

MONTHLY BUSINESS REVIEW

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and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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Business in the fourth district during April reflected effects of the protracted suspension of operations at bituminous coal mines. In the previous month industry and trade generally had completed the most active first quarter in history. Operations in a number of industries, most notably iron and steel, were curtailed in April as a result of the coal shortage. Soft coal inventories late in the month would last only two weeks, according to official statements, and they were unevenly distributed among consumers. As is evident from the accompanying chart, weekly production at bituminous coal mines in States, parts of which make up the fourth district, dropped sharply as a result of the strike. Stoppage was most complete in the Western Pennsylvania fields where workers are largely organized. It is noteworthy that output in each of the three producing areas did not fall to so low a level as in 1939, the last time activity was curtailed while contracts were being negotiated.

Metal-producing industries and others that require large amounts of fuel were chiefly affected by the suspension. The steel industry expanded operations to 100 percent of calculated capacity in March, and averaged 98 percent during the first quarter. The last week in April, the *American Iron and Steel Institute* estimated operations at 94.3 percent. With the exception of Christmas week, this is the lowest weekly rate in seven months. Pig iron production also reached new high levels in March. By late April at least twenty blast furnaces had been withdrawn because coke was not available. In some cases, limited supplies of fuel perhaps made it advisable to suspend operations to effect repairs which otherwise might not have been made for several weeks. May pig iron production is expected to be relatively small since it probably will take two or three weeks after settlement of the coal strike for coke supplies to be replenished.

Labor disputes curtailed output in the automobile industry early in April, after the third best quarter on record. Weekly production fell below that of corresponding periods last year when plants of a principal manufacturer were closed the first week of the month. Some of the loss, however, appeared to be offset by increased output of other companies. After reopening of assembly lines, output expanded rather slowly, evidently because parts were available in only limited quantities. Suppliers had stopped production when assembly lines suspended.

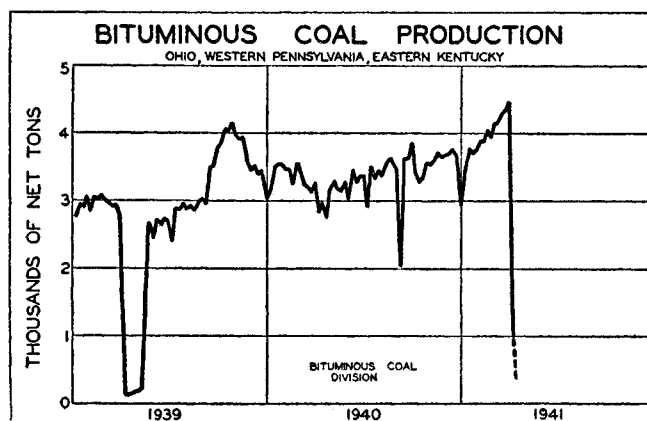
Original equipment tire shipments were the best for any

March in the last ten years as were those for the entire first quarter. Mechanical rubber goods' production continues to increase as a result of greater military and civilian demand. March shipments of the machine tool industry were roughly twice those of a year ago. Metal working shops generally further expanded production schedules during March as new orders continued large. Incoming business of clothing and shoe manufacturers was heavy for this season of year. Style merchandise sold in excellent volume at retail. First quarter trade at reporting department stores of the district was the second best reported during the past nineteen years, being exceeded only in 1929. Allowing for changes in prices, physical volume of sales undoubtedly was at record levels.

The index of Ohio employment advanced three points further in March to 112 percent of the 1926 average. A year ago it was 94. While improvement was relatively greater in the heavy goods' and consumers' durable goods' industries, gains were shared generally and not concentrated in firms with defense orders.

Total construction in March was up sharply from both the previous month and a year ago, principally because of large increases in the value of residential contracts. First quarter building was at the best level for that period since 1930.

The new crop season is starting off with slightly better than average prospects, though lack of moisture has affected the wheat crop. Expanding industrial requirements for labor has reduced the supply available for farm work to an unusually low point.



FINANCIAL

Member Bank Credit Condition figures of banks in leading cities of the district also are reflecting the increased business activity generated largely by the defense effort. Commercial, industrial, and agricultural loans of 41 banks in ten cities are at the highest level in nearly a decade. Compared with a year ago, such loans are up 38 percent. Loans on real estate and securities have shown little change, however, but all other loans not readily classified have increased nine percent. Total loans are up \$84,000,000 since the beginning of the year, or eleven percent.

Investments in Government securities have increased less rapidly so far this year than had been the case previously, and the change has been smaller than that of the loan classification. Total investments are up 2.3 percent since the beginning of the year, and are 1.6 percent larger than a year ago at this time. Investments in other than Government obligations on April 16 were smaller than those of a year ago and also smaller than those at the beginning of 1941. So far as Government securities are concerned, the increase over a year ago was in holdings of Treasury bonds and Government-guaranteed obligations, Treasury bills and notes being held in smaller volume.

The increase in loans which began last fall has continued almost uninterruptedly, and has been sufficient to reverse the trend evident in recent years, so far as the ratio of loans to total earning assets of banks is concerned. On the latest date, total loans represented more than 40 percent of earning assets at weekly reporting member banks in this district, whereas a year ago at this time loans represented 36 percent of total loans and investments. It is not possible, from information available, to determine what share of the increase in loans represented financing of the defense effort. Undoubtedly, this directly or indirectly is accountable for a major portion of it.

Adjusted demand deposits of reporting member banks rose rather sharply in the four weeks ended April 16, to a new high level of \$1,686,000,000. This was \$337,000,000, or 25 percent, higher than a year ago. Approximately half of the increase has occurred since the beginning of this year. Time deposits, however, continued to show little change.

Reserve Bank Credit At the reserve bank the only development in the past month of any consequence was an increase in industrial advances to the highest level of the year to date, largely as a result of increased demand for funds growing out of defense work which could not readily be taken care of by the applicants' regular banking connection. So far as defense is concerned, the Federal Reserve Bank of Cleveland is making strenuous effort to see that the program is not being slowed up by lack of adequate financing, first through regular banking channels, and, if not possible there, then through an industrial loan with the reserve bank or the Reconstruction Finance Corporation.

Paralleling the rise in money in circulation to new high levels, the volume of Federal reserve notes issued by this bank rose to a new peak in the second week of April. Compared with a year ago, note circulation was up \$123,000,000, or more than 27 percent. Member bank reserves recovered from the level to which they dropped in March at the time of income tax payments and Treasury financing, such reserves in mid-April being second largest ever

reported. In the last half of March, the latest period for which detailed figures are available, excess reserves of all member banks in the district were 119 percent of requirements. Reserve city banks had an excess of 125 percent while country banks had an excess of 99 percent.

NEW MEMBER BANKS

The Ashville Banking Company, Ashville, Ohio.

The Citizens Savings Bank Company, Pemberville, Ohio.

MANUFACTURING, MINING

Iron and Steel

New business of steel companies continues in large volume; many of the orders are for deliveries as distant as the first quarter of next year. A few concerns, however, have established sales policies limiting bookings to 1941, leaning more and more to defense projects. Trade publications have estimated that 95 percent of this entire year's production would be sold before May 1. Only a limited number of steel items, such as wire products, certain types of pipe, and bolts and nuts, are available for fairly prompt deliveries.

According to the *American Iron and Steel Institute*, the steel industry operated at 100 percent of rated capacity during March, producing 7,146,372 net tons of ingots. This total exceeded January production by three percent and established a new monthly record. First quarter output, amounting to 20,339,869 tons, was at an annual rate approximating 82,500,000 tons, roughly 15,500,000 tons more than were made during 1940, the best full year ever reported.

Steelmaking operations tended to slacken in mid-April when pig iron production was reduced somewhat, chiefly as a result of suspended activity at beehive coke ovens in Western Pennsylvania. In a number of other instances, open hearth furnaces were withdrawn for relining. The Pittsburgh area rate declined from 103 percent of theoretical capacity, which takes into account idle time for repair work, in late March to 96 percent in the fourth week of April. Production in the Cleveland-Lorain section fell 7½ points to 92 percent during that time. Schedules in the Cincinnati territory were reduced from 97½ percent to 92½ percent; those of Youngstown producers, from 97 percent to 94 percent. Wheeling-Weirton mills continued to operate at 88 percent.

Reflecting peak operations at steel plants in March, domestic consumption of iron and steel scrap rose to 4,662,000 gross tons, an all-time high which compares with 4,172,000 tons in the previous month and 2,728,000 tons a year ago. During the first quarter 13,112,000 tons were used; consumption in the first three months of last year totaled 9,121,000 tons.

Approximately twenty of the 205 blast furnaces in operation on March 31 were banked or blown out in April principally because of the coke shortage. During March an all-time record total of 4,702,905 net tons of pig iron was produced. As a consequence, Lake Superior iron ore consumption was the largest ever reported for a single month; 6,411,531 gross tons were used. Stocks of ore at furnaces and on Lake Erie docks were reduced further to 17,760,742 tons, the third lowest level for any inventory date in twelve years.

Presaging what might be the most active Great Lakes' shipping season on record, 280 bulk carriers were

engaged in the ore trade on April 17. Approximately 96½ percent, or 2,584,890 gross tons, of available capacity was in commission. Several vessels had completed two or more round-trips from Lower Lake ports by late April. On this basis, trade observers estimated that between 5,000,000 and 6,000,000 tons of ore would be shipped from northern docks during the month. A record total of 3,770,555 tons came down the Lakes in April 1937. The navigation season opened considerably earlier this year. Statistical information on the number of vessels in the ore carrying trade in mid-April has never before been available, but it is reported that this year was the earliest the major portion of the American Great Lakes bulk freighter fleet had been active. Transportation rates for the current season are ten cents per ton higher than last year's, but ore prices are unchanged.

Steel prices were stabilized temporarily at levels prevailing during the first quarter of the year by an order of the Office of Price Administration and Civilian Supply in mid-April. This announcement was made shortly after most steel manufacturers had raised wage rates ten cents per hour. Maximum prices on practically all grades of steelmaking scrap were promulgated late in March.

Coal

Bituminous coal mining operations in the fourth district declined to about nine percent of the March rate after April 1.

Deadlocked negotiations between the miners' union and operators in the Appalachian area on terms for renewal of the two-year contracts that expired at the end of March closed the majority of mines throughout the entire country. Principal discussion centered about the proposal to eliminate the pay differential which had existed between Northern and Southern territories. Producers in Ohio, Western Pennsylvania, and the West Virginia Panhandle are in the Northern Appalachian area; those in Eastern Kentucky, in the Southern territory.

Consumers generally had anticipated that mines would be closed and consequently had laid in rather large stocks of coal. Approximately 48,250,000 net tons, or 32 days' supply at the February rate of consumption, were in storage on March 1, the latest date for which the *Bituminous Coal Division* has published inventory figures, more than at any comparable time since 1928. Considerable further additions were made to industrial stockpiles during the month, according to trade observers. A fairly strong buying movement reportedly got under way the last week in February, too late to be reflected to any extent in the March inventory figures. Retail dealers, on the other hand, recently have been reducing stocks seasonally. Some smaller industrial consumers apparently were securing their immediate needs from these yards. One coal producer stated that buyers, in a few instances, were covering their requirements for the next twelve months at National Bituminous Coal Commission fixed prices plus increased wage costs.

Provisions of the Guffey Act, under which minimum at-the-mine prices and marketing regulations had been established, were extended two years by Congressional action in mid-April. The Office of Price Administration and Civilian Supply froze prices charged by coal dealers at March levels shortly after bituminous mines closed. Later this order was rescinded.

March production of fourth district mines was the second best for that month in 15 years; the 18,144,000 net ton total

was exceeded only in 1937. After allowance is made for difference in length of the work-month, March output was five percent greater than that of February. During the entire first quarter 50,696,000 tons were mined, 17 percent more than in the similar period last year.

According to *Ore and Coal Exchange* data, 898,986 net tons of bituminous coal were loaded at Lake Erie docks during the first three months of the year. This first quarter total has been surpassed only once in the 23 years that records have been kept—in 1937. The majority of this tonnage was shipped from Toledo, principally to industrial consumers in the Detroit area. Both harbors were kept open most of the winter. There was a sharp reduction in coal shipments early in April. Suspension of mining operations limited rail movement of coal to the Lakes; 10,300 cars were at loading ports in mid-month, compared with 50,260 cars a year ago.

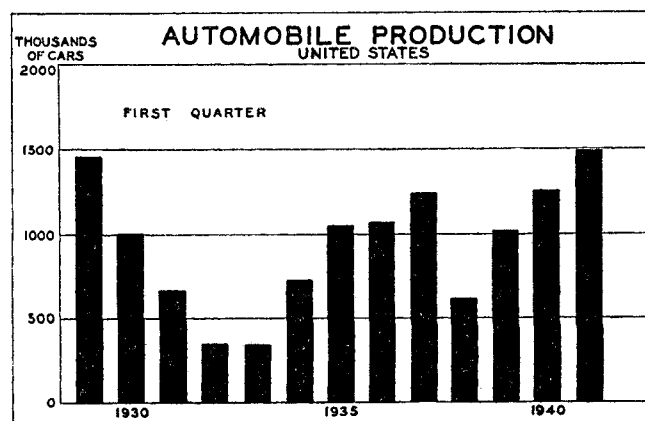
Coke production was adversely affected by the coal wage negotiation deadlock which cut off soft coal supplies. An estimated 7,000 beehive ovens in Western Pennsylvania were idle since coke handlers work under agreements based upon the Appalachian coal contract.

Automobiles

Fewer than 100,000 cars were assembled during each of the first two weeks in April, largely because labor stoppages closed the plants of a principal manufacturer. With the exception of the holiday weeks at the year end, output had not fallen below this level since volume production of 1941 models began last October. The dispute was settled in mid-April, and work was resumed. The last week of the month 108,165 vehicles came off assembly lines in the United States and Canada.

Domestic production in March totaled 507,868 units. Output was five percent greater than that of February, and 20 percent larger than production in the corresponding month last year. In fact, the March total was exceeded only by that of March 1929. First quarter output of 1,494,322 vehicles, on the other hand, exceeded the 1929 peak by three percent, and as can be seen in the accompanying chart, reached an all-time high for the period.

Truck production expanded further in March; 97,610 units were made, more than during any other month for which data are available. Roughly 19 percent of total first quarter automobile output was commercial vehicles and Army scout and reconnaissance cars, which are classified as trucks for statistical purposes. This is a somewhat greater proportion than in other recent periods.



Retail demand for new cars has continued to increase in the face of possibly limited supplies later in the year and probably higher excise taxes. Dealers reportedly are able to get automobiles only on bona fide orders, and deliveries are often delayed.

Some parts and accessories makers reported that difficulties in obtaining deliveries on certain grades of steel delayed production of a few parts in early April. Materials were being shipped to automobile companies as requested, however. New business continued in unprecedented volume. Further small additions to working forces were noted during March and the first weeks in April when a few concerns were employing twice as many people as a year ago. There were some evidences that addition of extra shifts had reduced the amount of overtime work. For the first time in several months, employment gains were greater than those in payrolls.

Rubber and Tires Crude rubber consumption, as reported by the *Rubber Manufacturers' Association*, reached an all-time high in March, exceeding the January figure by four percent. Domestic manufacturers used 66,821 gross tons of crude rubber last month and 192,062 tons during the first quarter. This total, a new record for any three month period, is 14 percent above fourth quarter 1940 consumption, the previous peak.

March imports were the second largest ever reported for a single month; 87,123 tons arrived in this country as compared with the December record of 97,984 tons. Receipts during February aggregated 73,973 tons. Shipping space from the Far East has been at a premium since late last year, and developments in that area which might hinder the free movement of vessels used to transport rubber and other strategic materials are closely watched. Recently arrangements have been made for some ships to dock at West Coast ports and that rubber shipped overland to Akron and other consuming and storage centers by rail. The saving in time, it is stated, might compensate for the higher transportation cost.

Approximately 20,000 tons of crude rubber were added to inventories in the United States during March. Total stocks on April 1 were 373,581 tons, more than on any other reporting date since May 1933.

Reflecting the high level of activity in the automobile industry, tire makers shipped more original equipment casings in March than during any other month since May 1937. Replacement shipments were up about seasonally in March when most manufacturers had special promotions on truck tires. Prices on these items were rather soft, despite some shortage of production. Aggregate shipments of all types of casings numbered 5,528,552, compared with 4,910,365 in February and 4,345,674 a year ago.

Operating schedules were expanded substantially during March. Production of 5,686,686 casings was ten percent greater than that of the previous month, and 29 percent larger than March 1940 output. With production exceeding shipments by 158,134 casings, manufacturers' inventories expanded to 10,168,237 tires. The change in stocks was somewhat less than that noted at this season in other recent years.

Textiles and Clothing Operating schedules of most fourth district garment factories were curtailed somewhat shortly before Easter as the spring season drew to a close. Backlogs of unfilled orders

on hand were reduced seasonally. Merchandise had moved out of needlework shops in good volume prior to the holiday, demand for clothing at wholesale being heavy. Pre-Eastern distribution of both men's wear and women's and misses' coats and suits at retail exceeded that of the previous year by a considerable margin. Sizable gains over March 1940 volume were reported by department stores and apparel shops in most principal trading centers of the district. Retailers reentered the market for rather large quantities of medium-weight goods early in April, and spot business of many clothing manufacturers was good for this season of year. A few tailoring plants experienced some difficulty in filling these orders since deliveries on woolen piece goods were delayed.

Weavers generally are booked through the fall season and beyond, indicating that near capacity operations would be continued for several months. Clothing makers reportedly were anticipating a greater percentage of their new season requirements for cloth and were requesting earlier deliveries than usual.

Garment salesmen went on the road with fall lines about the first week in April. Manufacturers since then have received orders for this merchandise in somewhat greater quantities than last year. Forward buying by retailers has been induced largely by anticipated increases in business, some fear of higher prices, and the poor deliveries that were made generally by the clothing industry during the season just past, according to correspondents. Wool goods' prices have tended to be firmer recently in the face of wage advances announced by most textile mills. Rates of pay for needleworkers also will be raised moderately in mid-May under provisions of a new contract signed by the clothing workers' union and manufacturers. Because of large advance sales, several men's clothing makers in this district intended to start production of fall lines shortly after May 1, considerably earlier than has been customary.

Cotton work garment manufacturers reduced inventories of finished goods moderately during March and the first part of April when shipments were particularly heavy. Some slackening in the volume of incoming business was noted, but new orders generally exceeded production. Backlogs consequently continued to expand. Deliveries of a few materials were delayed. Prices on a number of grades of cotton textiles rose rather sharply during the first quarter.

Other Manufacturing Many manufacturers in other important industries in this district expanded production moderately to new high levels in March. A few were handicapped by shortages or delayed deliveries of raw materials. New orders generally were in larger volume, and backlogs expanded even though shipments were increased. Additional evidences of forward buying were noted in a number of instances.

Metal Industries Reports of the *National Machine Tool Builders' Association* reveal that during March all members of the industry shipped finished products valued at \$57,400,000, compared with a revised figure of \$54,000,000 for the previous month and \$29,000,000 a year ago. Thus within the last twelve months, production, as measured by shipments which are being made as rapidly as possible, has practically doubled. The major portion of this increased output has been effected in the industry's own plants by additional shifts, more efficient plant layouts, and some

new buildings, according to official statements. Although a number of large manufacturers in this district have extensive arrangements with foundries, gear makers, and others to supply various parts, subcontracting work is estimated to account for approximately six percent of total production. Several new plants are scheduled for completion later this spring, indicating some further expansion in output.

Small tool makers have expanded manufacturing capacity considerably in recent months, but several companies have been unable to keep abreast of the increasing volume of new business. Larger shipments have been made each month, but deliveries have been lengthening steadily, in mid-April being about twelve to sixteen weeks.

There were some evidences in mid-April that foundries might be faced with a temporary shortage of pig iron as a result of curtailed blast furnace operations. Most companies apparently had not stored more than relatively small amounts against such an eventuality. Prices of this raw material were steady. Foundries generally were working at capacity in mid-April with many orders booked ahead.

Some drop forging plants experienced a shortage of skilled workers in March and early April, but nevertheless were able to increase output somewhat over the high level reported in the month previous. Die casting divisions also stepped up production schedules in March. Consumers were said to be placing orders for extended deliveries.

Reflecting the continued high rate of activity in metal castings shops, new orders closed by members of the *Foundry Equipment Manufacturers' Association* reached an all-time peak in March. The index of new equipment and repair sales stood at 315 percent of the 1937-39 average. A month before it was 281, and a year ago 183.

Electrical equipment manufacturers continued to receive new business in record volume during March and the first part of April. Production, though expanding as indicated by greater employment, could not keep pace with new orders, and backlogs consequently increased further.

Glass, Dinnerware Plate glass makers completed, from a production standpoint, the best first quarter on record in March. Operations during the month were expanded considerably from those of February though they did not exceed the high levels reported in January. March production of 18,266,000 square feet raised total first quarter plate glass output to 53,280,000 square feet. This amount has been surpassed only three times in history, in the second and third quarters of 1936 and the second quarter of 1937. New business, chiefly from automotive sources, continued in good volume during the first part of April, indicating that heavy production schedules would be maintained at least until early summer.

A slight slackening in window glass sales was reported late in March, largely in orders from jobbers who apparently were not stocking up to any marked degree. Sales volume remained considerably above that of last year, however, and increased further in April. Manufacturers produced 1,417,000 boxes of window glass during March, compared with 1,397,000 boxes in February and 1,107,000 boxes a year ago.

Protracted labor disputes that closed West Coast borax mines and refineries handicapped manufacturers who needed this material for production of heat-resisting glass. As

a consequence, some concerns would not accept civilian orders for extended deliveries. Shipments of pressed and blown glassware companies were moving out of plants as promptly as orders could be filled, about in equal volume to the amount of incoming business which approximated that of last year.

There was a substantial reduction in the volume of new orders being received by dinnerware manufacturers after April 1. On that date prices generally were advanced approximately ten percent, reflecting, in some measure, an increase in labor rates. Orders on hand were being reduced rather rapidly, and production schedules, in a number of instances, were being curtailed.

Paper With orders running considerably ahead of output, backlogs of paperboard mills by mid-April had risen to the highest point in more than a year. The industry, according to the *National Paperboard Association*, was operating at 85 percent of capacity, having steadily increased schedules from 80 percent early in March. Late in April production fell to 78 percent as order volume declined. Carton makers reported that customers early in April were ordering larger quantities and making commitments further ahead, allowing chiefly for possible delays in deliveries. Some companies were working more than forty hours a week for the first time in several months. Prices generally were firm. Quotations on fine writing paper have strengthened recently. Inquiries received by manufacturers indicated an effort on the part of buyers to protect themselves with new sources of supply; they apparently were concerned about obtaining sufficient tonnage to meet future requirements. New orders in March were up over both those of the previous month and a year ago. Production was expanded accordingly, but finished goods' inventories were reduced further.

Shoes A few shoe manufacturers reported in mid-April that customers were asking them to take orders for fall merchandise even before these lines were shown formally. Records of current season goods were running ahead of those of last year, enabling factories to maintain operations at the high levels prevailing during the first quarter. March production, though up slightly less than seasonally, was six percent larger than that of the previous month and 17 percent greater than actual output last year. Some companies were sold out until mid-May, at which time work would be started on new season lines.

TRADE

Retail

With Easter on April 13, three weeks later than last year, March retail trade comparisons with a year ago are distorted because such a small share of the usual pre-Easter buying fell in that month. Despite this fact, sales of 95 reporting stores in principal cities of this district were 14 percent larger than those of March 1940. Preliminary April figures indicate that sales for the month were up approximately 30 percent over a year ago. In the four weeks ended April 19, the gain over the comparable period of last year was 37 percent, but this figure was raised somewhat by special promotional sales.

The index of daily average department store sales in March, adjusted for seasonal variations and with allowance for the later Easter, rose to 108 percent of the 1923-25 average, the highest figure reached in any month since

1929. Expanded payrolls, as a result of the defense effort in this area, are being utilized to purchase consumers' goods, especially of the durable type. Sales of house furnishings were up 40 percent over those of last year, electrical appliances, including refrigerators, 61 percent, luggage sales 46 percent, furs 54 percent, with other luxury items showing larger gains than those of the more staple departments.

Sales for individual cities reflected improvement in payrolls. In Canton and Youngstown sales were up 24 and 28 percent, respectively; Akron and Springfield showed gains of 22 and 20 percent; Cincinnati and Columbus, however, where the effect of defense activity has been less pronounced, reported gains of six and one percent. In stores operating basement departments, gains in such departments over those of last year were only five percent. This would appear to indicate the buying of better quality merchandise by shoppers.

Dollar value of stocks at department stores, as of March 31, was four percent larger than a year ago, and stores are having to increase stocks and buy further ahead than for many years because of delayed deliveries. Outstanding orders of 35 stores reporting such figures were 66 percent larger at the end of March than a year ago, with some cities showing increases of more than 100 percent.

March sales of wearing apparel shops were affected by the lateness of Easter, being only one percent larger than a year ago. At reporting furniture stores, however, dollar sales were up 43 percent, a somewhat larger increase than was reported by furniture departments of department stores.

Wholesale

March sales in all reporting lines of wholesale trade in this district were 36 percent larger than those of a year ago, according to figures supplied by the *Bureau of the Census*. Increases were general, with sales of machinery and equipment up 89 percent. Other lines that experienced sharp increases in March were electrical goods 66 percent, plumbing and heating supplies 59 percent, hardware 58 percent, and house furnishings 55 percent. Seasonable items also were being purchased in large volume by retailers, with clothing and furnishings sales up 38 percent and those of dry goods 28 percent. The gain in combined sales of 226 reporting firms for the first quarter of this year was 26 percent over the comparable period of 1940. Inventories of practically all reporting lines were up, combined stocks at the end of March being 36 percent larger than a year ago.

CONSTRUCTION

More construction work was undertaken in the fourth district during March than in any other similar period in a decade. Amounting to \$34,754,000, awards were 24 percent larger than those of February and exceeded the March 1940 total by 28 percent. Greatest gains over both the previous month and last year were in the residential classification, dollar value of which was up 35 percent from that of February and 52 percent from that of March a year ago. Home building accounted for 42 percent of total construction in March, a materially greater proportion than in other recent months. Most of the contracts were for single family dwellings. Houses for owner-occupancy comprised the major portion of this building in Western Pennsylvania and Northern Ohio, while in South-

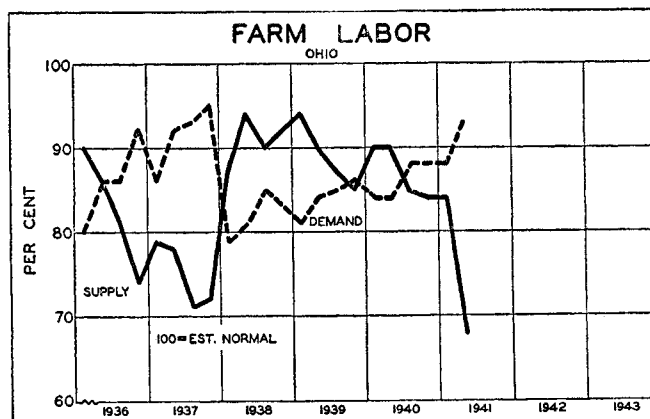
ern Ohio and Eastern Kentucky speculative building was more important. Five percent of residential construction in the southern sections of the district were publicly financed as compared with 34 percent elsewhere. United States Housing Authority awards amounted to \$1,269,000 for two Northern Ohio projects; a Southern Ohio development was to cost \$402,000.

Half of all factory and commercial construction started in the district during March was in Southern Ohio and Eastern Kentucky. Warehouses and auxiliary buildings to cost \$1,500,000 are to be built at the airplane motor plant being erected near Cincinnati. Ground was broken for a new blast furnace at Ashland, Kentucky. A \$500,000 contract for a Cincinnati machine shop addition was signed. In other localities, dollar value of industrial building, while declining slightly from the unprecedentedly high February level, was approximately twice that of March last year. Eighty-six percent of all non-residential work was privately financed, compared with 82 percent in February and 80 percent a year ago.

Lumber and building materials dealers reported that retailer buying in March and the first part of April was still more or less on a hand-to-mouth basis. Wholesalers, on the other hand, apparently were increasing inventories moderately. Shipments both from mills and dealers were prompt. Shortages of planing mill labor were evident in some localities. Retail sales of lumber and supplies continued in good volume, the weather being well-suited to outdoor construction work.

AGRICULTURE

Prices Prices of several farm products moved moderately higher early in April. At that time the Surplus Marketing Administration announced its intention to establish "price floors" under a selected list of commodities. Hog prices were to be stabilized at an average of \$9.00 per hundred-weight on the Chicago market. Minimum quotations of 15 cents per pound for chickens, 22 cents per dozen for eggs, and 31 cents per pound for butter also were promulgated. As a result of this policy, average prices for hogs rose to the highest point in about three years. Corn prices also advanced; those on wheat have tended downward since January. Quotations on beef cattle declined rather markedly early in April. Sixteen percent more cattle were being fed for market on April 1 this year than last in all sections of the Corn Belt except Ohio where a three percent decrease was noted.



Crop Conditions According to the April 1 *Department of Agriculture* survey, conditions indicated a winter wheat crop in States, parts of which comprise the fourth district, seven percent smaller than last year's harvest. The decline was due principally to an expected 13 percent reduction in yield per acre planted to the grain in Ohio. The first three months of the year were very dry. Precipitation was far below normal—in some areas the lowest on record for the period. As a result of this fact and cool weather in March, pastures were slow in starting, but on April 1 averaged 76 percent of normal as compared with 73 percent a year ago. Tobacco beds were planted early in March and young plants were coming up nicely in most cases.

Farm Labor There was less farm labor available in Ohio on April 1 than at any other time in a decade. The supply has dwindled markedly in recent months as industrial production has tended to rise. The defense effort has added ever increasing numbers to payrolls of both construction and manufacturing industries. Many projects for strategic reasons have been located in areas where comparatively small industrial working forces are available. Consequently a considerable amount of agricultural labor has been hired

and trained for industry. At the same time, conscription has built the armed forces to a twenty-year peak. With the start of farm field work, demand has increased with the result that the general level of farm wage rates has risen to the highest point since 1931.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	March 1941	% change from 1940	Jan.-Mar. 1941	% change from 1940
Bank Debits—24 cities.....	\$2,974,000	+25.0	8,461,000	+21.5
Savings Deposits—end of month:				
40 banks O. and W. Pa.....	\$ 793,126	+ 0.4	a	..
Life Insurance Sales:				
Ohio and Pa.....	\$ 89,460	+ 9.9	244,659	+ 3.4
Retail Sales:				
Dept. Stores—95 firms.....	\$ 28,036	+13.5	72,153	+12.1
Wearing Apparel—16 firms.....	\$ 1,218	+ 1.2	2,930	+ 2.7
Furniture—40 firms.....	\$ 1,126	+42.9	2,911	+28.5
Building Contracts—Total.....	\$ 34,754	+24.1	92,223	+29.1
—Residential.....	\$ 15,460	+26.3	37,002	+ 5.9
Commercial Failures—Liabilities.....	\$ 1,003	—30.0	3,504	+ 9.4
—Number.....	81	+ 3.8	201	+ 2.6
Production:				
Pig Iron—U. S.....net tons	4,703	+43.8	13,576	+28.1
Steel Ingot—U. S.....net tons	7,146	+62.8	20,340	+38.5
Auto—Pass. Car—U. S.....	410,258b	+16.2	1,215,999b	+15.4
Auto—Trucks—U. S.....	97,610b	+38.1	278,323b	+34.9
Bituminous Coal, O., W. Pa., E. Ky.....net tons	18,144	+35.3	50,696	+16.4
Cement—O., W. Pa., W. Va., bbls.	978	+28.2	2,300	+13.9
Elec. Power, O., Pa., Ky. thous.				
k.w.h.....	2,189c	+22.4	4,373d	+15.9
Petroleum—O., Pa., Ky....bbls.	1,863c	—13.8	3,966d	— 7.2
Shoes.....pairs	c	+16.7	c	+ 7.3
Tires, U. S.....casings	5,687	+13.6	16,324	+ 9.9
Bituminous Coal shipments:				
L. E. Ports.....net tons	654	+760.5	899	+983.1
a not available			c February	
b actual number			d January-February	
			e confidential	

Wholesale and Retail Trade

(1941 compared with 1940)

	SALES March 1941	Percentage Increase or Decrease first 3 months 1941	STOCKS March 1941
DEPARTMENT STORES (95)			
Akron.....	+22	+19	+ 4
Canton.....	+24	+28	+ 4
Cincinnati.....	+6	+10	+11
Cleveland.....	+18	+14	— 1
Columbus.....	+1	+4	+ 6
Erie.....	+15	+14	+ 8
Pittsburgh.....	+11	+9	+ 5
Springfield.....	+20	+20	+ 1
Toledo.....	+14	+10	+ 7
Wheeling.....	+9	+9	+ 7
Youngstown.....	+28	+18	a
Other Cities.....	+17	+17	—0—
District.....	+14	+12	+ 4
WEARING APPAREL (16)			
Canton.....	+10	+11	a
Cincinnati.....	+9	—0—	— 1
Cleveland.....	+6	+3	+ 3
Pittsburgh.....	+3	+3	—0—
District.....	+1	+3	+ 3
FURNITURE (40)			
Canton.....	+42	+19	
Cincinnati.....	+36	+30	
Cleveland.....	+39	+22	
Columbus.....	+53	+33	
Dayton.....	+10	+22	
Toledo.....	+79	+54	
Other Cities.....	+67	+54	
District.....	+43	+28	
CHAIN STORES*			
Drugs—District (5).....	+12	+ 8	
Groceries—District (4).....	+17	+14	
WHOLESALE TRADE**			
Automotive Supplies (13).....	+31	+15	+ 4
Beer (7).....	+14	+15	—12
Clothing and Furnishings (4).....	+38	+20	a
Confectionery (4).....	+29	+13	a
Drugs and Drug Sundries (10).....	+2	+ 2	+ 4
Dry Goods (5).....	+28	+14	— 3
Electrical Goods (16).....	+66	+56	+15
Fresh Fruits and Vegetables (6).....	—0—	+ 2	+ 4
Furniture and House Furnishings (4).....	+55	+44	+29
Grocery Group (51).....	+20	+11	+ 2
General Hardware (12).....	+58	+47	+15
Industrial Supplies (14).....	+21	+19	+15
Plumbing & Heating Supplies (13).....	+15	+85	+13
Jewelry & Optical Goods (8).....	+59	+52	+17
Lumber and Building Materials (3).....	+15	a	a
Machinery, Equip. & Sup. (exc. Elect.) (6).....	+32	a	a
Meats and Meat Products (4).....	+89	+125	+27
Metals (5).....	+25	+13	+31
Paints and Varnishes (5).....	+16	+21	a
Paper and its Products (6).....	+23	+12	a
Tobacco and its Products (17).....	+12	+ 7	—0—
Miscellaneous (13).....	+9	+33	—0—
District—All Wholesale Trade (226).....	+44	+26	+36

*Per individual unit operated.

**Wholesale data compiled by U. S. Department of Commerce, Bureau of the Census.

a Not available.

Figures in parentheses indicate number of firms reporting sales.

Fourth District Business Indexes

(1923-25 = 100)

	Mar. 1941	Mar. 1940	Mar. 1939	Mar. 1938	Mar. 1937
Bank debits (24 cities).....	110	88	78	74	99
Commercial Failures (Number).....	56	53	52	57	49
(Liabilities).....	23	33	38	45	21
Sales—Life Insurance (O. and Pa.).....	93	85	85	81	110
—Department Stores (48 firms).....	95	86	82	76	95
—Wholesale Drugs (10 firms).....	116	113	120	107	117
—Dry Goods (5 firms).....	59	46	47	43	58
—Groceries (51 firms).....	79	66	70	72	84
—Hardware (39 firms).....	117	74	71	72	99
—All (105 firms).....	90	69	71	71	86
—Chain Drugs (5 firms)*.....	110	98	a	90	100
Building Contracts (Total).....	73	59	57	54	56
(Residential).....	91	72	68	40	50
Production—Coal (O., W. Pa., E. Ky.).....	100	74	74	55	110
—Cement (O., W. Pa., E. Ky.).....	81	63	47	38	57
—Elec. Power (O., Pa., Ky.)**.....	261	213	187	166	184
—Petroleum (O., Pa., Ky.)**.....	101	120	116	131	129
—Shoes.....	131	112	138	131	162

*Per individual unit operated.

**February.

a Not available.

Debits to Individual Accounts

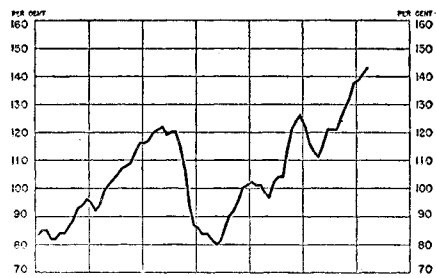
(Thousands of Dollars)

	4 Weeks ended April 16, 1941	% change from 1940	Year to Date Dec. 26, 1940 to April 16, 1941	Year to Date Dec. 28, 1939 to April 17, 1940	% change from 1940
Akron.....	86,395	+31.8	318,634	255,225	+24.8
Butler.....	10,918	+28.9	41,488	35,325	+17.4
Canton.....	46,922	+34.1	181,969	139,416	+30.5
Cincinnati.....	402,560	+26.9	1,494,606	1,232,263	+21.3
Cleveland.....	721,563	+36.9	2,762,024	2,190,003	+26.1
Columbus.....	184,402	+ 1.9	714,374	674,276	+ 5.9
Dayton.....	91,470	+30.4	329,122	261,582	+25.8
Erie.....	33,329	+27.7	129,157	105,692	+22.2
Franklin.....	3,721	+43.2	13,525	11,550	+17.1
Greensburg.....	7,513	+12.7	30,587	28,432	+ 7.6
Hamilton.....	13,269	+28.9	49,683	40,955	+21.3
Homestead.....	3,590	+ 8.6	13,976	12,113	+15.4
Lexington.....	18,187	+ 5.5	105,875	106,032	— 0.1
Lima.....	15,987	+18.9	62,633	55,105	+13.7
Lorain.....	5,663	+23.3	21,390	18,763	+14.0
Middletown.....	13,901	+37.8	52,407	44,205	+18.6
Oil City.....	9,276	+ 6.3	37,912	39,136	— 3.1
Pittsburgh.....	836,447	+37.9	3,454,281	2,577,899	+34.0
Sharon.....	10,206	+40.0	38,620	31,021	+24.5
Springfield.....	20,600	+26.3	77,384	63,415	+22.0
Steubenville.....	10,283	+13.4	39,295	36,078	+ 8.9
Toledo.....	141,660	+22.1	565,585	466,600	+21.2
Warren.....	15,193	+49.2	54,928	38,563	+42.4
Wheeling.....	33,364	+38.5	122,658	98,575	+24.4
Youngstown.....	60,177	+30.5	220,325	186,438	+18.2
Zanesville.....	8,965	+10.6	35,954	31,475	+14.2
Total.....	2,805,561	+30.4	10,968,392	8,780,137	+24.9

Summary of National Business Conditions

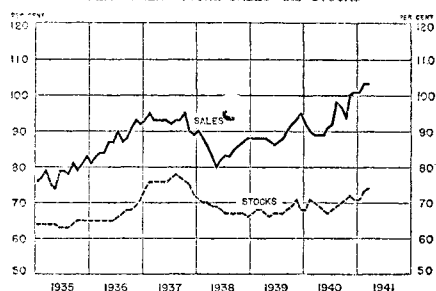
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



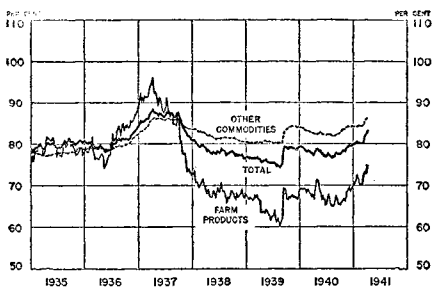
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January 1935 to March 1941. Latest figure—143 (preliminary).

DEPARTMENT STORE SALES AND STOCKS



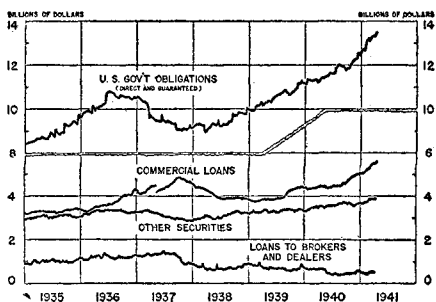
Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1935 to March 1941. Latest figures—Sales 103, Stocks 74 (preliminary).

WHOLESALE PRICES



Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ending April 12, 1941. Latest figures—All commodities 82.9, Farm products 74.9, Other commodities 85.9.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935 to April 9, 1941. Latest figures (millions of dollars) Government obligations 13,477, Other securities 3,815, Commercial loans 5,494, Loans to brokers and dealers 497.

Industrial activity increased further in March but declined somewhat in the first half of April owing to temporary reductions in output of bituminous coal and automobiles. Wholesale prices of many commodities advanced considerably and the Government took steps to limit price advances of some additional industrial materials.

Production

Volume of industrial output continued to increase in March and the Board's seasonally adjusted index rose from 141 to 143 per cent of the 1935-39 average. Activity increased further in most durable goods industries, particularly in those producing machinery, aircraft, ships, and armament.

Automobile production, which usually increases considerably in March, showed little change from the high rate reached in February. In the first half of April output was reduced considerably owing to a shutdown at plants of the Ford Motor Company during an industrial dispute which was settled about the middle of the month. Retail sales of new and used cars advanced to new peak levels in March and dealer's stocks at the beginning of April amounted to about a month's supply at the current rate of sales. Output of lumber, which had been sustained at unusually high levels during the winter months, rose less than seasonally.

Activity in the textile and shoe industries increased further in March. Cotton consumption rose to a record level of 854,000 bales and there was also an increase in rayon deliveries. At wool textile mills activity was sustained at the peak rate reached in February, not showing the usual large seasonal decline, and in the chemical and rubber industries further advances were reported.

Bituminous coal production rose considerably, while output of crude petroleum was maintained in March at about the rate that had prevailed in the four preceding months. In the first half of April coal production declined sharply, however, as most mines were closed pending conclusion of contract negotiations between mine operators and the miners' union. Production of nonferrous metals continued in large volume in March and deliveries of refined copper showed a sharp rise as domestic production was supplemented by supplies received from South America.

Construction contract awards rose sharply in March and were larger than in any month since the middle of 1930, according to the *F. W. Dodge Corporation* data. The rise was chiefly in awards for publicly-financed work, which had been reduced considerably in January and February, and in private nonresidential projects, particularly factory construction.

Distribution

In March distribution of commodities to consumers was sustained at the high level reached in February. Sales at mail-order houses and department stores increased seasonally and variety store sales showed more than the usual seasonal rise.

Freight-car loadings increased by about the usual seasonal amount. Loadings of coal and grain rose considerably, while shipments of miscellaneous freight, which in previous months had risen steadily, on a seasonally adjusted basis, showed a smaller increase than is usual at this time of year.

Commodity Prices

Prices of basic commodities continued to advance sharply from the middle of March to the middle of April. There were substantial increases in prices of domestic foodstuffs and further advances in burlap, cotton, rubber, and lead. Increases were also reported in wholesale prices of a number of manufactured products and the general index of the Bureau of Labor Statistics rose two points to 83 per cent of the 1926 average.

Informal action was taken by the Government to discourage price increases of some additional industrial materials and maximum price schedules were established for steel, bituminous coal, secondary and scrap aluminum and zinc, and iron and steel scrap. Sharp reductions in prices of some kinds of nonferrous metal scrap resulted. Announcement of an expanded Federal purchase program for hog, dairy, and poultry products was followed by price increases for these and related products.

Bank Credit

Total loans and investments at reporting member banks in 101 cities increased during March and the first two weeks of April. Commercial loans continued to rise substantially, and holdings of United States Government securities increased further, reflecting purchases of new Treasury offerings.

United States Government Security Prices

Prices of United States Government securities declined irregularly from March 15 to April 9 but subsequently rose slightly.