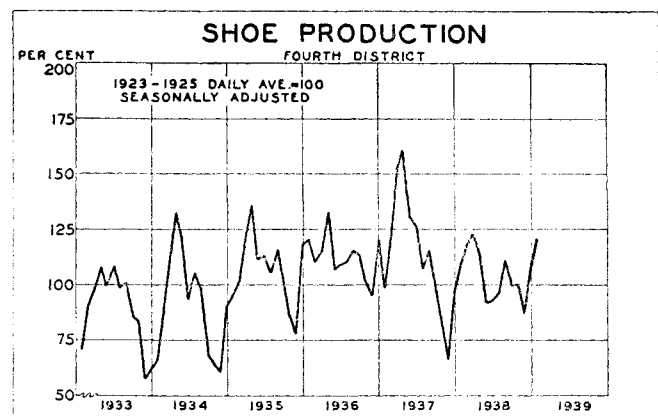
Makers of sewer crock and other clay products have benefited from the large amount of W. P. A. work being done and are operating at better levels than for some time. The improvement in the construction industry also has been a stimulating factor.

Window glass production in January was at 58 percent of capacity, compared with 43.5 percent a year ago at that time. Actual output, at 943,184 boxes, was up 34 percent. Plate glass demand from the automobile industry was smaller in mid-February than a month previous, but orders from other sources have held up quite well and are substantially ahead of this time in 1938. Inventories are reported normal, compared with large supplies a year ago and, while operations are substantially better than last year at this time, there was a slight contraction in early February. Other divisions of the glass industry were operating at somewhat higher levels than in early 1938, but have been marking time so far this year.

Boxboard manufacturers reported a slight accumulation of unfilled orders since the beginning of the year, advancing prices and better production schedules. This was reflected in larger payrolls for those employed. Boxboard inventories are smaller than a year ago, but purchases of raw materials are being held down.

Paint manufacturers, in addition to experiencing a better demand than a year ago, have been building up inventories moderately in preparation for the spring season. This was an entirely normal development.

Demand for electrical equipment, particularly household goods, was considerably improved in January. Wholesalers reported a gain in sales of 17 percent over last year and



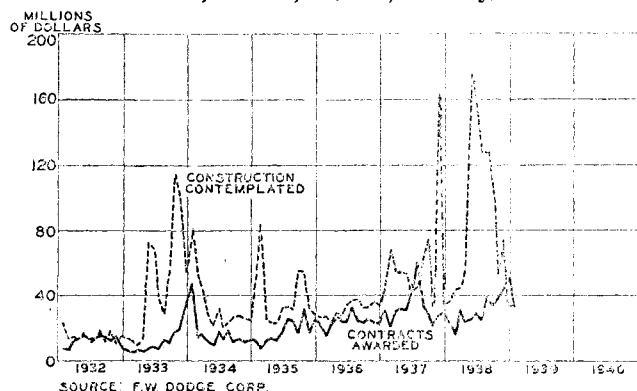
stocks at the month end were 38 percent smaller than at this time in 1938, when inventories were quite large. Orders received by manufacturers in January were somewhat in excess of what they had been running in recent past months. Most of the gain was in the appliance field with little in the machinery or materials classifications. Inventories in the electrical industry are reported lower than in more than two years with the trend still downward. Employment at local concerns in January was 137 percent of the 1926 average, but it was still under last year at that time.

Machine tool buying in January, according to the *National Machine Tool Builders Association*, advanced to the highest point since October 1937, and the index for the month was only five points below the monthly average of 1929. While reports indicated that the domestic situation continued to exhibit strength, foreign orders still constituted a good share of the volume reported in the latest month. Both have improved recently. The January gain over December was quite significant in view of the sharp rise occurring just prior to the year end. The industry seems to be quite spotty, however, with some units extremely active and others quite depressed. New orders for foundry equipment received in January were smaller than in December, but they exceeded shipments by a fair margin with the result that unfilled orders are larger than in December or a year ago. Sales in the latest month, according to the *Foundry Equipment Manufacturers Association*, were nearly 40 percent larger than in the first month of 1938.

Small tool sales this year have been running ahead of 1938, but in February there was a leveling off in demand. Hardware and engineering appliance manufacturers reported a similar condition with inventories down and little purchasing ahead.

With the exception of 1936, January shoe production in this district was the largest for that month ever recorded. Output was 38 percent greater than in December and 13 percent ahead of a year ago. Local factories have been operating at relatively high rates recently and the accompanying chart of seasonally adjusted production was higher than since last March. January retail shoe sales were slightly smaller than a year ago and wholesale sales also lagged. Leather prices have weakened since the beginning of the year and heavy hides are quoted lower than in early 1938. Inventories of both finished footwear and leather are also somewhat reduced from last year and there is little forward buying.

Construction Contemplated and Contracts Awarded, Ohio, W. Pa., W. Va., and Ky.



CONSTRUCTION

Available data regarding developments in the construction industry in this district during January and the first half of February show that private building increased against the seasonal trend, but also reflect a slackening of the rush to start Public Works Administration projects which was evident prior to the January first deadline for putting that program into operation. The *F. W. Dodge Corporation* reports that total contracts awarded during January were valued at \$27,302,000, a decline of 32 percent from the large December total, but still 41 percent above January 1938. Since these figures for contracts awarded include only those projects which are actually started or are due to start within ten days, a large volume of public construction was officially approved before the end of the year, but had not been reflected in data for contracts awarded. The accompanying chart compares the dollar volume of projects actually started in Ohio, western Pennsylvania, West Virginia, and Kentucky with those reported for the first time as being under contemplation. The disparity between contracts awarded and contracts contemplated during 1938 would seem to indicate either that many of the projects then under discussion have been abandoned or have been delayed because of administrative difficulties or other reasons. Large public projects included in the 1938 data as contemplated construction, but on which work was not begun until January, included a flood control dam in Armstrong County, Pennsylvania, a housing development in Toledo, and streets and highways in western Pennsylvania and northern Ohio. Government funds accounted for 64 percent of the contracts awarded during January in this section.

Despite this large volume of public work, the drop in total contracts awarded during January was due entirely to a decline in governmental activity. Private building showed a contra-seasonal gain of four per cent. Contracts for one- and two-family houses held up unusually well for this time of year and were about 75 per cent ahead of the January figures for 1937 and 1938. Part of this improved showing is due to inclusion of a portion of a large small-home project in west Pennsylvania, but in Ohio and Kentucky building of single units for sale or rent as well as by owners was also far ahead of the corresponding month in any recent year.

This strength in home building is reflected in purchasing policies of wholesale lumber dealers, for, according to reports, they are buying three to four months ahead of needs, whereas last year all purchases were on a hand-to-mouth basis. Retail dealers are still keeping inventories low, although they report a large number of orders on their books for delivery as soon as weather conditions permit.

Wholesale

Wholesale trade in the fourth district resisted seasonal factors unusually well during January and fell only ten percent from the December level. As a result of this strength and the low volume of operations at this time last year, total sales by wholesale firms were about three percent larger in the first month of the year than in the same period in 1938. The table on page seven shows that some groups reported substantial increases. Among those showing the best comparisons with a year ago were firms which contribute to remodeling and equipping homes. Wholesalers of plumbing and heating supplies, furniture, and electrical appliances all sold about 17 percent more goods in the first month of this year than in the same month in 1938. The only

groups continuing to show large declines from a year ago were firms selling industrial machinery, equipment, and supplies, or shoes and shoe-making materials.

Inventory data for reporting firms indicate that there was some inclination to expand stocks during January, but this development had not yet become pronounced by the end of the month. At that time they were still 13 percent below those on hand a year earlier.

TRADE

Retail

Retail trade in the fourth district fell slightly more than the usual seasonal amount during January. The adjusted index of department store sales declined to approximately the November level, and for the first time since September, chain drug sales were below those of the corresponding month in the preceding year. Chain grocery stores, although selling 18 percent less goods in January than in December, were, nevertheless, ahead of the first month in 1938. This was also true of retail furniture dealers. In comparison with former years, January department store sales showed up quite well, for they were about the same as in 1938 and only two percent below 1937, when prices were somewhat higher. With these exceptions, in no other year since 1931 was January dollar volume as large as this year.

Detailed figures for reporting stores reveal that home furnishings departments made the best records in comparison with last year. Sales of rugs and floor coverings during January were ten percent larger than a year ago, lamps and shades were up 16 percent, and electrical appliances up 13 percent. Laces, dress trimmings, neckwear and scarfs were down considerably from last year, but their comparative showings have been improving for several months. Most other departments were about the same as in 1938, but sales of wearing apparel shops were five percent below a year ago. In December they were slightly better than in the corresponding month a year earlier.

Department store inventories remained almost constant during January although some liquidation is usual. At the end of the month the seasonally adjusted index was at about the average for the last six months and stocks were nine percent under a year ago.

Collections held up well. At department stores the ratio of collections during the month to accounts receivable at its beginning is usually lower during January than in December. This seasonal development was apparent this year, but the decline was less than in other recent years. Retail furniture dealers reported the same ratio of collections during the month to accounts receivable at the beginning as in December. Their accounts receivable were ten percent under those on the books a year ago, but collections were slightly larger than in January 1938.

AGRICULTURE

Agricultural conditions in the fourth district continued to show little change in January and the first three weeks of February. Prices of dairy products, grain, and eggs declined moderately, while prices of meat animals rose slightly. The general level of prices received by farmers remained at about the average for the year 1938 and 20 percent below 1937.

The effect of these relatively low prices on farm income is shown by data recently made available by the *Department of Agriculture*. The following table shows prelim-

inary estimates of annual cash receipts from principal farm products of the four States in this district, and of the entire country. In these four States, receipts from crops in 1938 were 12 per cent less than in 1937, livestock brought in nine percent less than in the preceding year, and the two combined showed a ten percent drop. Income from crops fell only two-thirds as much in this district as in the entire nation, whereas receipts from livestock showed the same decline here as in the rest of the country. The relatively favorable showing made by Kentucky is due in part to the fact that more of the tobacco crop was sold before the end of the calendar year than was the case a year ago. In spite of unfavorable comparisons with 1937, total cash receipts in the four States were nine percent higher in 1938 than in 1936.

RECEIPTS FROM SALE OF PRINCIPAL FARM PRODUCTS

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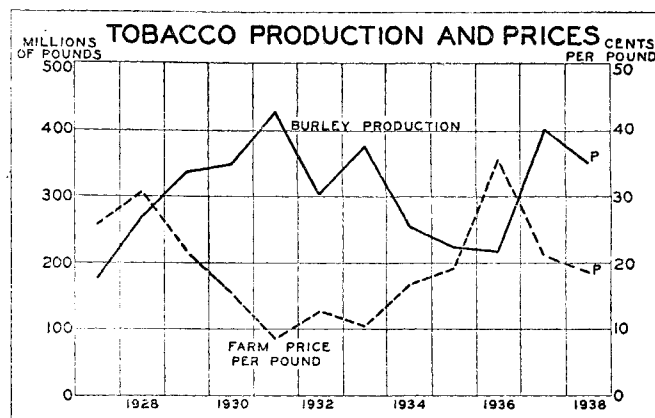
	CROPS			
	1938	1937	1936	1935
Ohio	\$ 85,448	\$100,200	\$ 77,914	\$ 65,524
Pennsylvania	72,343	86,286	55,769	43,309
Kentucky	83,607	88,824	55,669	56,558
West Virginia	9,998	11,386	6,790	6,967
United States	3,160,025	3,845,614	3,462,000	2,813,000

	LIVESTOCK AND LIVESTOCK PRODUCTS			
	1938	1937	1936	1935
Ohio	\$211,631	\$238,384	\$205,726	\$196,947
Pennsylvania	171,968	182,987	170,856	167,944
Kentucky	62,979	68,477	63,800	60,119
West Virginia	27,526	29,794	27,360	26,575
United States	3,990,000	4,361,922	4,171,000	3,674,000

Tobacco

Final results of the 1938 burley tobacco season proved somewhat disappointing to growers, for, although the crop was of unusually fine quality, it was light in weight and prices for the better grades were lower than last year. Total production of this type of tobacco, as reported by the *Department of Agriculture*, amounted to 353,000,000 pounds, ten per cent below earlier official estimates, but still considerably above the 1927-36 average of 293,000,000 pounds. Output in 1937 was 402,000,000 pounds. The accompanying chart shows total burley production and each season's average price for the last eleven years. In most cases a change in quantity produced was accompanied by a contrary change in price. This year, however, both production and average price fell.

Distinguishing features of this season were relatively low prices for high quality tobacco and higher prices for poorer grades. This situation is partly due to the large proportion of good grades, but is also attributed to the fact that during the last few years there has been an upward trend in manufacturers' stocks of this kind of tobacco.



Wholesale and Retail Trade

(1939 compared with 1938)

	Percentage Increase or Decrease		
	SALES January 1939	STOCKS January 1939	COLLEC- TIONS January 1939
DEPARTMENT STORES (54)			
Akron.....	+ 7.1	-10.8	+ 2.4
Cincinnati.....	+ 0.7	- 5.9	+16.2
Cleveland.....	- 3.5	- 7.7	-11.0
Columbus.....	+ 5.0	- 4.4	+ 3.8
Dayton.....	+ 7.2	- 5.3	1
Pittsburgh.....	- 6.7	-12.3	- 8.4
Toledo.....	- 2.8	-11.4	- 5.4
Wheeling.....	+ 7.1	-19.9	- 0.1
Other Cities.....	- 0.4	- 6.2	+ 0.7
District.....	- 1.8	- 9.3	- 3.4
WEARING APPAREL (12)			
Cincinnati.....	-17.3	-13.3	- 9.2
Cleveland.....	+ 0.2	+ 9.1	-10.1
Pittsburgh.....	- 7.6	- 4.8	- 1.6
District.....	- 5.2	- 3.2	+ 6.5
FURNITURE (40)			
Cincinnati.....	- 5.0		- 0.9
Cleveland.....	+ 5.0		+ 1.5
Columbus.....	+ 2.9		+ 3.7
Dayton.....	- 9.2		- 4.4
Toledo.....	-12.8		- 0.6
Other Cities.....	+12.5		- 2.5
District.....	+ 1.8		+ 0.5
CHAIN STORES*			
Drugs—District (4).....	- 0.7		
Groceries—District (4).....	+ 2.3		
WHOLESALE TRADE**			
Automotive Supplies (8).....	+19.9	- 8.1	+12.3
Coal (3).....	+26.1	1	+ 6.6
Drugs (5).....	+ 6.9	1	+22.3
Dry Goods (7).....	+ 9.2	-13.7	- 5.5
Electrical Goods (12).....	+16.6	-38.4	-17.9
Furniture & House Furnishings (3).....	+17.2	1	1
Groceries (57).....	- 4.7	-11.4	- 0.8
Total Hardware Group (36).....	+10.1	-15.1	- 5.4
General Hardware (8).....	+ 2.7	-15.8	- 1.0
Industrial Supplies (14).....	+12.0	-18.3	-14.1
Plumbing & Heating Supplies (14).....	+17.8	- 7.1	- 1.3
Jewelry & Optical Goods (4).....	0.0	-19.2	1
Leather and Shoe Findings (3).....	-18.5	1	+ 4.2
Lumber & Building Materials (7).....	- 2.1	+11.9	- 4.7
Machinery Equipment & Supplies (4).....	-25.5	1	-69.0
Meats & Meat Products (3).....	+ 1.9	1	1
Metals (3).....	+51.2	1	+20.0
Paper and its Products (7).....	+ 7.8	1	+ 5.7
Shoes & Footwear (4).....	-23.3	1	1
Tobacco & its Products (22).....	- 3.0	-12.6	- 9.4
Miscellaneous (9).....	+20.6	- 5.2	+11.9
District—All Lines (197).....	+ 2.7	-13.3	- 3.4

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

Fourth District Business Indexes

(1923-25 = 100)

	Jan. 1939	Jan. 1938	Jan. 1937	Jan. 1936	Jan. 1935
Bank debits (24 cities).....	78	80	96	79	68
Commercial Failures (Number).....	63	64	34	44	73
(Liabilities).....	33	55	27	18	79
Sales—Life Insurance (O. and Pa.).....	109	73	86	87	120
—Department Stores (48 firms).....	67	67	69	58	60
—Wholesale Drugs (5 firms).....	118	111	117	100	97
—Dry Goods (7 firms).....	35	32	46	38	39
—Groceries (57 firms).....	66	69	70	70	70
—Hardware (8 firms).....	54	53	75	55	49
—All (77 firms).....	62	63	72	65	64
—Chain Drugs (4 firms)**.....	91	91	95	86	77
Building Contracts (Total).....	57	41	60	38	24
(Residential).....	48	22	65	23	11
Production—Coal (O., W. Pa., E. Ky.).....	70	59	84	77	74
—Cement (O., W. Pa., E. Ky.).....	24	22	33	12	5
—Elec. Power (O., Pa., Ky.)*.....	209	193	207	175	152
—Petroleum (O., Pa., Ky.)*.....	117	128	127	108	106
—Shoes.....	123	109	98	124	98

*December.
**Per individual unit operated.

Fourth District Business Statistics

(000 omitted)

	January 1939	January 1938	% change from '38
Fourth District Unless Otherwise Specified.....	\$2,119,000	\$2,165,000	- 2.1
Bank Debits—24 Cities.....	\$ 779,948	780,963	- 0.1
Savings Deposits—end of month 40 banks, O. and W. Pa.....	\$ 104,933	70,757	+48.3
Life Insurance Sales: Ohio and Pa.....	\$ 15,868	16,157	- 1.8
Retail Sales: Dept. Stores—54 firms.....	\$ 662	698	- 5.2
Wearing Apparel—12 firms.....	\$ 537	527	+ 1.9
Furniture—40 firms.....	\$ 27,302	19,379	+40.9
Building Contracts—Total.....	\$ 8,264	3,736	+121.2
Residential.....	\$ 1,459	2,435	-40.1
Commercial Failures—Liabilities.....	92 ¹	94 ¹	- 2.1
Production: Pig Iron—U. S..... tons	2,184	1,445	+51.1
Steel Ingot—U. S..... tons	3,187	1,733	+83.9
Auto—Passenger Car—U. S.....	280,040 ¹	155,505 ¹	+80.1
Trucks—U. S.....	59,112 ¹	54,023 ¹	+ 9.4
Bituminous Coal, O., W. Pa., E. Ky. tons	12,689	10,681	+18.8
Cement—O., W. Pa., W. Va..... bbls.	294	261	+12.6
Elec. Power, O., Pa., Ky..... Thous. k.w.h.	1,751 ²	1,691 ²	+ 3.5
Petroleum—O., Pa., Ky..... bbls.	2,166 ²	2,562 ²	- 8.3
Shoes..... pairs	8	8	+12.9
Tires, U. S..... casings		2,743	

¹ Actual number
² December
* Confidential

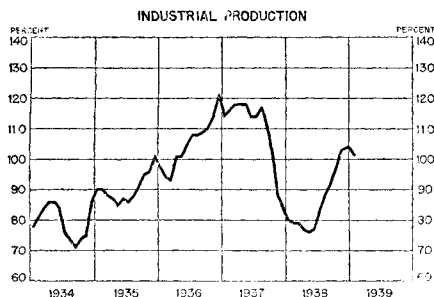
Debits to Individual Accounts

(Thousands of Dollars)

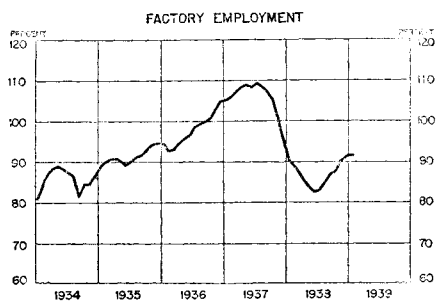
	5 Weeks ended Feb. 21, 1939	% change from 1938	Year to Date Dec. 29, 1938 to Feb. 21, 1939	Year to Date Dec. 30, 1937 to Feb. 23, 1938	% change from 1938
Akron.....	\$ 63,910	+ 7.2	\$ 110,942	\$ 104,132	+ 6.5
Butler.....	8,915	+ 1.2	15,105	16,684	- 9.5
Canton.....	34,007	+ 8.9	57,748	55,596	+ 3.9
Cincinnati.....	337,090	+ 2.2	564,517	563,266	+ 0.2
Cleveland.....	554,963	+ 7.4	992,679	901,770	+10.1
Columbus.....	170,667	+ 4.2	286,552	283,263	+ 1.2
Dayton.....	64,652	- 2.1	110,952	116,542	+ 4.8
Eric.....	27,039	- 4.5	45,841	49,056	- 6.6
Franklin.....	2,854	- 8.8	4,720	5,394	-12.5
Greensburg.....	7,189	+ 0.4	12,015	12,227	- 1.7
Hamilton.....	11,376	+ 0.5	18,818	18,717	+ 0.5
Homestead.....	2,983	- 4.2	4,943	5,320	- 7.1
Lexington.....	33,812	- 9.3	66,327	70,477	- 5.9
Lima.....	12,521	-16.9	22,874	25,800	-11.3
Lorain.....	4,709	- 3.0	8,077	8,273	- 2.4
Middletown.....	10,779	+17.6	17,402	15,158	+14.8
Oil City.....	10,306	- 6.0	16,896	18,460	- 8.5
Pittsburgh.....	686,695	+ 1.8	1,117,865	1,159,432	- 3.6
Sharon.....	8,686	+ 0.6	14,267	14,605	- 2.3
Springfield.....	17,524	- 2.6	29,834	31,445	- 5.1
Steubenville.....	9,248	+ 8.1	15,366	14,880	+ 3.3
Toledo.....	118,882	+ 5.4	204,411	199,766	+ 2.3
Warren.....	8,934	+12.4	15,239	13,905	+ 9.6
Wheeling.....	31,964	+17.7	53,177	50,007	+ 6.3
Youngstown.....	42,254	+ 5.4	72,230	71,125	+ 1.6
Zanesville.....	8,266	+ 5.3	14,195	13,430	+ 5.7
Total.....	\$2,290,225	+ 3.5	\$3,892,992	\$3,838,730	+ 1.4

Summary of National Business Conditions

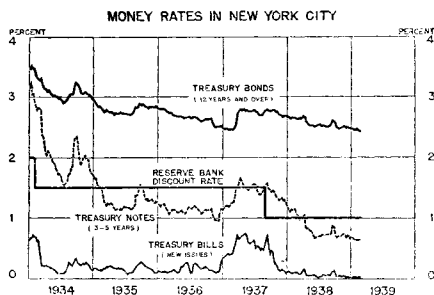
By the Board of Governors of the Federal Reserve System



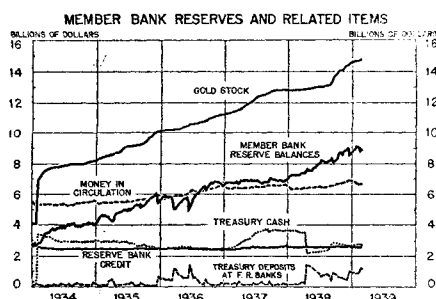
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1934 to January 1939. Latest figure 101.



Index of number employed, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1934 to January 1939. Latest figure 91.5.



For weeks ended January 6, 1934 to February 21, 1939.



Wednesday figures, January 3, 1934, to February 15, 1939.

Industrial production increased less than seasonally in January and the first three weeks of February, following a rapid advance in the latter half of 1938. Wholesale commodity prices continued to show little change.

Production

In January, volume of industrial production, as measured by the Board's seasonally adjusted index, was at 101 per cent of the 1923-1925 average as compared with 104 in December. At steel mills, where activity usually increases considerably at this season, output in January and the first three weeks of February was at about the same rate as in December. Automobile production declined seasonally in the first two months of the year as retail sales showed about the usual decrease and dealers' stocks reached adequate levels. Output of cement declined in January, and there was also some reduction in output of lumber and plate glass. In the non-durable goods industries, where production had been at a high level in December, activity increased less than seasonally. Increases at cotton, silk, and tobacco factories were smaller than usual and at woolen mills there was a decline. Shoe production and sugar refining continued in substantial volume, and activity at meat-packing establishments showed little change, following a decline in December. Mineral production increased somewhat in January, reflecting an increase in output of crude petroleum.

Value of construction contracts awarded declined in January, according to F. W. Dodge Corporation figures, owing principally to a reduction in awards for publicly-financed projects, which had been in large volume in December. Contracts for privately-financed residential building continued at the recent advanced level, while awards for private nonresidential building remained in small volume.

Employment

Factory employment and payrolls showed the usual decline between the middle of December and the middle of January. In most individual industries, as well as in the total, changes in the number of employees were of approximately seasonal proportions. In trade, employment declined somewhat more than is usual after Christmas.

Distribution

Sales at department and variety stores and by mail order houses showed the usual sharp seasonal decline from December to January. In the first two weeks of February department store sales continued at the January level.

Volume of freight-car loadings in January and the first half of February was at about the same rate as in December.

Commodity Prices

Wholesale commodity prices generally continued to show little change in January and the first three weeks of February. Grain prices declined somewhat, following a rise in December, while prices of hogs increased seasonally. Changes in prices of industrial materials were small.

Bank Credit

Excess reserves of member banks, which reached a record high level of \$3,600,000,000 on January 25, declined somewhat in February. This decline resulted chiefly from a temporary increase in Treasury balances with the reserve banks representing cash receipts from the sale of the new United States Housing Authority and Reconstruction Finance Corporation notes. Purchases of these notes were also responsible for an increase in total loans and investments of reporting member banks in 101 leading cities, following a decline during January.

Money Rates

Average yields on United States Government securities declined further during the first three weeks of February to about the lowest levels ever reached. New issues of 91-day Treasury bills, after selling at par or at a slight premium in late December and early January, were again on a slight discount basis during February. Other open-market rates continued unchanged.