

MONTHLY BUSINESS REVIEW

Covering financial, industrial
and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

Vol. 21

Cleveland, Ohio, April 29, 1939

No. 4

Business conditions in the Fourth Federal Reserve District during the latter half of March and the first three weeks in April reflected a slowing-down in industrial activity. A decline in incoming orders and an inclination to postpone commitments seemed to be the general pattern. The national steel operating rate fell from 56 percent of capacity in mid-March to less than 50 percent at the end of April. Automobile production increased less than seasonally during March and April. Retail sales fluctuated at a level higher than last year, but considerably below 1936 and 1937, and dealers' stocks of new cars reached a seasonal peak in March. In mid-April, parts producers reported a reduction of releases on materials used in current models. This recession in the automobile field also affected plate glass and tire manufacturers. Rubber companies, however, continued to report favorable replacement demand for tires. Producers of other durable consumers' goods, such as watches, furniture, and china, likewise experienced a recent falling-off of demand, but nondurable products such as clothing and shoes continued to move in satisfactory volume. Department stores had an Easter business about five percent larger than last year.

Coal mining operations were at a virtual standstill during April because of failure of miners and operators in the Appalachian field to reach agreement on terms for renewal of contracts which expired March 31. Fuel shortages are reported to have forced a few plants to curtail production schedules, but this has not yet become general. Railroad carloadings, however, showed a marked drop when the mines were closed. Electric power consumption in the mining regions has also been affected, but power companies report a decline somewhat less than loss of the coal load would indicate.

Prices of steel scrap and other industrial raw materials, with the exception of coal, reflected a slowing-down of operations and fell somewhat in the latter half of March and the first three weeks of April. Prices of livestock and dairy products also declined.

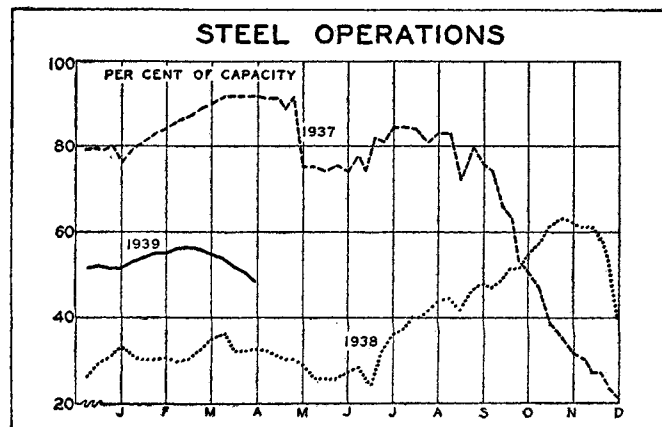
The recent hesitancy apparently was not felt strongly in March and many indexes of that month's activity showed expansion over February levels. Machine tool orders reached a new high for the recent recovery movement, and tire shipments were in larger volume than in any other month since August 1937. Consumption of crude rubber

was the largest since June of that year. Tire inventories at the beginning of April were down from last year by four percent. Preliminary Ohio industrial employment figures, as reported by the *Department of Labor*, showed a slight gain over February in both number employed and payrolls, with the latter rising a little more than the former. Employment and payrolls at automobile parts makers rose ten percent during March, while the number of workers at men's clothing establishments showed a gain of four percent. Payrolls at these plants, however, rose 18 percent over the preceding month.

Contracts awarded for residential construction in this district during March were in better volume than in any other similar month since 1929. Most of this work was to be done for private interests. Total contracts remained at much lower levels than at the end of 1938 because of the absence of a large volume of public construction. In spite of favorable data regarding construction contracts, building supplies dealers have been disappointed by the slowness with which they have been reflected in demand for their products.

FINANCIAL

Member Bank Credit Developments in the local financial field during the latter part of March and the first three weeks of April continued to reflect ease in the money market. Weekly reporting member banks in leading cities of the district, however, ex-



panded their loans for commercial and industrial purposes to a small extent. Loans for all other purposes remained practically unchanged. Investment holdings were similarly constant, with the exception of United States Treasury bonds, which showed a small increase. Some country bankers say they are shifting from Government bonds into F.H.A. insured mortgages, but this does not appear to be generally true of city institutions. Deposits at weekly reporting banks remained at their recent high levels and on April 19 were twelve percent larger than a year previous. On the same date, reserve balances with the Federal reserve bank reached another all-time high. They were approximately 60 percent in excess of requirements.

A report on rates charged on new commercial and industrial loans made by banks in Cleveland, Pittsburgh, and Cincinnati during the last half of March shows little change from a similar report covering the first half of September. Rates ranged from one to seven percent, with the largest number of loans being made at six percent, but the largest amount of money loaned was at rates ranging from one and one-half to four percent. In the March period, a much larger volume of funds was loaned at four percent than in September. Only one reporting bank made loans at seven percent. These loans were said to have been collateralized by accounts receivable.

Federal Reserve Bank Credit Member banks made little use of the discount facilities of the Federal reserve bank during March and April. In the week ended April 19, however, bills discounted were increased somewhat over their previous low levels. Holdings of Government securities were reduced slightly at the end of March pursuant to the regular quarterly reallocation of the System's open market account. Advances made directly to industry continued to decline as repayments exceeded new borrowings. Federal reserve notes in circulation have remained at approximately the same level since the middle of January.

MANUFACTURING, MINING

Iron and Steel Weakness apparent in the steel industry in March, when operations failed to make the customary seasonal advance over February, became more evident in April. The national production rate declined from 55 percent of capacity in the last week in March to less than 50 percent in the corresponding week in April. In most sections of this Federal reserve district, operations were curtailed even more than the national average. The Cleveland-Lorain area dropped from 54.5 percent of capacity in the middle of March to 36.5 percent in the week ended April 22, and Youngstown and Cincinnati reduced rates about ten points each. In the Pittsburgh district the loss was the same as the drop in the national average. The decline in total output was much larger than seasonally expected, for the Board's index allows for a drop of less than two percent from March to April.

The most recent curtailment in operating rates is attributed in part to desire to conserve fuel supplies pending resumption of coal mining activities in the Appalachian region. The trade, however, is said not to believe that lack of fuel has yet become the deciding factor. Steel consumers have been very hesitant and have bought for current needs only. No accumulation of stock is evident, and

the threat of reduced activity because of fuel shortage has apparently brought forth no fresh steel purchases. In fact, orders appear to be mainly of the fill-in variety.

Since inventories of steel consumers are said to be low, producers view the current decline in operating rates as a direct reflection of the activity of major consuming groups, many of which seem to have passed their seasonal peaks earlier than was expected. Structural steel purchases continue to be the bright spot in the industry, and can companies are reported to be releasing orders in better volume than a few weeks ago. Railroad buying, which was larger than anticipated in the first quarter, was in moderate volume during April. Shipbuilding has contributed considerable tonnage in the last few months, with further buying in prospect. Steel for these purposes is delivered over long periods as the work progresses and mills are now said to be operating on such backlogs rather than on immediate needs.

Curtailed steel mill operations have lowered demand for steelmaking scrap and, while supplies apparently are not large, prices have reflected the drop in operating rates. The magazine *Steel's* composite price for steel scrap declined from \$15.04 per ton at the end of March to \$14.46 late in April.

Lower steel production is also reported to have affected plans for ore movement. Lake shipping firms are said to have delayed outfitting boats and have reduced the number planned to be put into operation. A late start is regarded favorably by the industry, for it results in steadier operations through the greater part of the season. As of April 1, stocks of ore on lower lake docks and at furnaces were sufficient for approximately eight months' consumption at the March rate. Certain grades, however, are said to be depleted more than others. In order to build up supplies of these grades, therefore, some ships which would ordinarily carry coal on their trips to upper lake ports may be dispatched light, according to reports.

Pig iron production during March was at the highest daily rate since October 1937. Output during the month was 2,392,629 gross tons, a gain over February of about five percent.

Coal Failure of coal miners and operators in the Appalachian area to reach agreement on terms for renewal of contracts expiring March 31 brought mining operations in most parts of the fourth district to a virtual halt during April. In Kentucky, however, mines unaffected by the shutdown increased output considerably. Production during the first quarter was estimated to have been about 27 percent higher than in the same period a year ago. This improvement was partly a reflection of better business conditions, but some stocks were built up in anticipation of the shutdown. Nevertheless, coal output declined more than seasonally during March and the Board's index fell two points to 77 percent of the 1923-25 average.

In the latter part of April most major coal consumers were reported to have stocks on hand sufficient for 30 to 90 days, but retail dealers were said to possess only a few weeks' supply. A few plants were reputed to be curtailing operations to conserve fuel. Coal at Lake Erie ports which had been consigned to the upper lakes was being diverted to local consumption. Some coal already on the boats was unloaded to add to available supplies. The small

amount of coal on the market brought considerably higher prices than in March.

Automobiles

As shown by the accompanying chart of weekly automobile production, assemblies showed a slight tendency to rise during March and April. The March increase over February, however, was less than seasonal, and the Board's adjusted index of automobile production fell seven points to 91 percent of the 1923-25 average. The April rise also appears to be slightly less than seasonal, and a further decline in the index is indicated. Domestic production of passenger cars and trucks during March amounted to 371,940 units, according to the *Department of Commerce*. First quarter output was slightly in excess of one million vehicles, which was a gain of 75 percent over last year, but still 18 percent below 1937. The March rise over 1938 was 72 percent.

Favorable weather conditions in the last ten days of March were said to have helped retail sales considerably, and new passenger car registrations in seven major Ohio counties made a more than seasonal gain from February to March. First quarter sales in these counties were 80 percent in excess of the same period last year. Deliveries to customers in the whole country, however, were reported by the *Automobile Manufacturers Association* to have been slightly under production for the domestic market. Preliminary estimates placed dealers' stocks at the end of March at a level four percent above the same date last year. On the basis of March sales, inventories were reported to represent about six weeks' supply, while a year ago they were sufficient for nine weeks' sales. Retail sales during April are said to have followed a pattern very similar to that of March, with sales lagging during the first twenty days of the month.

Purchases of parts and materials by automobile manufacturers are reported to be in a very conservative volume. Parts releases in mid-April were said to be approximately ten percent under the March level. No cancellations were being received, but hold-ups on orders were apparently gaining momentum. Preparations for introducing new models earlier this year than last were reported to be under way. Steel operating rates also reflected cautious buying by automobile companies, for the largest declines were in areas which depend on the automotive industry for a large portion of their business. In late April, steel producers said that both parts suppliers and automobile manufacturers were buying most conservatively, but that inventories were

down and any changes in assembly schedules were having almost immediate effects on steel demand.

Rubber, Tires

The rubber industry continues to report a very favorable volume of business. Shipments of pneumatic casings during March amounted to 4,582,655 units, the largest monthly total since August 1937. March shipments were 23 percent above the February figure and 64 percent larger than in March last year. Shipments during the first quarter showed about the same year-to-year gain as in March. Production held at a higher level than shipments during the first quarter, and stocks were built up in preparation for seasonal expansion in the replacement market. At the end of March, however, inventories were still four percent under those on hand the same date last year, and producers did not consider them excessive in view of better conditions in both original equipment and replacement markets than was true a year ago.

In mid-April, however, some tire producers reported a slight curtailment of operations because of poorer releases from new car manufacturers. Replacement demand was said to be maintaining its recent high levels and no cancellations were being received from dealers.

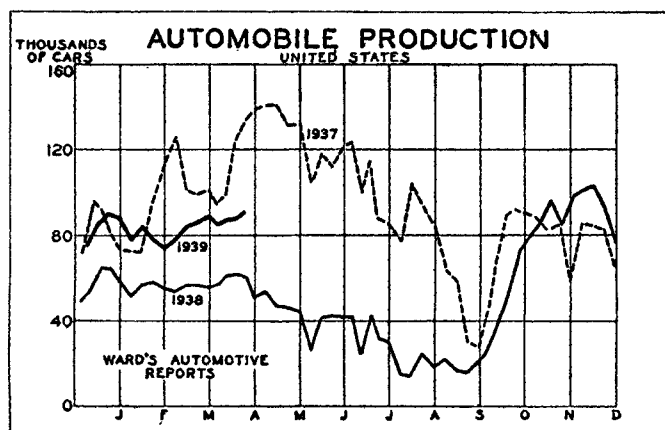
Crude rubber consumption, as reported by the *Rubber Manufacturers Association*, reflects the strong situation in the tire industry. Rubber consumed during March amounted to over 50,000 tons. This was the largest amount consumed since June 1937. During the first quarter, consumption exceeded imports by about 24,000 tons and inventories declined to a little less than 220,000 tons at the end of March. At the current rate of consumption, the supply was sufficient for about four and one-half months.

Textiles and Clothing

With sales of weekly reporting department stores in April running about five percent above comparable periods last year, March department store sales of women's ready-to-wear dresses, coats, and suits, twelve percent above 1938, sales of men's clothing by the same stores twenty percent ahead of last year, and apparel stores reporting a twelve percent gain, clothing and textile manufacturers continue to report a favorable volume of business. The March figures for retail trade are distorted to a degree by the fact that Easter was one week earlier this year than last, but this factor does not seem sufficient to account for the entire gain.

Unlike many of the more durable lines, clothing manufacturers reported no noticeable weakness in incoming orders in early April. Shipments of spring and summer merchandise during the month were said to be in heavy volume. The only cancellations being received were attributed to late deliveries. In mid-April salesmen were making their first trips with fall lines and reported substantial increases in orders over those received in the comparable period last year. Employment at these plants fell somewhat during March as the peak of spring trade was passed, but some firms are planning to embark on fall business with a much shorter than usual lay-off between seasons.

Consumption of apparel wool in the United States during February, the latest month for which figures are available, was less than in January. When allowance is made for the shorter month, however, it was eight percent



greater than in the first month of the year. This increase was more than seasonal.

Other

Manufacturing In many manufacturing lines, business sentiment took a turn for the worse in the latter part of March and the first three weeks of April. Incoming orders were received in good volume in March, but a noticeable falling-off of new business occurred in many fields thereafter.

The machine tool industry is typical of this pattern, for it continued to advance in March, but experienced a feeling of hesitancy in the first three weeks of April. *The National Machine Tool Builders Association's* index of new orders rose eighteen points in March to a level 85 percent above average monthly shipments in 1926 and thirty points above the average of new orders received in 1929. The gain during March was reported to be due almost entirely to domestic business, and was participated in by a somewhat larger portion of the industry than has been the case in recent months. In early April, however, tool makers reported declines in new orders ranging from ten to fifty percent. Some firms reported hold-ups on orders already on the books, whereas others said the little business they were receiving was for rush delivery, thus indicating that necessity buying was the largest part of their business. These producers were not reducing the number of men employed, but hours had been shortened somewhat.

Foundry equipment was likewise subject to increased demand in March, and new orders received were about five percent larger than in February. Shipments also rose, but not as fast as new business, and unfilled orders at the end of the month were nine percent higher than at the beginning. This increase followed a gain of 15 percent in February.

Window glass production rose from 50 percent of capacity in February to 56 percent in March, but producers of both window and plate glass reported fewer orders in April than in the previous month. Operations, however, were being held at the March level. Inventories were low, and no curtailment of production was expected unless the decline in orders indicated a degree of permanency. Loss of new business was reported from many lines, but particularly the automobile field.

Box and boxboard manufacturers reported very good volume during the month of March, with a falling-off after Easter business was completed. The decline this year seems to have been more than seasonal. The paper board industry did a heavy volume of business during the first quarter of the year, but in April operating rates for the entire industry are reported to have dropped from 75 percent of capacity to 65 percent. Orders, which were slightly above production rates in mid-March, are now said to be slightly below. Employment has not been reduced, but fewer days are worked each week. Producers of fine paper, on the other hand, show little change in the last month. Inventories of finished products were reduced during the first quarter, but number of employees and of hours worked was the same in mid-April as they were a month earlier. A slight tendency toward higher wages was noted.

Durable consumers' lines reported experiences similar to those of makers of producers' goods. In the dinnerware plants of the ceramic industry, for example, production

showed some increase during the month of March and early April, but orders are said to have fallen off recently and a curtailment of operations is expected by the trade. The decrease in orders is somewhat earlier than usual. Watch makers report similar conditions, with March orders about the same as in February, and first quarter shipments about 50 percent ahead of last year, but new business falling off in April. Production, however, is being maintained on an even keel. Furniture manufacturers have slowed down considerably, according to reports, and lumber dealers specializing in quality woods have experienced a marked decline in incoming orders during the past month. They report very few orders for future shipment.

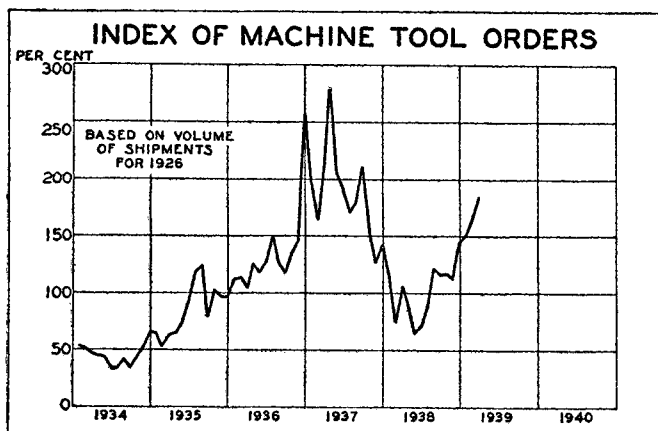
More shoes were produced in fourth district factories during the first quarter of the year than in any other similar period since 1923. The gain over last year was six percent. Output during these three months was remarkably stable, but showed a slightly rising tendency as the spring advanced. March production, on a daily average basis, was three percent ahead of January and thirteen percent above March 1938. Retail sales, however, suffered from the late spring, and some manufacturers are reported to have experienced a falling-off of new orders and cancellations of a few already on the books. This development has not yet affected operating rates to any extent, but factories are catching up with orders and are meeting resistance in getting new business. At present, the industry is focusing attention on prospects for white shoes, the demand for which is unusually dependent on weather conditions.

Electrical equipment manufacturers ran counter to the general trend in both producers' and consumers' goods, reporting some improvement in early April and no cancellations or deferring of delivery dates. March orders approximated those received in February. Inventories in mid-April were about the same as at the beginning of the year, or a little larger, but considerably below last year at that time.

TRADE

Retail

Retail trade in the fourth district demonstrated strength during March, but apparently suffered from bad weather and other adverse conditions during the first three weeks of April. Since Easter was one week earlier this year than last, comparisons are distorted by the fact that a larger

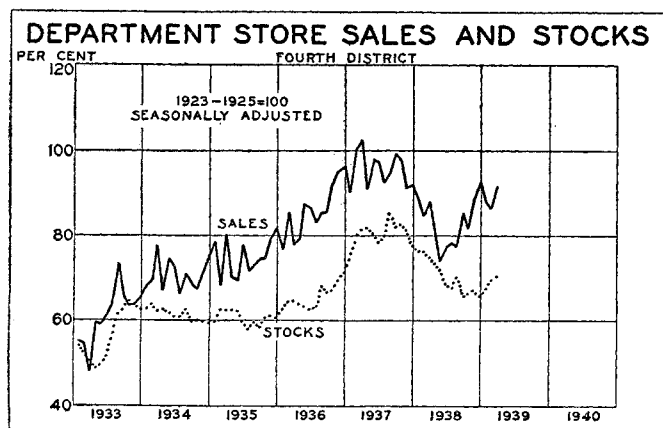


share of this year's Easter trade was handled in March than in 1938. After allowing for this shift, however, department stores gained by more than the usual amount during March, and the adjusted sales index rose five points to 92 percent of the 1923-25 base. With the exception of last December, this was the highest point reached by the index since the end of 1937. It was four percent above the level of the same month last year. Without adjustment for Easter, the same comparison showed a gain of eight percent. During April, results were less encouraging and sales of weekly reporting stores throughout the district were only five percent above those of comparable weeks in 1938. This gain was not as favorable as it might appear, for last year the adjusted index of department store sales fell ten percent during April.

The more-than-seasonal increase in March sales was apparently encouraging to purchasing agents, for inventories continued the slow expansion which has been evident recently. At the end of the month the adjusted index of department store stocks was at the same level as last August.

Departmental figures and those of specialty shops clearly reflect the earlier Easter season. Clothing and accessories departments showed substantial gains over last year for the month of March, but home furnishings sales fell off. This decline was particularly true of electrical appliances, which were twenty percent under those of March 1938. Sales of wearing apparel stores in March were twelve percent in excess of a year ago. The first two months of the year had shown small declines, so first quarter sales were only three percent above those of last year. Retail furniture dealers, contrary to the experience of furniture departments at general merchandise stores, reported a gain of 17 percent over last year. Dayton and Akron continued to show the best relative comparisons with last year, while Cincinnati and Wheeling trailed. Furniture sales at both department stores and retail furniture dealers were poorer in Cincinnati than in any other city in the district.

Use of credit facilities at department stores has shown little change during recent months, with slightly more than half of the total volume of sales being made on regular charge accounts and about eight percent representing installment purchases. During 1937, installment sales accounted for ten percent of the total. Collections on both charge and installment accounts have continued to improve since last summer, and during the first quarter they were about as good, in relation to outstanding accounts, as they were two years ago.



Wholesale

Wholesale trade in the fourth district gained about the usual seasonal amount during March. Sales of firms reporting to the *Department of Commerce* rose 23 percent over February and were four percent larger than in the same month last year. This year-to-year gain is slightly larger than was the case a month earlier. The table on page seven shows that wholesale trade lines also felt the effects of an early Easter, for companies specializing in clothing and drygoods were among those reporting the largest gains over a year ago. These increases, however, were quite general, and the district comparison would have been much more favorable if the large grocery and foods item had not constituted such an important part of the total.

There was a slight tendency for wholesalers to build up inventories during the month, but paint dealers and sellers of automotive supplies reduced their stocks about nine percent. Last year at this time inventories in general were being liquidated, so the year-to-year decline was not as great as was the case at the beginning of March.

Collections improved during the month. Although accounts outstanding rose slightly, collections were ten percent larger than in February. In comparison with last year, accounts outstanding at the end of March showed a small decline, while collections rose four percent. Wholesale lumber dealers reported that collections were spotty. In southern Ohio they were said to be good, while the opposite was true in other parts of the district.

CONSTRUCTION

The volume of construction contracts awarded, particularly in the residential field, continues to be the most favorable element in the current business situation. The table below shows that residential building begun during March was approximately 70 percent ahead of the same month last year and 35 percent larger than in March 1937. For the first quarter of the year, residential contracts were 80 percent ahead of 1938, and 5 percent larger than in 1937. Total contracts awarded during the first quarter likewise showed substantial gains over the two preceding years, 1939 being thirty percent larger than 1938 and six percent larger than 1937.

Construction Contracts Awarded

FOURTH DISTRICT

(Millions of dollars)

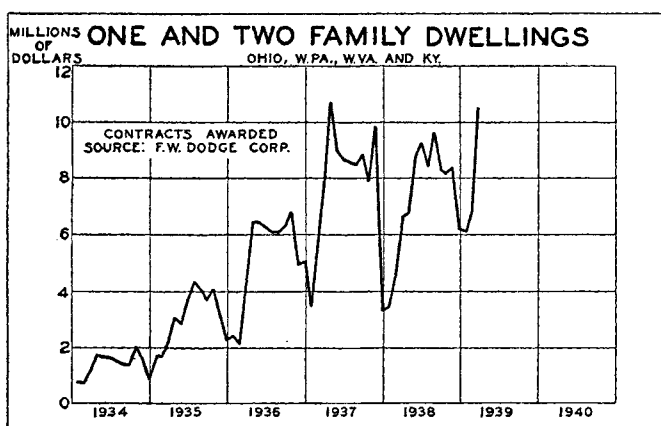
	—Residential—			—Total—		
	1939	1938	1937	1939	1938	1937
January....	8,264	3,736	11,241	27,302	19,379	28,648
February....	7,118	4,423	5,771	22,734	14,304	17,408
March.....	11,621	6,841	8,592	27,227	25,725	26,712
Total....	27,003	15,000	25,604	77,263	59,408	72,769

Source: F. W. Dodge Corporation

Most residential contracts awarded during February and March were for one-family houses. Apartments accounted for only a small portion of the total, and Government housing projects made up only eight percent of the residential contracts. The extent of activity in the small dwelling field is shown in the accompanying chart. The value of one and two family houses contracted for during the first three months of the year was 60 percent above last

year and nearly 40 percent higher than in 1937. The March total for this type of construction was almost equal to April of 1937, the highest month in any recent year.

Wholesale lumber dealers in this district who report to the *Department of Commerce* sold over 40 percent more material in March than in February in spite of inclement weather. The gain over last year was nine percent. Many firms, however, reported slack business during April. Weather conditions during the first three weeks held building operations in check, and unfavorable developments in other fields resulted in a falling-off of new business. Western Pennsylvania dealers reported cancellation of some orders placed earlier in the year, but in the rest of the district deliveries have merely been postponed.



AGRICULTURE

The *Department of Agriculture* reports that farm income from marketings during the first quarter of the year was about four percent below those of last year and about equal to 1936, but fourteen percent under 1937. Receipts in March were larger than in February because of increased returns from sale of livestock products, which have been held on farms longer than in other years. Stocks of corn, wheat and oats are generally larger than at this time last year in spite of recent heavy feeding operations, and price movements have been conducive to continued feeding. Prices of hogs declined in March and early April, but corn prices fell relatively more, so the corn-hog ratio encouraged longer feeding. This is also true of beef cattle, and the *Bureau of Agricultural Economics* estimates that the number on feed in Ohio on April 1 was five percent larger than a year earlier. This moderate increase brought the number on feed in the Eastern Corn Belt States on April 1 to the highest level for the past ten years. Country banks reported a slight increase in demand for feeder loans to carry farmers over this longer production period.

A late spring, in marked contrast to last year, has held farm work back. Soil has been too wet and cold for preparation of seed beds. In Kentucky, most tobacco plants were up by the middle of April, but potatoes and oats were not yet planted. Peaches and pears were seriously hurt by frosts. The condition of winter wheat was fairly good on uplands, but it had suffered from excess moisture on low ground. In Ohio and western Pennsylvania conditions were about the same as in Kentucky, except that in northern areas fruit had not yet developed sufficiently to have been damaged by frosts. Pastures were backward throughout the district.

Wholesale and Retail Trade

(1939 compared with 1938)

	Percentage Increase or Decrease		
	SALES March 1939	SALES first 3 months	STOCKS March 1939
DEPARTMENT STORES (54)			
Akron.....	+14.2	+13.5	-1.2
Cincinnati.....	+3.5	+0.6	-5.3
Cleveland.....	+9.7	+1.9	-2.6
Columbus.....	+5.7	+4.8	-5.6
Dayton.....	+18.0	+15.3	-4.5
Pittsburgh.....	+6.6	+0.2	-11.8
Toledo.....	+6.7	+2.3	-5.8
Wheeling.....	+1.8	+0.3	-16.7
Other Cities.....	+11.5	+5.6	-4.2
District.....	+8.1	+2.9	-6.7
WEARING APPAREL (13)			
Cincinnati.....	+4.4	-7.8	-2.1
Cleveland.....	+15.4	+7.1	+6.6
Pittsburgh.....	+16.4	+2.5	-6.4
District.....	+12.1	+3.1	-1.0
FURNITURE (40)			
Cincinnati.....	-17.0	-11.0	
Cleveland.....	+28.1	+15.1	
Columbus.....	+18.0	+12.7	
Dayton.....	+7.0	+0.04	
Toledo.....	+6.3	+8.3	
Other Cities.....	+20.8	+21.0	
District.....	+16.6	+9.7	
CHAIN STORES*			
Groceries—District (4).....	+4.3	+3.7	
WHOLESALE TRADE**			
Automotive Supplies (11).....	+14.6	+14.2	-11.9
Clothing and Furnishings (4).....	+22.0	1	1
Coal (3).....	+13.9	1	1
Drugs and Drug Sundries (6).....	+12.1	+9.4	1
Dry Goods (6).....	+8.7	+11.4	-11.6
Electrical Goods (15).....	-1.8	+3.0	-21.0
Farm Products (Consumer Goods) (7).....	-3.7	1	-11.8
Furniture & House Furnishings (4).....	+5.6	+12.7	1
Groceries & Foods (exc. Farm Products) (59).....	-1.9	-2.9	-5.8
Total Hardware Group (40).....	+1.3	+4.6	-5.4
General Hardware (11).....	-1.9	0.0	-6.5
Industrial Supplies (14).....	+4.1	+8.0	+4.3
Plumbing & Heating Supplies & Equipment (15).....	+9.3	+10.9	-2.4
Jewelry & Optical Goods (6).....	+25.6	+31.5	-10.4
Lumber and Building Materials (6).....	+9.3	+5.8	-8.0
Machinery, Equip. & Sup. (exc. Elect.) (5).....	-15.2	-17.2	1
Metals (4).....	+22.8	+45.4	-0.5
Paints and Varnishes (6).....	-10.5	1	-4.5
Paper and its Products (9).....	+14.0	+7.4	+1.6
Tobacco and its Products (17).....	+5.0	-2.9	+2.3
Miscellaneous (22).....	+34.5	+22.5	-5.3
District—All Lines (230).....	+4.0	+5.9	-7.2

* Per individual unit operated.

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

1 Not available.

Fourth District Business Indexes

(1923-25 = 100)

	Mar. 1939	Mar. 1938	Mar. 1937	Mar. 1936	Mar. 1935
Bank debits (24 cities).....	78	74	99	77	68
Commercial Failures (Number).....	52	57	49	49	46
(Liabilities).....	38	45	21	41	48
Sales—Life Insurance (O. and Pa.).....	84	81	110	92	102
—Department Stores (48 firms).....	82	76	95	68	69
—Wholesale Drugs (6 firms).....	120	107	117	100	88
—Dry Goods (6 firms).....	47	43	58	47	48
—Groceries (59 firms).....	70	72	84	71	66
—Hardware (11 firms).....	71	72	99	73	63
—All (82 firms).....	71	71	86	70	65
—Chain Drugs (4 firms)**.....	1	90	100	88	76
Building Contracts (Total).....	57	54	56	37	19
(Residential).....	68	40	50	29	14
Production—Coal (O. W. Pa., E. Ky.).....	74	55	110	64	84
—Cement (O. W. Pa., E. Ky.).....	47	38	57	16	21
—Elec. Power (O. Pa., Ky.)*.....	187	166	184	160	144
—Petroleum (O. Pa., Ky.)*.....	101	115	112	101	104
—Shoes.....	138	131	162	117	123

* February.

** Per individual unit operated.

1 Not available.

Debits to Individual Accounts

(Thousands of Dollars)

	4 Weeks ended April 19, 1939	% change from 1938	Year to Date Dec. 29, 1938 to April 19, 1939	Year to Date Dec. 30, 1937 to April 20, 1938	% change from 1938
Akron.....	63,322	+14.6	232,398	211,151	-10.1
Butler.....	8,514	+10.5	31,547	32,079	-1.7
Canton.....	32,224	+14.9	121,019	111,333	+8.7
Cincinnati.....	288,639	+2.9	1,139,404	1,131,001	+0.7
Cleveland.....	468,513	+4.3	1,922,906	1,785,479	+7.7
Columbus.....	150,884	-3.0	605,014	586,887	+3.1
Dayton.....	60,482	+9.8	229,892	228,748	+0.5
Erie.....	23,524	+8.5	93,674	92,915	+0.8
Franklin.....	2,366	+0.04	9,530	10,309	-7.6
Greensburg.....	5,649	-6.2	23,771	24,429	-2.7
Hamilton.....	9,790	+4.9	38,424	38,137	+0.8
Homestead.....	2,833	+7.0	10,382	10,472	-0.9
Lexington.....	16,721	+4.9	101,675	104,518	-2.7
Lima.....	12,536	-9.6	46,713	52,634	-11.2
Lorain.....	4,451	+0.2	16,908	16,717	+1.1
Middletown.....	9,250	+5.4	36,046	31,798	+13.4
Oil City.....	8,254	-4.7	34,187	36,661	-6.7
Pittsburgh.....	528,767	-1.3	2,210,291	2,248,157	-1.7
Sharon.....	7,103	+13.7	28,376	27,127	+4.6
Springfield.....	15,729	+2.8	61,519	62,547	-1.6
Steubenville.....	8,439	+4.8	32,132	30,441	+5.6
Toledo.....	105,515	+8.4	414,136	400,985	+3.3
Warren.....	9,277	+16.8	32,627	29,212	+11.7
Wheeling.....	29,082	+17.1	110,188	99,343	+10.9
Youngstown.....	42,295	+16.0	154,053	141,946	+8.5
Zanesville.....	7,344	+8.7	29,073	26,589	+9.3
Total.....	\$1,921,503	+3.1	\$7,765,885	\$7,571,615	+2.6

Fourth District Business Statistics

(000 omitted)

	March 1939	% change from 1938	Jan.-March 1939	% change from 1938
Fourth District Unless Otherwise Specified.....	\$2,110,000	+4.6	\$6,054,000	+2.3
Savings Deposits—end of month: 40 banks, O. and W. Pa.....	780,824	+0.5	1	1
Life Insurance Sales: Ohio and Pa.....	81,409	+4.9	263,321	+22.4
Retail Sales: Dept. Stores—54 firms.....	21,474	+8.1	54,190	+2.9
Wearing Apparel—13 firms.....	999	+12.1	2,338	+3.1
Furniture—40 firms.....	709	+16.6	1,865	+9.7
Building Contracts—Total.....	27,227	+5.8	97,263	+63.7
—Residential.....	11,621	+69.9	27,003	+80.0
Commercial Failures—Liabilities.....	1,658	-17.0	3,896	-46.1
—Number.....	762	-8.4	2282	-16.8
Production: Pig Iron—U. S..... tons	2,393	+61.4	6,628	+56.5
Steel Ingot—U. S..... tons	3,365	+67.2	9,507	+74.5
Auto—Passenger Car—U. S.....	299,7032	+72.1	819,7262	+74.5
Auto—Trucks—U. S.....	72,2372	+51.1	189,2072	+26.9
Bituminous Coal, O., W. Pa., E. Ky..... tons	13,464	+35.0	38,157	+27.4
Cement—O. W. Pa., W. Va. bbls.	567	+23.3	1,090	+21.7
Elec. Power, O. Pa., Ky.....	1,5713	+12.5	3,2794	+10.6
Petroleum—O., Pa., Ky..... bbls.	1,8713	-12.2	3,9894	-8.4
Shoes..... pairs	5	+5.4	8	+6.4
Tires, U. S..... casings	5,137	+86.2	14,062	+82.3
Bituminous Coal shipments: L. E. Ports..... tons	256	+190.9	366	+195.2

1 not available

2 actual number

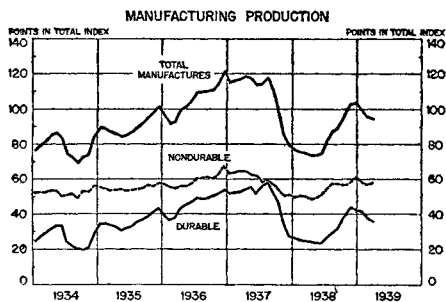
3 February

4 Jan.-Feb.

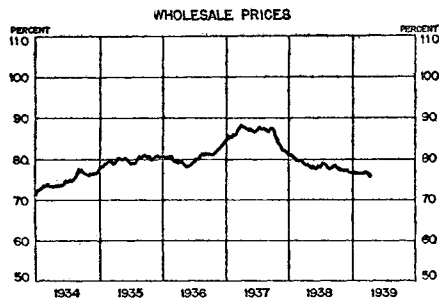
5 confidential

Summary of National Business Conditions

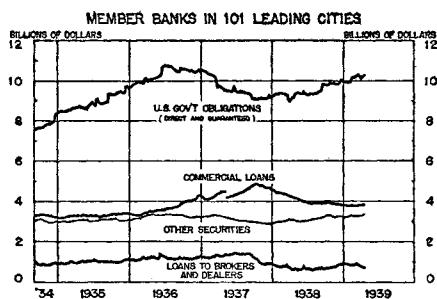
By the Board of Governors of the Federal Reserve System



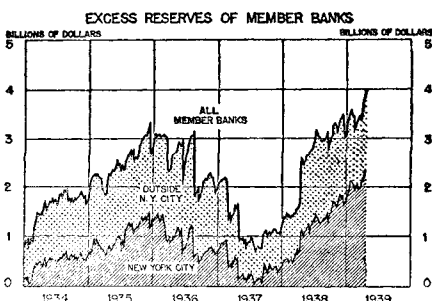
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average = 100. Durable and nondurable series expressed in terms of points in the total index. By months, January 1934 to March 1939. Latest figure—Durable 36.8, Nondurable 58.9.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending April 15, 1939. Latest figure—75.8.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to April 19, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to April 19, 1939.

In April manufacturing production was maintained at about the same rate as in March but mineral production declined, reflecting a sharp reduction in output of bituminous coal pending settlement of negotiations between operators and miners. In the first quarter of this year industrial output, after a rapid rise in the latter half of 1938, increased less than is usual at this season.

Production

Volume of industrial production showed little change in March and the Board's seasonally adjusted index remained at 98 per cent of the 1923-1925 average. The index for the first quarter averaged 99, compared with 101 in the final quarter of last year. Activity at steel mills in March was at 54 per cent of capacity, a slightly higher level than in January and February. Automobile production increased less than seasonally; retail sales of cars continued to fluctuate around a level considerably higher than last year but lower than in 1936 and 1937. Dealers' stocks of new cars began to decline in March, following an increase to a seasonally high level. Activity in the machinery industries increased further in March, continuing the rise that began last summer. Lumber production increased less than seasonally from the relatively low level of other recent months.

Production of nondurable goods in March continued at about the level that has prevailed since last autumn. In the woolen textile industry activity showed a decrease from the high level of recent months, while at cotton mills and shoe factories output was maintained in large volume. At meat-packing establishments and sugar refineries increases in activity were reported, following earlier declines.

Value of construction contract awards increased in March, according to F. W. Dodge Corporation figures, reflecting a seasonal rise in residential and other private building. Awards for public projects showed little change.

In the first three weeks of April bituminous coal production declined to a low level as most mines were closed, pending the settlement of biennial contract negotiations between mine operators and workers. Steel ingot production was reduced somewhat, averaging about 52 per cent of capacity, and automobile production showed little change from the rate reached in the latter part of March.

Distribution

Sales at department stores and mail order houses increased somewhat more than seasonally in March, while variety store sales showed about the usual rise. For the first quarter as a whole retail sales were in about the same volume as in the final quarter of 1938, after allowance for seasonal changes.

Freight-car loadings showed less than the customary advance from February to March as loadings of coal declined and shipments of miscellaneous freight increased less than seasonally. In the first half of April there was a marked decrease in freight traffic, reflecting in large part a sharp decline in coal shipments.

Commodity Prices

Prices of steel scrap, copper, hides, and some other industrial raw materials declined from the middle of March to the third week of April, and there were decreases also in prices of livestock and dairy products. Silk prices rose considerably. The general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined to 76 per cent of the 1926 average as compared with 77 in the middle of March and at the beginning of the year.

Bank Credit

Reflecting continued heavy gold imports and Treasury disbursements from its balances at the reserve banks, member bank reserves and deposits increased sharply during the four weeks ending April 19. Excess reserves rose to a record high level of \$4,000,000,000. Total loans and investments at banks in 101 leading cities, which had shown little change during March, increased somewhat during the first three weeks of April, reflecting principally continued purchases of United States Government obligations by New York City banks. Loans to brokers and dealers in securities declined.

Money Rates and Security Prices

Prices of Government bonds and of other bonds of highest grades continued firm at high levels during March and the first three weeks of April, while prices of the lower-grade corporate bonds and of corporate stocks declined. The average discount rate on new issues of 91-day Treasury bills continued at a low level and other open-market rates remained unchanged.