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Fourth Federal Reserve District
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Business conditions in the fourth district are beginning to reflect defense work to a greater extent than in the country as a whole because of the concentration of facilities for heavy goods production in this territory. Now that some of the new defense plants are getting into operation, the larger demand for metals and fabricated parts and materials is exerting increasing pressure on existing manufacturing capacity. It has caused several expansion programs to be pushed to the limit and others to be undertaken. This situation has affected activity in lines both directly and indirectly related to preparedness, including consumers' goods, particularly of the durable and luxury types.

Effects have been most evident in the labor field. The index of Ohio industrial employment advanced four points further in April to 116 percent of the 1926 average. Monthly gains of as much as three and four percent were reported in principal Western Pennsylvania areas. On May 1 in Cuyahoga County (Cleveland) approximately 100,000 fewer people were unemployed than a year before. The total number of jobless was the smallest since public handling of unemployment and relief was undertaken. During the first four months of the year, the State of Ohio paid out \$2,290,000 less for relief than in the same period of 1940. In Allegheny County (Pittsburgh) there has been a reduction of 18,000 in the number on public assistance rolls so far this year, and factory payrolls in mid-May were at record levels.

The demand for special labor has been so great in certain lines that the problem of turnover is becoming increasingly important to employers. It is not limited to skilled workers, but includes office and clerical help as well. Employed metal workers and machinists are shopping around for other positions at higher wages during their free time, and there is a decided shift from service lines into production jobs, especially by younger men. This moving about on the part of skilled labor in search of higher pay, in some instances, gives the incorrect appearance that a large supply of trained and experienced workers is still available. A further complicating factor in the fourth district labor situation is the need for skilled workers at the new defense parts plants that are being completed.

Farmers in this district, entering a promising crop season, are experiencing unusual difficulty in obtaining field hands. Farm labor has been siphoned off by the large amount of local defense plant construction, opportunity for higher wages in factories, and by selective service.

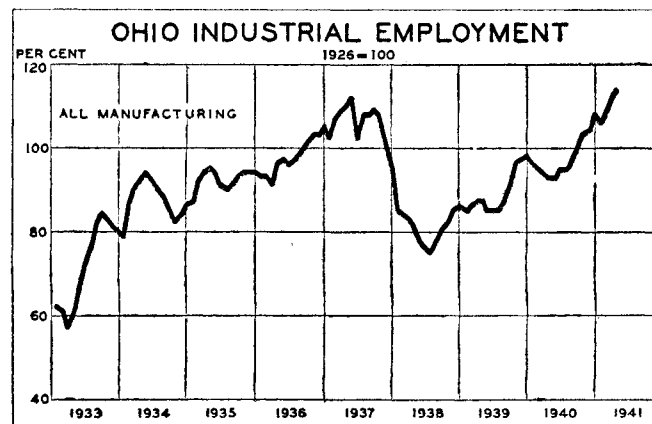
Fourth district payrolls have continued to rise more than employment, as a result not only of higher wage rates, but also the greater number of hours worked. This increased purchasing power has been reflected in sharply larger retail sales.

For the first nineteen weeks of the year, dollar volume of reporting fourth district department stores was up 17 percent; that of the entire country, 14 percent.

FINANCIAL

Member Bank Credit To an increasing degree, condition figures of weekly reporting member banks in this area are reflecting the more rapid pace at which business is proceeding. Just as defense activity, especially the phase of it which represents the production of parts and materials, is causing local business to expand at a faster rate than in the country as a whole, so loans extended by local banks also have increased relatively more than have loans of all weekly reporting banks in leading cities of the country.

Since last August, commercial, industrial, and agricultural loans of weekly reporting member banks in ten cities of this district have risen \$125,000,000, or 47 percent. The increase at similar banks for the entire country was 25 percent. Other loans which cannot easily be classified, in the same period have increased \$17,000,000, or eight percent. While real estate loans and loans on securities showed little or no change, total loans of all kinds in this area were up 19 percent since last August against a 16 percent increase for the country.



Defense Financing

In an attempt to ascertain what share of the recent increase in commercial loans was directly or indirectly connected with the defense effort, a survey was made, as a part of a nation-wide study, of weekly reporting member banks in this area. Total loans of the banks surveyed represented 60 percent of all member bank loans in this district. As of April 30 these banks, located in ten cities, had outstanding \$38,000,000 in loans which were classified as having been made to finance defense directly or indirectly. There were 310 loans reported, or an average of \$121,000 per loan. The total does not represent all defense loans that have been extended by these banks, because no provision was made for reporting loans, granted early in the program that might now be paid off. Of the total increase in commercial loans since last August, approximately one-third of it represented defense financing of one kind or another.

Despite the use of a very broad definition of a defense loan, six of the 41 banks reporting indicated they had no loans or commitments representing defense work as of April 30; five banks reported one defense loan; four banks reported two defense loans each; five banks reported three to five loans, while the remaining 21 institutions reported over five loans each, with the largest number reported by a single bank being 57 loans or commitments.

The purpose for which the loans were made appeared to cover the entire industrial classification in this area, ranging from the financing of cantonment construction, production of all types of goods required by the Army and the Navy, to railroad equipment, forage for animals, and even the storage of eggs under the Lend-Lease agreement. Regarding the length of time the loans have to run, the majority appears to be for three months or less, subject to renewal, with several written on a demand basis. Many loans were for longer period, however, and two banks reported one loan each covering 120 months, or ten years.

In addition to the loans outstanding, weekly reporting member banks indicated they had made commitments for future loans amounting to approximately \$40,000,000. These commitments numbered 178. In some cases they represented defense activity on which no funds had yet been advanced. In other cases they represented additional funds which may be taken by the borrower as needed.

Of the 310 loans and 178 commitments outstanding as of April 30, some of which represent both a loan and a commitment as a single transaction, banks indicated that the proceeds of 115 were used or are to be used for plant facilities and other construction; 255 were for production of defense supplies in existing plants, and 60 were for both construction and production. Forty of the loans and commitments were made with an Assignment of Claim under Government contract.

Regarding the approximate assets of the borrowers, banks reported that 82 loans or commitments were made to concerns having total assets of less than \$100,000; 164 were to concerns having assets of between \$100,000 and \$1,000,000, and 99 loans or commitments were made to concerns having assets of \$1,000,000 or more. In communities where defense activity is extremely important, some banks have expanded their loan accounts considerably in the past few months by financing defense activity, but others have done so to a lesser extent.

Reserve Bank Credit

There was an increase in the amount of credit extended to member banks and as industrial loans in the five weeks ended May 23 to the extent of \$212,000. Loans to member banks, at \$235,000, were at the highest level of the year. Holdings of Government securities were unchanged at \$218,541,000.

Member bank total reserve deposits with the reserve bank fluctuated somewhat and on May 23 they were \$10,000,000 smaller than five weeks previous. As deposits at member banks have increased, required reserves have risen and excess reserves have been reduced. They still exceed \$500,000,000 and are larger than requirements by approximately 115 percent. The decrease in excess reserves in this area has been about evenly divided between country and reserve city banks.

Defense Bonds

Over 980 banks, savings and loan associations, and other agencies in the fourth district have obtained stocks of defense bonds from the reserve bank and are in position to supply them to interested persons in this area. In addition, they may be purchased through the majority of post offices. In the period May 1 to 24, sales of Series E defense bonds through banks and other financial agencies (excluding post-office sales) totaled \$4,670,000, or \$194,580 per day in the fourth district. This compares with daily average sales of Series D (baby bonds) in the first quarter of 1941 of \$76,000. In addition, however, sales of Series F and G defense bonds amounted to \$4,795,000 and \$13,390,000, respectively, in the first 24 days of the month. The maturity value of all defense bonds sold through financial institutions in this area was \$22,855,000, of which 59 percent represented Series G income bonds. These may be purchased by corporations, trusts, and larger investors, generally, except banks.

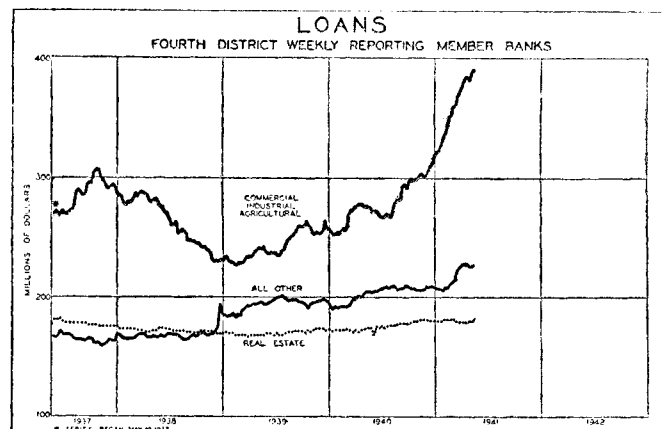
NEW MEMBER BANK

The Niles Bank Company, Niles, Ohio.

MANUFACTURING, MINING

Iron and Steel

Incoming orders of steel companies during April and early May generally continued to exceed production by as much as 25 percent in the case of flat-rolled sheets. Backlogs of unfilled orders, therefore, expanded and deliveries were extended further. Demand for plates recently has come not only from shipbuilders, but also from railroad equip-



ment manufacturers. According to the *Association of American Railroads*, 56,502 freight cars were on order May 1, more than at any other time in sixteen years. Alloy products of all kinds have become increasingly difficult to obtain since these items are required in large quantities for such defense products as aircraft and small arms.

Definite shortages of certain steel products have occurred. Several metal stamping shops and other fabricators in the fourth district have had to curtail operations because steel is not available, and a few contemplate reducing working forces for this reason. Many large consumers, however, have accumulated heavy stocks of steel against the eventuality that supplies for civilian needs might not be available later in the year. The Office of Production Management plans to inaugurate a system of inventory control over most metals by requiring producers, dealers, and users to file monthly affidavits covering all deliveries after June 10.

Steel output was affected adversely by the bituminous coal strike, which cut heavily into coke supplies needed to make pig iron. Approximately half of the twenty-odd blast furnaces withdrawn in April to conserve diminishing fuel stocks were returned to production early in May after coke again became available. Steelmaking activity was expanded to virtual capacity by the third week of the month, the *American Iron and Steel Institute* weekly operating estimate being the highest since 1929 when steel-making facilities were about 18 percent smaller than now. Operations averaged 97.6 percent during April; 6,757,728 net tons of steel were made. Production had reached an all-time peak of 7,131,641 tons the previous month. April 1940 output was 4,100,474 tons, the low point for that year.

Fourteen fewer blast furnaces were in operation on April 30 than a month before—191 as against 205. Such a comparison is somewhat misleading because as coke supplies were replenished at least five furnaces in the fourth district alone were relighted. One stack that had operated all during April was withdrawn for relining early in May. April pig iron production amounted to 4,341,681 net tons, compared with an all-time record tonnage of 4,702,905 in the previous month. A year ago when 155 furnaces were in blast, 3,139,043 tons of pig iron were made.

Reflecting the curtailed activity at blast furnaces, Lake Superior iron ore consumption declined ten percent to 5,802,088 gross tons between March and April. Last year 3,984,853 tons were used.

During April 6,954,793 tons of ore were shipped from Upper Lake ports. This is a new record for the opening

month of the shipping season, exceeding the previous one of 3,770,555 tons established in April 1937. The navigating season got under way earlier than usual this year and more bulk carriers were active in the trade. By May 15 the entire American Great Lakes ore fleet of 292 vessels with a trip capacity of 2,688,040 gross tons was in commission.

Iron ore stocks on hand at blast furnaces and on Lake Erie docks were reduced further from 17,760,742 tons on April 1 to 16,937,173 tons at the month end. A year ago 18,106,151 tons were on hand.

Coal

Most bituminous coal mines in the fourth district and throughout the country were reopened May 1 after having been closed for a month during negotiations for a new two-year wage contract. Not all mining activity was suspended during April, however. Fourth district production for the month totaled 620,000 net tons. March output was 18,144,000 tons; 12,797,000 tons were mined last April. Two years ago when operations also were curtailed in April during wage-contract negotiations, production amounted to 575,000 tons. Activity in the Eastern Kentucky fields was still somewhat restricted in mid-May. All parties by that time had not signed the Appalachian wage contract, upon which most other working agreements are based, pending settlement of the wage differential question.

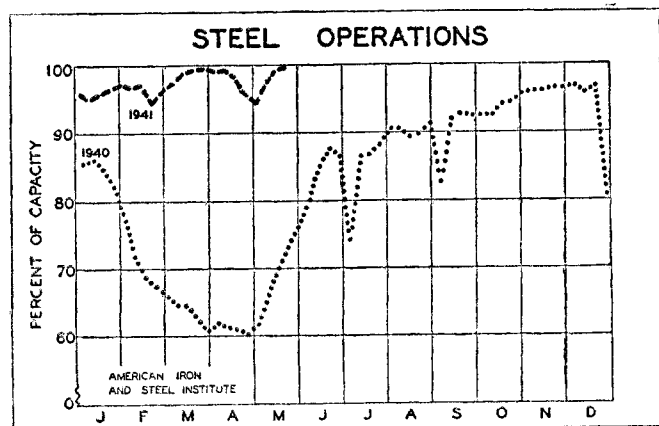
Elsewhere in the district operations apparently expanded rather rapidly. Western Pennsylvania beehive coke ovens that had been idle, both because coal was not available and because coke handlers work under a contract based upon the Appalachian agreement, resumed production. In the second full week in May output was 111,800 net tons, compared with an all-time peak of 124,800 tons reported two months before, indicating that supplies of coking coal were being received. The amount of bituminous coal being loaded into bulk carriers at Lake Erie docks also increased greatly early in May. A total of 1,617,840 tons were shipped to Upper Lake ports during April, compared with 3,776,624 tons in the corresponding month last year. Loadings during the first two weeks in May amounted to 2,028,882 tons.

At-the-mine prices for bituminous coal were raised as a result of the wage increase; advances on certain grades were fifteen cents per ton. Purchases of Southern field smokeless grades were reportedly heavy, but one large distributor noted a disposition on the part of both industrial consumers and retail dealers to defer large commitments until the market stabilized.

Automobiles

Weekly automobile production early in May advanced to new peak levels for the current model year, following resumption of work at assembly plants of a major manufacturer that had been closed for about two weeks during April due to a labor dispute. After the reopening, these factories were being operated six days a week instead of the customary five. Output of United States and Canadian manufacturers the first full week in May amounted to 132,380 vehicles, the largest weekly total reported in four years. Subsequently there was some decline and further improvement. Material and parts shortages were experienced by a number of companies, and a work stoppage closed production lines of one car maker temporarily.

According to the *Department of Commerce*, 462,257 passenger cars, trucks, busses, and road tractors were assem-



bled in domestic factories during April, 45,611 fewer than in the previous month. Though reduced substantially by the strike, April output was, nevertheless, the fourth best for any corresponding month in history. It was seven percent larger than last April's, and was exceeded only in 1929, 1936, and 1937. In those years new model production did not get under way as early as this year.

Retail deliveries of new cars reached an all-time monthly peak in April, exceeding the previous record established in April 1929 by a fairly sizable margin. Demand continued unabated early in May. Consumers no doubt have been anticipating that 1942 model production, which is scheduled to start in August, will be cut considerably below the 4,224,000 level recently set for the industry. As more emphasis is placed upon the defense effort, and materials and labor are shifted into the business of making armaments, further curtailments are expected to become necessary. Indications of higher prices and increased excise taxes, and talk of supervising installment credit also may have been contributing factors.

Factory shipments to dealers have been smaller than deliveries to consumers for some time past. As a result, retail inventories of new cars have declined sharply from the record volume reported late last winter. Floor stocks early in May were estimated to represent less than one month's sales at the prevailing rate. Deliveries on certain makes and models are difficult to obtain, being delayed as long as six weeks in a number of instances. Some dealers are refusing to take orders for delivery this model year.

Fourth district parts and accessories manufacturers continued to receive releases against contracts in large volume during April and the first part of May, though there was no increase as had been reported in other recent months. Shipments of some companies were running ahead of new business with the result that inventories were being reduced. Additions to working forces were nominal.

Rubber and Tires

Crude rubber consumption in April established a new all-time monthly record.

Domestic consumers used 71,374 gross tons. This total exceeds the previous peak of 69,024 tons reported in March by more than three percent. April 1940 consumption was 50,103 tons. In addition, manufacturers consumed 20,427 tons of reclaimed rubber in April, compared with 19,611 tons during the previous month and 16,573 tons a year ago.

April crude rubber imports of 63,305 tons were 23,800 tons smaller than those of March. A year ago receipts were 70,699 tons. April was the first time in two years that less rubber arrived in this country than in the corresponding month of the previous year, indicating the increasingly critical situation with regard to shipping space from the Far East. It is apparent, however, that some measures have been taken to alleviate this condition. More than one-fourth of all crude rubber imported in April entered the United States through Pacific Coast ports. During the first quarter of the year less than eight percent of total imports arrived there.

Crude rubber stocks held in this country were reduced in April for the first time since the Government last summer undertook to build up a supply of this strategic material in the interests of national defense. Total inventories reported by the *Rubber Manufacturers' Association* were 329,727 tons on May 1, compared with 338,147 tons a month

earlier and 152,645 tons a year before. At the average rate of consumption during the first four months of 1941, this stock represented about five months' supply. The Rubber Reserve Company, which recently made commitments for 24,000 tons of Brazilian rubber in addition to contemplated purchases of 430,000 tons of Far Eastern rubber, had received 97,947 tons by April 30. In addition, the Commodity Credit Corporation is understood to have stored approximately 80,000 tons of crude rubber acquired under provisions of the cotton-rubber barter agreement.

Tire makers increased production slightly during April, making 127,086 more casings than in the previous month. Output was 5,812,645 tires, compared with 5,091,945 a year ago. Heavy duty casings represented a somewhat greater proportion of the total last month than in the recent past. Manufacturers reduced prices on truck tires in April despite the fact that factory stocks of such merchandise were relatively small. Consumer demand was heavy, and production of these items was stepped up accordingly. Large shipments against these orders were understood to have continued until mid-May and later.

Total manufacturers' shipments of 6,049,517 casings last month were the second best for any April on record, being exceeded only in 1929. They were nine percent larger than those of March. Since automobile production declined markedly in April, original equipment shipments dropped to 2,333,827 tires from 2,638,066 in the previous month. A year ago 2,094,532 casings were shipped to car makers. Demand for replacement tires expanded considerably more than seasonally. April shipments of 3,582,579 tires compares with 2,728,557 in March and 2,850,974 last year.

Textiles and Clothing

The problem of piece goods' deliveries has become one of the most pressing that confronts clothing manufacturers.

Although supplies of certain grades of wool are definitely limited, weaving mills for several months have been operating at the highest rate in history, consuming record amounts of apparel wool. Civilian as well as military demand has contributed to the largest backlogs of unfilled orders ever held by weavers. Pronounced shortages of some spring and summerwear fabrics have developed, and a few textile mills have abandoned production of some slow-weaving cloths such as tropical worsteds, while others have restricted output of gabardines.

Production at fourth district needlework factories declined somewhat during April and the first part of May, as is customary. Most contracts for lighter-weight men's suits and sportswear had been filled by early April. New orders requesting immediate shipments of this type of merchandise continued to be received by manufacturers in rather sizable quantities, and some shops did not curtail employment as much at this season as in other recent years.

Many clothing manufacturers completed their fall selling season by mid-May, salesmen having gone on the road a little earlier than usual this year. Retailers ordered heavily, and there were some indications that they were anticipating a greater percentage of their requirements than in the past. In some instances orders were as much as a third larger. As a result of this advance buying, the period between spring and fall production was expected to be brief. In fact, some factories had started work on heavier-weight merchandise by late May.

Shipments of overalls and other rough cotton work gar-

ments were increased further late in April and early in May when production schedules were expanded. Finished goods' inventories were reduced, but remained moderately larger than those at the same time last year. New business continued to be received in sizable volume, exceeding shipments by a fairly wide margin. Demand was from both military and civilian sources.

Other Manufacturing Operations of some manufacturers in other important fourth district industries tended slightly lower in April than in the previous month, perhaps as an indirect result of the bituminous coal strike. Shortages of materials other than fuel were experienced, and skilled labor became more difficult to find. New business generally continued in large volume during April and the first part of May. Unfilled orders of many companies expanded further.

Metal Industries April machine tool shipments were estimated at \$60,300,000 by the *National Machine Tool Builders' Association*, compared with \$54,000,000 in March. During the first four months of the year, manufacturers shipped tools valued in excess of \$220,000,000, or about twice as much as in the corresponding 1940 period. Since August 1939, the machine tool price index of the *Bureau of Labor Statistics* has risen about 16 percent. The advance appears to have been occasioned by additional costs involved in subcontracting work and higher wages. Most companies have been working considerably more than 40 hours for many months, paying time and a half of increased base rates for all overtime.

Increasingly large shipments from small tool plants have reduced finished goods' inventories substantially during the past year, since the volume of new business has exceeded production capacity. New orders, in some instances, have been three times those of a year ago.

Drop forging production was hampered in April and early May due to shortages of dies. The volume of incoming business was little changed from that of other recent months. Unfilled orders on hand consequently increased moderately. Scarcity of zinc and aluminum might soon be reflected in curtailed operations at die casting shops, according to correspondents in mid-May.

Specialty foundries using ferro-alloys were handicapped early in May because many merchant blast furnaces supplying this type of material were withdrawn as a result of the fuel shortage. Other plants apparently were not greatly affected.

Operating schedules of electrical equipment manufacturers were expanded slightly further in April. New orders for a number of items were almost twice those of a year ago. Production, in most lines, has not matched this increase in incoming business. In some instances, unfilled orders are more than three times as large as those held at this time last year.

More electric household refrigerators were sold domestically during April than in any other month on record. Manufacturers' April deliveries of 448,835 boxes compares with 393,425 in the previous month and 315,935 a year ago.

Glass, Dinnerware Reduction in April automobile output was not noticeable in plate glass production last month. Companies manufacturing for commercial sale made 18,344,000 square feet of polished glass, fractionally more than

in March and 48 percent more than in April 1940. Demand from other than automotive consumers was said to have been very good. No material change in production schedules was contemplated during the next two or three months, according to correspondents, and May and June shipments to automobile body companies were expected to approximate output. In the building glass field, incoming business was about equal to the mid-May rate of production. Some decline in April order volume reduced backlogs moderately as shipments continued large.

Continuation of the strike at West Coast potash and borax mines caused curtailment of production at plants making heat-resisting glassware, and at least one factory closed late in April as borax supplies were depleted. Shortages of cryolite, a chemical imported from Greenland, also were reported.

Though new order volume fell off rather sharply after dinnerware prices were raised early in April, production in this branch of the ceramics industry was maintained near capacity until mid-May by large backlogs. As unfilled orders were reduced further, operating schedules were curtailed.

Paper, Paperboard Paper makers noted that general consumer sentiment in April and early May was toward increased forward buying. There had been indications of probable higher prices and that some delays in service might be experienced. Production was expanded, and the industry by mid-May was operating in excess of theoretical capacity for the first time in recent years. Paperboard and boxboard mills also increased output early in May. Demand strengthened considerably when prices on several grades were advanced after a long period of uncertainty. Unfilled orders on hand at mid-month were the largest reported in more than a year.

Shoes With reorders from retailers in greater volume this April than last and work on sample lines of fall merchandise getting under way somewhat earlier than usual, fourth district shoe production declined considerably less than might have been expected seasonally between March and April. Last month's output was down only about nine percent from the high March total, compared with a drop of 18 percent in other recent years. Local factories made 34 percent more shoes this April than a year ago. Salesmen went on the road with new lines early in May. Scattered reports indicated that despite slightly higher prices on some styles, there was more advance buying than last year.

TRADE

Retail With a large share of pre-Easter buying occurring in April this year because of the later date of the holiday, a more accurate comparison between 1941 and 1940 spring trade now can be drawn. Dollar sales of all reporting fourth district department stores in the two months, March and April, were 22 percent larger than those of the corresponding period a year ago. Improvement was noted in all principal shopping centers, but was greatest in the medium-size cities. Gains ranged from 35 percent in Canton, 32 percent in Akron, and 30 percent in both Springfield and Youngstown to 25 percent in Cleveland, 18 percent in Pittsburgh, and 15 percent in Cincinnati. Total March and April sales of district wearing apparel shops were up 16 percent over those of 1940.

During the first four months of the year, reporting department stores sold 17 percent more merchandise than last year; apparel shops, 11 percent more. In the same period, furniture store sales registered a gain of 27 percent. For April dollar volume was 25 percent larger.

Continuing the trend commented upon last month, consumers bought more durable goods and luxury items this April than a year ago. Department store sales of major household appliances such as refrigerators, washers, and stoves were up 43 percent; those of silverware and jewelry, 42 percent.

Department store inventories on April 30 were seven percent larger than those of a year ago. Forward buying, induced chiefly by delayed deliveries, continued. At the end of April, outstanding orders of 37 reporting stores were 92 percent greater than on the corresponding 1940 date. In some instances the increase was 120-140 percent. Wearing apparel shops on April 30 carried stocks two percent larger than those of last year; their outstanding orders were up 76 percent.

The percentage of all credit sales to total store sales in April declined moderately from that of a year ago. Between March and April there was no change. The decrease was principally in regular 30-day charge sales, which accounted for only about half of all sales, compared with more than 52 percent of a substantially smaller total last year. Although aggregate charge sales were 24 percent greater this April than last, collections represented approximately 37 percent of accounts receivable outstanding on March 31. This is the same proportion as reported last month and a year ago. In the case of apparel stores, approximately one-third of all outstanding accounts at the end of March was collected during the following month, as was done last April.

Sales of both chain drug and chain grocery companies, on an individual store operated basis, declined slightly between March and April. Compared with a year ago dollar volume of grocery chains, per store operated, was up 21 percent; chain drug sales were 20 percent larger. Consolidation of outlets into super markets should be considered in this connection.

Wholesale Further improvement in wholesale trade was evidenced in the April reports from 228 fourth district wholesale firms cooperating with the *Bureau of the Census*. Dollar volume was five percent larger than that of the previous month. Compared with a year ago, April sales were up 32 percent. For the year to date the increase was 26 percent. In such widely diversified lines as metals, electrical goods, clothing, home furnishings, machinery and equipment, hardware, and jewelry, gains of more than 50 percent were reported between this April and last.

Inventories were increased somewhat further during April. Total stocks of all wholesalers on May 1 were 18 percent larger than those of a year before, a gain being shown in every classification except tobacco. Experience varied considerably. Beverage dealers' stocks were up 58 percent, while those of automotive supply houses were practically unchanged.

Aggregate accounts receivable of wholesale firms on May 1 were 20 percent above last year's figure. April collections, which represented 78 percent of all accounts outstanding at the beginning of the month, were 34 percent larger than those of a year ago.

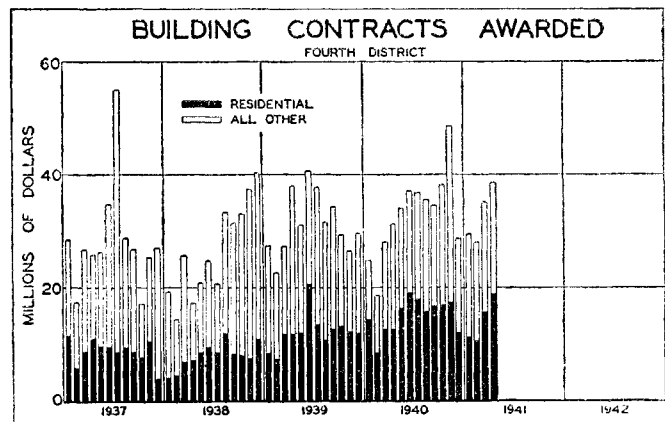
CONSTRUCTION

A marked expansion in residential building was primarily instrumental in raising the total amount of construction undertaken in the fourth district during April to the highest level for that month in a decade. Contracts awarded for all types of building were valued at \$38,682,000 as compared with a revised total of \$35,049,000 for the previous month and \$31,241,000 a year ago. As can be seen in the accompanying chart, April was the second best building month in about two years, being exceeded only in November when a large Government project was started. On an average daily basis, aggregate April awards were up more than 19 percent from those of March, while residential contracts were 31 percent larger. Gains over April 1940 totals were 24 percent for all construction and 54 percent for residential building.

In fourth district territories publicly-financed construction accounted for a moderately greater proportion of total awards in April than in other recent months. One-third of all April building was so financed, compared with an average of less than 28 percent during the first quarter of the year. As might be expected in view of the industrial expansion incident to the defense program, the largest increase in publicly-financed work was nonresidential. Whereas only a little more than 19 percent of all such building was financed with public funds during the first three months of the year, 36 percent was publicly-financed in April.

More residential building was started in April than during any other similar month since 1928. Contracts totaled \$18,966,000. This compared with awards of \$15,640,000 in March and \$12,328,000 in April last year. Construction of individual dwellings increased by about the customary amount from March to April. One-family houses, both for owner-occupancy and for rent or sale, represented 91 percent of all residential building, compared with 81 percent in March. Home building activity was not confined to any one locality, but was distributed more or less equally throughout the entire district.

As a result of the increased building activity, both wholesale and retail lumber and building materials yards were selling considerably more this spring than last. Inventories were somewhat larger than those of a year ago, and supplies of most materials were more readily available than last year when Government purchases were unusually heavy.



AGRICULTURE

Crop Conditions Fourth district agricultural conditions so far this spring have been in rather striking contrast to those of last year when field work was hampered considerably by wet weather. The current season has been unusually dry throughout the entire district. There were general showers early in May, but good rains still were needed in most localities. Although they were in moderately better condition at the time of the May 1 *Crop Report* than a year before, pastures and hay apparently had suffered more than cultivated crops. Farmers in Central Kentucky were reported to be watering tobacco plants. Beds were in good condition, however, having overcome a late start. Transplanting was expected to get under way somewhat earlier than usual unless fields were so dry that it would be advantageous to wait. Indications were that about the same acreage would be planted this year as last.

Wheat May 1 conditions indicated an Ohio winter wheat crop of 40,754,000 bushels. This is about three percent smaller than last year's harvest and compares with a 1930-39 ten-year average crop of 40,718,000. Slightly more acreage has been abandoned this year than last, and the estimated yield per acre was off one bushel to 20½ bushels.

Debits to Individual Accounts

	4 Weeks ended		Year to Date		Year to Date		% change from 1940
	May 14, 1941	% change from 1940	to Dec. 26, 1940	to Dec. 28, 1939	to May 14, 1941	to May 15, 1940	
Akron	86,931	+38.4	405,565	318,047	427.5		
Butler	12,360	+37.0	53,848	44,344	+21.4		
Canton	48,986	+43.9	230,955	173,452	+33.2		
Cincinnati	374,686	+25.9	1,869,292	1,529,874	+22.2		
Cleveland	717,983	+33.6	3,480,007	2,727,265	+27.6		
Columbus	236,379	+38.9	950,753	844,408	+12.6		
Dayton	88,636	+28.5	417,758	330,558	+26.4		
Erie	35,925	+33.7	165,082	132,566	+24.5		
Franklin	3,855	+38.6	17,380	14,331	+21.3		
Greensburg	8,946	+30.5	39,533	35,288	+12.0		
Hamilton	14,344	+35.8	64,027	51,516	+24.3		
Homestead	3,990	+11.6	17,966	15,689	+14.5		
Lexington	19,648	+1.4	125,523	125,412	+0.1		
Lima	16,610	+34.6	79,243	67,442	+17.5		
Lorain	6,908	+31.8	28,298	24,003	+17.9		
Middletown	14,819	+43.5	67,226	54,531	+23.3		
Oil City	9,559	+5.2	47,471	49,218	-3.5		
Pittsburgh	796,026	+31.1	4,250,307	3,185,320	+33.4		
Sharon	10,731	+45.8	49,351	38,379	+28.6		
Springfield	20,261	+23.5	97,645	79,815	+22.3		
Steubenville	10,834	+17.8	50,129	45,272	+10.7		
Toledo	144,628	+22.9	710,213	584,266	+21.6		
Warren	14,492	+60.0	69,420	47,620	+45.8		
Wheeling	29,595	+20.2	152,253	123,197	+23.6		
Youngstown	61,532	+41.6	281,857	229,885	+22.6		
Zanesville	9,273	+17.7	45,227	39,354	+14.9		
Total	2,797,937	+31.3	13,766,329	10,911,052	+26.2		

Fourth District Business Indexes

	(1923-25=100)				
	April 1941	April 1940	April 1939	April 1938	April 1937
Bank debits (24 cities)	113	86	74	76	97
Commercial Failures (Number)	42	32	63	63	49
(Liabilities)	20	11	47	42	39
Sales—Life Insurance (O. and Pa.)	92	84	73	71	101
—Department Stores (48 firms)	115	90	92	89	98
—Wholesale Drugs (10 firms)	97	92	90	89	110
—Dry Goods (8 firms)	56	46	39	40	54
—Groceries (46 firms)	77	68	61	65	83
—Hardware (37 firms)	129	85	67	71	101
—All (101 firms)	88	70	61	64	83
—Chain Drugs (4 firms)*	109	91	a	91	98
Building Contracts (Total)	81	66	80	37	54
(Residential)	110	72	68	41	63
Production—Coal (O., W. Pa., E. Ky.)	3	71	3	49	66
—Cement (O., W. Pa., E. Ky.)	98	73	68	55	75
—Elec. Power (O., Pa., Ky.)**	261	220	202	178	206
—Petroleum (O., Pa., Ky.)**	109	120	116	131	129
—Shoes	125	93	113	94	134

* Per individual unit operated.
** March.
a Not available.

Wholesale and Retail Trade

(1941 compared with 1940)

	SALES April 1941	Percentage Increase or Decrease	
		SALES first 4 months	STOCKS April 1941
DEPARTMENT STORES (95)			
Akron	+40	+25	+ 6
Canton	+45	+34	a
Cincinnati	+24	+14	+10
Cleveland	+32	+20	+ 7
Columbus	+33	+12	+ 7
Erie	+31	+18	+10
Pittsburgh	+25	+15	+ 7
Springfield	+41	+26	a
Toledo	+20	+13	+ 7
Wheeling	+44	+18	+ 8
Youngstown	+32	+22	a
Other Cities	+42	+26	+ 5
District	+30	+17	+ 7
WEARING APPAREL (16)			
Canton	+43	+19	a
Cincinnati	+35	+ 9	+ 7
Cleveland	+28	+10	+ 5
Pittsburgh	+37	+ 8	+ 1
Other Cities	+32	+10	+ 6
District	+34	+11	+ 2
FURNITURE (39)			
Canton	+64	+33	
Cincinnati	+39	+33	
Cleveland	+26	+23	
Columbus	-24	+ 6	
Dayton	-13	+10	
Toledo	+45	+51	
Other Cities	+51	+53	
District	+23	+27	
CHAIN STORES*			
Drugs—District (5)	+20	+11	
Groceries—District (4)	+21	+16	
WHOLESALE TRADE**			
Automotive Supplies (13)	+18	+16	+ 1
Beer (7)	+28	+19	+53
Clothing and Furnishings (5)	+71	+33	a
Confectionery (4)	+ 4	+10	+ 6
Drugs and Drug Sundries (10)	+ 5	+ 3	+10
Dry Goods (8)	+23	+17	+ 4
Electrical Goods (20)	+79	+65	+41
Fresh Fruits and Vegetables (6)	+ 6	+ 3	+10
Furniture & House Furnishings (4)	+57	+48	+12
Grocery Group (46)	+14	+12	+12
Total Hardware Group (37)	+51	+48	+28
General Hardware (11)	+43	+28	+26
Industrial Supplies (14)	+74	+82	+35
Plumbing & Heating Supplies (12)	+52	+56	+39
Jewelry & Optical Goods (9)	+37	a	a
Lumber and Building Materials (3)	+22	a	a
Machinery, Equip. & Sup. (exc. Elect.) (5)	+53	+100	a
Meats and Meat Products (3)	-0-	+11	+40
Metals (5)	+81	a	+26
Paints and Varnishes (5)	+32	+25	+ 6
Paper and its Products (8)	+27	+16	+ 4
Tobacco and its Products (17)	+12	+ 8	- 1
Miscellaneous (13)	+19	+30	+ 7
District—All Wholesale Trade (228)	+32	+26	+18

* 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.

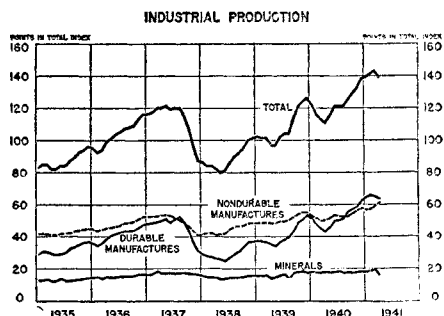
Fourth District Business Statistics

	(000 omitted)		Jan.-Apr. 1941	% change from 1940
	April 1941	% change from 1940		
Fourth District Unless Otherwise Specified				
Bank Debts—24 cities	\$3,069,000	+32	11,530,000	+24
Savings Deposits—end of month:				
40 banks O. and W. Pa.	\$ 793,564	-0-	a	
Life Insurance Sales:				
Ohio and Pa.	\$ 88,789	+10	333,448	+ 5
Retail Sales:				
Dept. Stores—95 firms	\$ 34,542	+30	106,694	+17
Wearing Apparel—16 firms	1,328	+34	4,259	+11
Furniture—39 firms	1,396	+25	4,215	+27
Building Contracts—Total	38,682	+24	131,200	+28
—Residential	18,966	+54	55,968	+18
Commercial Failures—Liabilities	881	+77	4,385	+19
—Number	61	+33	262	+ 8
Production:				
Pig Iron—U. S. net tons	4,342	+38	17,918	+30
Steel Ingot—U. S. net tons	6,758	+65	27,056	+44
Auto—Passenger Car—U. S.	374,979b	+ 4	1,590,978b	+12
Auto—Trucks—U. S.	87,278b	+24	365,601b	+32
Bituminous Coal, O., W. Pa., E. Ky. net tons	620	-95	51,316	- 9
Cement—O., W. Pa., W. Va. bbls.	1,178	+35	3,478	+20
Elec. Power, O., Pa., Ky. thous. k.w.h.	2,192c	+22	6,565d	-12
Petroleum—O., Pa., Ky. bbls.	2,008c	-13	5,974d	-32
Shoes e pairs	e	+34	e	+12
Tires, U. S. casings	5,813	+14	22,146	+11
Bituminous Coal shipments:				
L. E. Ports net tons	1,618	-57	2,517	-35

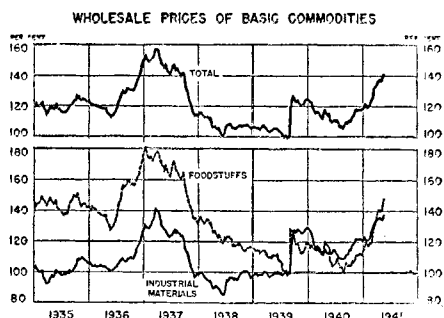
a not available
b actual number
c March
d January-March
e confidential

Summary of National Business Conditions

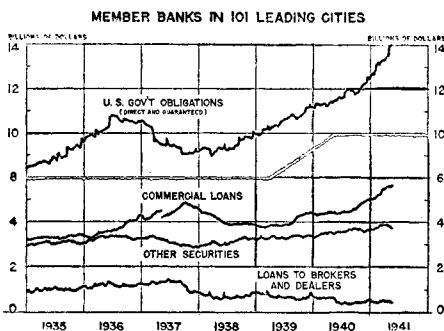
By the Board of Governors of the Federal Reserve System



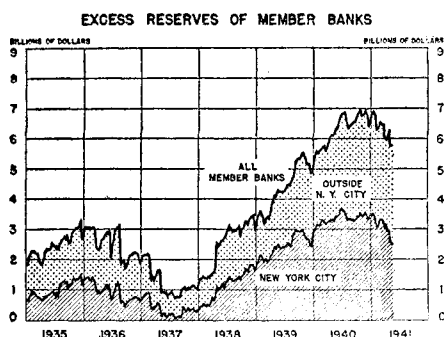
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to April 1941.



Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August 1939 = 100. Thursday figures, January 3, 1935 to May 8, 1941.



Wednesday figures, January 2, 1935 to May 7, 1941.



Wednesday figures partly estimated, January 2, 1935 to May 7, 1941.

Wholesale commodity prices advanced sharply in April and the first half of May, with the exception principally of metals for which maximum prices had been established. Industrial production declined in April, owing to reduced output of coal and automobiles, but increased rapidly in the first half of May as operations in these industries were resumed.

Production

In April the Board's seasonally adjusted index of industrial production declined to 139 per cent of the 1935-1939 average, a drop of 4 points from March. The decline reflected chiefly a sharp reduction in output of bituminous coal, as most mines were closed during the entire month.

Automobile production also declined in April, owing to stoppage of work at plants of the Ford Motor Company during an industrial dispute. This was settled about the middle of the month and domestic output has since advanced to a high monthly rate of over 500,000 cars and trucks. Announcement by the Office of Production Management that output in the twelve months ending July 31 would approximate 5,290,000 units indicates that a rate close to that now prevailing should be maintained through July, although there is usually a considerable decline in this period.

Steel production was curtailed somewhat in the latter half of April by shortages of coal and coke and output declined from a level of 100 per cent of capacity to 94 per cent at the month end. Subsequently output increased, reaching 99 per cent by the middle of May.

In most other lines activity continued to increase during April and the first half of May. Machinery production rose further and activity in the aircraft and shipbuilding industries continued to expand rapidly. Consumption of nonferrous metals also advanced, and, as in March, domestic sources of copper were supplemented by large supplies from Latin America. Textile production rose further from the high rate prevailing in March. Consumption of raw cotton in April amounted to 920,000 bales, a new record level, and rayon deliveries also rose to a new peak. Continued advances were reported in the chemical, paper, and food industries.

Anthracite production declined considerably in April, owing to a delay by dealers in placing usual spring orders, but increased in the first half of May. Output of crude petroleum showed little change from the March rate, following some increase from the reduced level of the winter months.

Value of construction contract awards in April declined somewhat from the high March total, owing principally to a smaller volume of defense plant contracts, according to *F. W. Dodge Corporation* reports. There was an increase in contracts for publicly financed defense housing, and awards for private residential building rose by about the usual seasonal amount.

Distribution

Sales of general merchandise at department and variety stores showed about the usual seasonal rise from March to April, making allowance for the changing date of Easter. Retail sales of new automobiles, which had amounted to 526,000 cars and trucks in March, rose further in April and sales of used cars were at peak levels.

Freight-car loadings declined sharply in April, reflecting a reduction in shipments of coal and coke, but increased in the first half of May when coal mines were reopened.

Commodity Prices

Prices of most basic commodities, both domestic and imported, advanced sharply further in the first half of May following a short period of little change during the latter part of April. Price increases were most pronounced for agricultural commodities reflecting in part the prospect of legislation raising Federal loan rates for basic farm crops. Prices of a number of semimanufactured industrial products, including petroleum products, coke, leather, textile yarns and fabrics, and building materials, also advanced. Metal prices, now for the most part subject to Federal control, remained at the maximum levels established earlier.

Bank Credit

Bank loans and investments have shown a marked rise since last summer, the increase at reporting banks in 101 leading cities amounting to \$4,000,000,000. In April and early May holdings of investments by these banks increased considerably, mostly at New York City banks. Increases in commercial loans in this period were somewhat smaller than during the preceding two months.

Excess reserves of member banks were \$5,700,000,000 on May 14. Since January they have declined by about \$1,100,000,000, owing largely to increases in Treasury deposits with the Reserve Banks and in currency in circulation. The decrease has occurred entirely in New York City.