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Fourth district business activity continued at a record rate in October and the first weeks of November even though adjustments in operating schedules and employment were necessitated by the increasing importance of war material production. Pig iron and steel ingot output were well maintained, though somewhat handicapped by work stoppages at captive bituminous coal mines and recurring scrap shortages. Commercial mine schedules were increased, so that total soft coal production remained at unusually high levels. Metal working industries making defense items operated at the practical limits of expanding capacity, thus offsetting curtailment in civilian lines occasioned by further restrictions on materials and production of certain articles.

Seasonal goods moved to market in large volume for the Christmas trade, but a good share of these represented withdrawals from inventories manufacturers had accumulated during previous months. Dollar value of department store inventories was 41 percent larger than that of a year ago. Retail sales in October, however, were down slightly more than seasonally from the unprecedentedly high levels of August and September. Dollar volume early in November exceeded that of a year ago by approximately 20 percent. This is somewhat more than retail price indexes have advanced.

October contracts for residential construction were the largest ever reported for that month, as much owner-occupancy home building was started. Nonresidential awards were above those of either September or a year ago.

Total industrial employment in many fourth district manufacturing centers, both large and small, advanced further to new record levels in October. Working forces were increased in the metals and machinery groups. Furloughs were reported by some style goods manufacturers, but there was less decline in both employment and payrolls than in most recent years. Considerable intracompany shifting of workers from nondefense to defense divisions was noted.

Living costs in fourth district cities rose again in October for the eleventh consecutive month, having increased about eight percent on the average during the past year. Principal advances last month were shown in the clothing, housefurnishing, and sundries' classifications, where previous gains had been more or less nominal. Higher excise taxes were reflected most in the so-called sundries' group, which includes many articles subject to tax. Cost of living increases reported in some cities of the district last month were among the smallest recorded anywhere in the country.

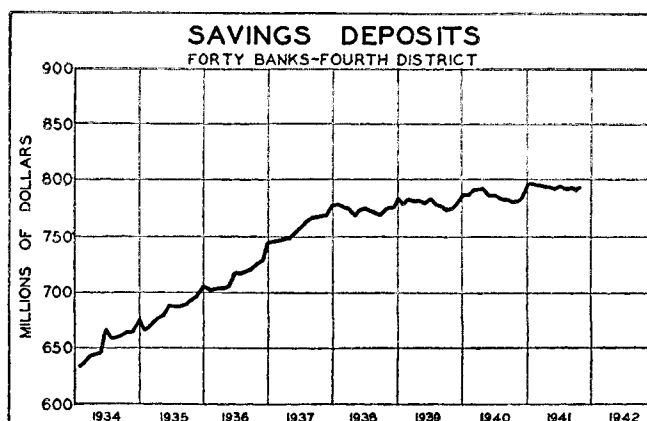
FINANCIAL

Reserve Bank Credit

There was a slight, seasonal increase in loans to member banks in the four weeks ended November 19, but only a nominal amount of credit was in use. Member bank reserve balances declined from their record level of mid-October as demand for currency continued to expand and funds were used to pay for Government securities purchased. Circulation of Federal reserve notes increased more than \$20,000,000 in the four weeks ended November 19 and it was \$200,000,000 greater than a year ago. Treasury deposits with the reserve bank, which were built up through the October financing to the highest level of the year, were reduced by \$40,000,000 in the four latest weeks. After allowing for the higher reserve requirements which became effective November 1, member banks in this area had an excess of 78 percent, or \$427,000,000. The increase in reserve requirements was approximately \$75,000,000 for banks in the fourth district.

Savings Deposits

Deposits of individuals, as evidenced by pass books, have been reported monthly to this bank by 40 leading institutions in this district for a number of years. The monthly totals since 1934 are shown on the accompanying chart. Prior to that time the figures are distorted by several factors. Savings deposits of these 40 banks represent approximately two-thirds of the savings deposits at all member banks in the fourth district. As production and employment improved in the years 1934 to 1937, there was a rather steady growth



in savings deposits, partly through interest accumulations which are evident in the June and December changes. As business declined sharply in late 1937 and early 1938, the increase in savings deposit balances at local banks all but disappeared. When recovery again occurred in the last half of 1938 and expanded into the defense program, which has been accompanied by record high employment, payrolls, and incomes, savings deposits failed to exhibit the rate of growth of the 1934 to 1937 period, or of pre-depression years. As of October 31, savings deposits at these banks were 1.9 percent larger than a year previous despite the fact that in Ohio industrial employment was up 22 percent and payrolls had risen 40 percent. In the year 1940 savings deposits at these banks increased only one percent, whereas estimated income in this area in 1940 was nearly seven percent greater than in 1939.

Several factors might be mentioned contributing to the slowing down in savings account accumulation. Prior to the depression, accretion from interest payments alone approached four percent. At present, most banks are paying graduated rates of interest. In some cases no interest is being paid on small accounts and very large balances, with varying rates on intermediate accounts. At two large banks the average rate paid in the first half of this year was 0.8 percent.

Savings Bonds

Since 1935 the Treasury Department has issued various series of savings bonds designed to attract funds of small investors. Since these bonds, if kept to maturity, will afford a greater interest return than is available at most banks, the extent to which these bonds have been purchased in this area has a direct bearing on savings account accumulations. Since May 1941 when the Series E, F, and G bonds were first introduced, considerable effort has been made to popularize these securities. Through November 25, total sales of these bonds through bank channels alone have amounted to \$127,466,000 (cash value). Series E bonds represented \$39,865,000, and in November sales of these bonds were at a rate only exceeded by July. Data covering sales of Series E bonds through post offices in this area are not available. In addition to the defense bonds, two series of Tax Anticipation notes have been available for individual and corporation purchase which yield more, on an annual basis, than would funds deposited in banks. Series A notes can be used by individuals for payment of income taxes up to \$1,200. Total sales of these have amounted to \$3,549,000 in this district up to November 25. Series B bonds, usable

by corporations, have been taken to the extent of \$224,537,000.

Other factors should be mentioned in connection with the leveling off in savings deposits. The development of several aspects of the social security program including old age, employment, and relief no doubt removes a share of the incentive to accumulate emergency funds. Increased popularity of hospitalization and health programs probably is in the same category. Increased home building as a result of the F.H.A. program no doubt has absorbed funds that might have found their way into savings accounts, or the Treasury's savings bonds.

Demand Deposits

In contrast with the leveling off in savings accounts, demand deposits of banks in this area have continued to rise almost uninterruptedly. In fact, from 1933 to June 30, 1941 they increased more than 200 percent at all member banks in this area, with further gains since that time. In recent weeks demand deposits have fluctuated at levels slightly below the all-time peak touched in mid-October, but on November 19 they were 18 percent larger than a year previous.

Member Bank Credit

While loan expansion in the past year has contributed to the rise in demand deposits, the greater share of the increase has resulted from banks' purchase of Government and Government guaranteed securities. Holdings of these securities by weekly reporting member banks have increased rather sharply recently, the gain since June being ten percent. At the same time, loans increased 4.8 percent, but since mid-September commercial loans have been paid off at a rate exceeding new loans made.

NEW MEMBER BANKS

The Alger Savings Bank, Alger, Ohio.

The Peoples Banking Company, McComb, Ohio.

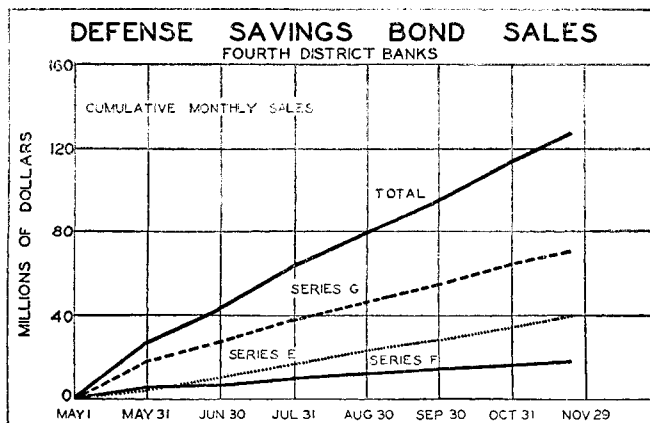
MANUFACTURING, MINING

Iron and Steel

Fourth district iron and steelmaking operations reflected renewal of the captive coal mine strike in mid-November. Nine of the 99 blast furnaces active in this district on November 1 were banked during the third week of the month when coke supplies ran low. Operations were being resumed following reopening of the mines, after about a week of idleness which substantially reduced the amount of pig iron available for steel production.

Although this decrease did not affect steel plant activity immediately, other factors resulted in some falling-off in fourth district ingot output. Scrap continued in short supply, and the long-sustained high rate of operations necessitated furnace repairs. In the third week of November, Cleveland-Lorain mill schedules were at the early September level having declined seven points from the mid-October high to 92 percent of theoretical capacity. Operations in both the Youngstown and Wheeling territories were the lowest this year in the third week of November; rates of 86 percent and 82 percent, respectively, were reported. Ingot production was maintained at 99 percent of capacity in the Pittsburgh area throughout the forepart of November. Following a moderate decline in activity early in November, Cincinnati district mills were operating at 91½ percent of capacity late in the month.

United States steel ingot output in October was the best



for any single month in history; 7,242,683 net tons were made. This total compares with 6,819,706 tons in September and 6,644,542 tons last year. In the manufacture of this raw steel, producers last month consumed 4,649,000 gross tons of scrap, 231,000 tons more than during September. A year ago 4,233,000 tons were melted.

October pig iron production of 4,855,746 net tons was the largest on record, exceeding the previous monthly high reported in August by 71,000 tons. Output was 4,437,725 tons a year ago. Three blast furnaces were withdrawn during October, leaving 216 out of 230 available operating on November 1. Of this total, 176 depended primarily upon supplies of Lake Superior iron ore. These stacks consumed 6,612,186 gross tons of ore during October, more than in any other month in history.

October ore shipments from upper Great Lakes' ports of 9,596,064 tons raised the 1941 season total to 71,620,292 tons, or approximately ten percent above the movement in any previous full year. By mid-November, nine of the 292 Great Lakes' bulk carrier fleet had been withdrawn to other trades. Ore shipments declined somewhat as a consequence, but since open weather prevailed later than usual at northern mines and ports comparatively heavy movement continued.

November 1 iron ore inventories at blast furnaces and on Lake Erie docks reflected the season's great shipping activity. Stocks on hand then totaled 43,945,751 tons and were the largest held at any time during the past nineteen years.

Steel companies reportedly received slightly more new business during October than in September, but early November bookings were said to be 15-20 percent smaller than those of the previous month. Official request for a steel allocation program similar to that in effect for pig iron appeared to curtail nondefense buying even more than it had been.

Coal

Considerable confusion has existed in the fourth district bituminous coal industry during recent weeks. Although captive mines operated principally by steel companies were closed by a labor dispute for about a week in October, work at mines supplying the commercial trade was not interrupted. In fact, operations in this division of the industry were expanded to such an extent as to nullify completely effects on total soft coal output of suspended activity at captive mines. Aggregate fourth district production for October was 19,526,000 net tons, the second best for any single month in twelve years, being exceeded only fractionally in March 1937.

Breakdown of union-operator negotiations in mid-November resulted in resumption of the strike at captive mines throughout the country. The majority of them are located in this district. At that time, numerous commercial mines also closed. Later all mines reopened when the dispute went to an arbitration board.

Fourth district distributors and dealers noted a somewhat wider diversity of demand for bituminous coal in late October and early November than theretofore. Domestic consumers still were not ordering as large quantities as at the same time in other recent years, due to the continued mild weather in most localities, but some improvement over the early fall was reported. Coal used by industrial concerns for steam-generating purposes was in good demand.

Whereas during the summer months household grades had accounted for the major portion of shipments to northern Great Lakes' ports, recent loadings at Lake Erie docks

have been chiefly industrial sizes. During October, 8,149,570 net tons of all types of coal were moved north, more than during any other month in the 23 years of record. November loadings continued heavy, and by the last week in the month it was estimated that a greater tonnage of coal had moved over the Great Lakes than during any full year in history.

Automobiles

Retail sales of new automobiles, both in the fourth district and nationally, have been slow ever since the introduction of 1942 models. Dealers in nine major counties of the district delivered 46 percent fewer passenger cars to customers during October than in the same period a year ago. Sales were below those of the spring and early summer by an even greater amount. Factory production, on the other hand, has declined only about 25 percent from the levels prevailing last fall. Inventories held by distributors and dealers consequently have risen sharply since the between-season low point reached just before Labor Day. Incomplete data indicate that national stocks early in November were the largest for that time of year since 1937, when sales were at a much higher rate. The price on individual units held is substantially higher now than formerly, with the result that dealers are having to tie-up larger amounts of capital as inventories are increased.

According to reports, many dealers seem disposed to accumulate cars in anticipation of possibly greater consumer demand later when production is further curtailed. In general, trade-in allowances recently have been less liberal than usual. This may be one reason for the comparative lack of consumer interest. Other influencing factors are the higher prices on new models, heavier excise taxes, the restriction on installment credit, and the large unused mileage available in the great number of recent models in service.

During October and early November fourth district parts and accessories suppliers received releases against commercial contracts in reduced volume because of greater restrictions on passenger car and light truck production in December and succeeding months. Total shipments of some companies, however, were larger than those of either the previous month or last year, due to increased deliveries of items for defense uses. Employment at many fourth district plants formerly engaged chiefly in automotive parts production was expanded to new high levels in October.

New car assemblies continued to increase virtually without interruption from Labor Day until late November, even though they were under those of last year. October output totaled 382,000 vehicles, compared with 234,255 in September and 493,223 a year ago.

Textiles and Clothing

The majority of fourth district needlework shops had completed deliveries on heavy weight merchandise by mid-November and were well started on production of spring season wear. New lines were introduced somewhat earlier than usual this year, and initial retailer response was said to be excellent. Several men's clothing makers reportedly sold out their first quarter capacity. A number indicated their intention to allocate output because they, in turn, were receiving smaller quantities, proportionate to their purchases in the recent past, from suppliers of lining materials, slide fasteners, silk thread, and similar items. Certain woolen cloths, notably the hard-finished fabrics which require a longer time to weave and of which virtually the entire pro-

duction has been taken by the Government for months ahead, continued scarce, but many clothing manufacturers had sizable stocks of other grades, or otherwise had their requirements covered. Some weavers in early November noted a contra-seasonal slackening in demand for women's wear fabrics; cloth used for men's suits and topcoats continued to move in volume.

With virtually no slack period between manufacturing seasons this fall, needlework employment in principal fourth district producing centers during October and the first part of November held at about the best levels ever reported at that time of year. Payrolls did not decline appreciably, inasmuch as there was little reduction in length of the work week. Ordinarily there has been curtailment in hours worked at this season.

Conditions in the cotton garment trade have continued practically unchanged for some time. Production recently has been increased slightly in response to customers' requests for larger deliveries. In part, these shipments have been made from inventory. Supplies of numerous grades of cloth reportedly are tight.

Rubber, Tires Domestic tire and mechanical rubber goods manufacturers processed 60,418 gross tons of crude rubber during October. As the accompanying chart indicates, this is the largest monthly consumption for any period prior to 1941. In fact, it exceeded the quota originally established under the rubber conservation plan by 12,565 tons, or 26½ percent. Chief among the adjustments which have been made in the program is the one increasing the amount which might be used by a concern having large defense orders and a comparatively small rubber quota so that its relative commercial position could be maintained. Consumers processing less than ten tons per month are exempt under the restriction order.

For the first time since April, crude rubber imports in October fell below those of the corresponding month a year ago. Receipts totaled 72,222 tons, compared with 81,743 tons in September and 74,696 tons last year. During October, the strategic material stockpile being accumulated by the Rubber Reserve Company was increased from 236,090 tons to 265,739 tons. Actual additions were somewhat larger. Fire destroyed an estimated 15,000 tons of Government inventories and 3,000 tons of privately-owned stocks last month. The *Rubber Manufacturers' Association* also corrected its inventory data, and reported at the end of October that a total of 454,711 tons of crude rubber was stored in this country. A year before, stocks were 235,353 tons.

Tire production in October reflected the increased consumption of crude rubber; 4,834,308 pneumatic casings were made, six percent more than in September. Output last year was 5,076,951 units. October was the first time in a year that production was smaller than that of the corresponding month a year ago.

Manufacturers continued to make heavy shipments of tires to distributors and dealers in October, when retail sales reportedly remained at high levels. Announcement of a price increase some time prior to the effective date appeared to stimulate buying and to offset, to a certain extent, effects of higher excise taxes after October 1. Tire companies' replacement deliveries last month of 3,756,963 casings were two percent greater than those of September and exceeded those of a year ago by 23 percent. Original equipment sales

totalled 1,994,383 casings, compared with 1,469,223 in September and 2,319,762 a year ago.

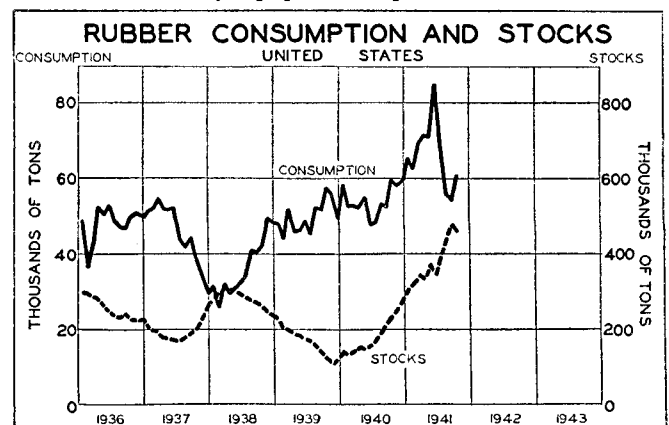
Producers' inventories by November 1 had declined to 4,122,836 tires, a new all-time low 60 percent under the November 1, 1940 level.

Other Manufacturing Operating schedules in most other important fourth district manufacturing industries were well maintained during October and the forepart of November, despite greater restrictions on materials and the production of certain items. In some lines, new orders were being received in greater volume than at this time in previous years. Many producers of seasonal merchandise had booked more Christmas business than ever before. Shipments of these articles and those of concerns, the output of which goes chiefly into defense uses, continued heavy. Unfilled order backlogs in practically all but the industries making holiday goods reportedly were large enough to sustain activity at current levels for several weeks, at least.

Metal Industries Record new equipment sales last month raised the orders index of the *Foundry Equipment Manufacturers' Association* to an all-time peak, as the accompanying chart shows. At 404 percent of the 1937-39 average, the index in October was 140 points higher than a year earlier and 40 points above the September level. October repair parts orders were slightly smaller than those of August or September, but the best for any other month for which data are available. In most previous periods, repair business has declined when new equipment orders have increased, or vice versa.

Further expansion in both production in the industry's own plants and sub-contracting output was indicated by October machine tool shipments. Deliveries, according to the *National Machine Tool Builders' Association*, were valued at \$77,200,000, compared with \$68,700,000 in September and \$49,000,000 a year ago. The Office of Price Administration, which previously had promulgated price schedules for second-hand machines, has requested manufacturers not to raise quotations on new machines pending establishment of maxima. The price index of standard machines compiled by the *Bureau of Labor Statistics* was 19 percent higher in October than before start of European war, having risen about 2½ percent during the past six months.

Electrical Equipment and Appliances Under Office of Production Management order, mechanical refrigerator production in the five months ending December 31 is restricted to 56.8 percent of the July 1940-June 1941 monthly average, while home laundry equipment output is to be reduced 17.3



percent below the base period average. Fourth district manufacturers recently have adjusted work schedules accordingly. Since use of copper has been limited to essential defense needs, heating devices and other small household appliances have not been made in such quantities as previously. Shipments to the Christmas trade, however, have been large; manufacturers have reduced stocks accumulated during the summer and early fall.

Curtailments in merchandise lines generally have been offset by expansion in heavy equipment divisions. Aggregate sales of a number of fourth district companies last month were substantially larger than those of either September or a year ago, and total employment in the electrical industry has continued at a record level.

Glass, Dinnerware Activity in all divisions of the glass industry, with the exception of plate glass, recently has been at about the best level in history. Pressed and blown glassware makers have been working on unusually large holiday orders, particularly for heat-resisting ware. The volume of incoming business was reported to have declined rather sharply after early November, partially as a result of seasonal influences. With many packaged goods producers changing to glass because of tin plate shortages, bottle and glass container shipments have been the heaviest in history. Window glass output of 1,524,000 boxes in October approximated the high point of recent years. A year ago 1,349,000 boxes were made. Unfilled orders reportedly were large enough in mid-November to maintain current schedules until January or later. Commercial manufacturers during October polished 15,769,000 square feet of plate glass, six percent more than in the previous month when some plants were closed by a labor dispute, but seven percent less than last year. Demand from mirror makers and other consumers besides automobile body builders recently has decreased.

Production schedules in the dinnerware division of the fourth district ceramics industry were ten to fifteen percent higher in early November than a year before, and new order volume indicated that virtual capacity operations would be maintained well into the new year.

Paper, Paperboard Paper manufacturers in this district and elsewhere continued to operate in excess of rated capacity during October and the first weeks in November, primarily because extraordinarily large backlogs enabled mills to be run with fewer changes for different specifications. New bookings generally were slightly smaller than the record volume of production. Paperboard output in October and the forepart of November also was at higher levels than at that time in previous years, as incoming business con-

tinued to be received at an unusual rate. Unfilled orders were reduced only nominally. Although much of the holiday business was completed by early November, some fourth district carton makers in mid-month reported no appreciable decrease in production, despite the fact that new business volume slackened about seasonally.

Shoes Fourth district shoe production declined less than seasonally from September to October, when unit output for the month was the second best in a decade, being exceeded only fractionally in 1936. Orders for spring merchandise reportedly were large enough to permit continuation of the high operating rate throughout the new manufacturing season. Some difficulty in obtaining small metal items, cements, and certain grades of leathers, particularly calfskins, was experienced by a few concerns; stable goods inventories were heavier than usual for this time of year.

TRADE

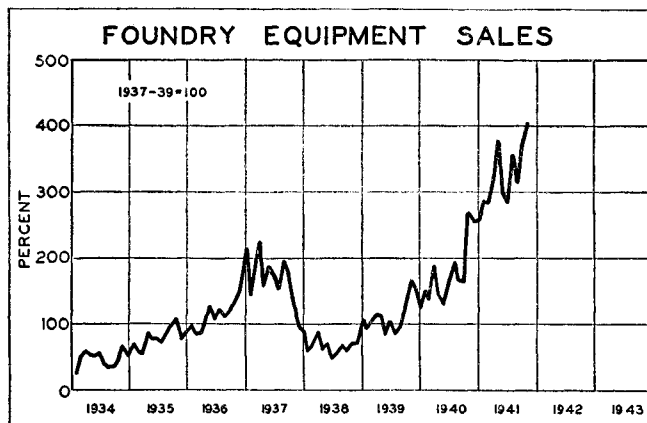
Retail

Department store sales in leading cities of this district in October were 13 percent larger than a year ago. While this was the smallest increase in dollar volume from the corresponding month of the previous year since January, the latest month's sales are being compared with a period of 1940 when department store sales were becoming quite active. Somewhat larger gains were reported in weekly comparisons in the first part of November, with sales for the four weeks ended November 22 eighteen percent larger than in the same 1940 period. October sales also showed the effect of the large volume of forward buying which occurred in August and September when the seasonally adjusted index of department store volume rose to unprecedented heights. The October seasonally adjusted index at 105 percent of the 1923-25 average was more in line with other months of this year, excluding August and September. It compares with 94 in October 1940.

Among the individual cities, considerable variation was apparent in sales increases over last year. In certain areas such as Canton and Erie, where the impact of defense activity was felt to a proportionately greater degree, the increases were much larger than in some of the other centers of the district. Gains of 29 and 22 percent were reported in these two cities in contrast with 12 percent in Cincinnati, nine percent in Pittsburgh, and 13 percent in Akron and Cleveland in October. The cumulative increase in dollar sales at the 95 reporting stores of this district in the first ten months of this year was 21 percent, the largest gain, 37 percent, being at Canton, the smallest, 17 percent, at Pittsburgh, Cincinnati, and Toledo.

The October departmental sales figures show the extent to which advance buying in certain lines occurred in the two previous months. August and September sales of major household appliances were 103 percent and 80 percent larger, respectively, than a year ago, but in October they were in the same volume as in October last year. October fur sales were 55 percent behind last year, whereas gains of 91 and 40 percent were reported in August and September. The two percent decline in October sales of women's and misses' ready-to-wear was in distinct contrast with the gains of 33 and 43 percent in the two preceding months.

Wearing apparel and furniture stores in this area also showed the effect of heavy buying in early fall, October sales of each of these two groups being only six percent larger than those of a year ago at that time. Chain grocery



sales, on the other hand, were 25 percent larger this October than last, and chain drug sales were up 14 percent, a good share of these increases representing higher prices.

Despite the fact that department store inventories were expanded rather sharply in early fall, notwithstanding the large volume of sales, there was a further greater than seasonal increase in dollar value of stocks at all reporting stores in this area in October. Inventories were 42 percent larger on October 31 than a year ago, with the seasonally adjusted stock index up seven points to 104 percent of the 1923-25 average. As the holiday season approached, outstanding orders of reporting stores declined, but at the month end they were still 63 percent larger than a year ago at that time. In September they were up 96 percent.

Wholesale Fourth district wholesale trade generally extended its gains further in October. Sales were substantially larger than those of a year ago in all lines, and a wide variety of merchandise was moved in greater quantity last month than in September. Aggregate dollar volume of the 195 firms reporting to the *Bureau of the Census* was one-third greater this October than last. The three percent improvement from September to October is less marked than the increase shown last year, when sharply expanding defense activity stimulated considerable buying, but prior to that time sales customarily had declined between those months.

Hardware dealers in October reported some of the largest year-to-year increases in dollar sales, despite the fact that last fall these merchants were among those most affected by the heavy purchasing movement. Paper distributors, coal yards, and concerns handling electrical goods also had gains exceeding 50 percent in October. Volume of machinery and equipment suppliers was up 47 percent.

Inventories of all wholesalers were 18 percent greater on November 1 than those of a year before. Grocers, confectionery dealers, and hardware merchants increased stocks most, gains of 36 percent, 34 percent, and 39 percent, respectively, being shown. Only automotive supply houses and a group of miscellaneous wholesalers had smaller inventories than a year ago.

During October, 86 percent of all accounts receivable outstanding at the first of the month were collected, compared with 80 percent last year. September collections represented 84 percent of receivables.

CONSTRUCTION

Effects of the Governmental order restricting new construction projects using critical materials to those deemed essential for defense purposes or the public health and safety were reflected only to a moderate degree in October awards for fourth district residential building. Though dollar value of contracts was down ten percent from the September level, the \$19,522,000 total was the largest for any October in the eighteen years of record, exceeding the previous high reached in 1925 by \$1,200,000.

According to *F. W. Dodge Corporation* data, private capital undertook 92 percent of all residential work contracted for in fourth district areas during October. This is a proportionately greater share of the total than in any recent month or in October 1940. In fact, Government funds were utilized to finance 38 percent of the residential building started in the district during the third quarter this year.

Even though contracts were awarded in various localities during October for a number of new so-called defense

housing developments—those in which single dwelling units do not sell for more than \$6,000, including land—there was relatively less speculative home building in the fourth district than for several months. Approximately half of all one-family houses contracted for are to be owner occupied, indicating that many people who had been planning homes went ahead with construction even though supplies of certain materials are restricted.

Fourth district nonresidential and engineering project awards totaled \$26,254,000 in October, compared with \$25,086,000 in September and \$21,363,000 a year ago, when initial impact of the expanding defense production facilities' program was evident. Last month there was a sharp increase from the relatively low September level in the amount of factory construction started in eastern and southern parts of this district. Contracts in Western Pennsylvania also were substantially larger than those of last year. Activity in Northern Ohio last month decreased slightly from the rate prevailing during September and a year ago. Other nonresidential work continued in about the volume of recent months, with little year-to-year change noted in the aggregate.

Many fourth district lumber and builders' supplies dealers, both wholesale and retail, continued to make large deliveries during October and early November, having a considerable amount of business booked. In some instances mid-November order backlogs indicated that the rate of shipments would be practically unchanged for at least sixty days. However, some slackening in the amount of new business being received was experienced by most of the trade, extending the trend evident since Labor Day. A few concerns reported difficulty in obtaining nails and medium and lower grades of lumber, which have been going into Government projects. Prices on hardwood floorings have displayed some weakness recently.

AGRICULTURE

Fall-harvested fourth district farm crops this year yielded better than had been expected, despite the fact that rainy weather in most sections during October caused some damage to crops still in the fields and delayed harvesting operations. Production of both Kentucky burley and Miami Valley cigar filler tobacco, sugar beets, white potatoes for the commercial market, and buckwheat, however, was no larger than average, principally because of smaller acreages for harvest. Yield per acre of burley tobacco was sharply below that of last year or the 1930-39 average; otherwise there was marked improvement.

This district's corn crop, at the time of the latest report, was judged to be 19 percent larger than average. Acreage yields in Ohio were estimated as the second heaviest in a decade, being exceeded by only a narrow margin in 1939. More soybeans were planted in Ohio this year than ever before and although not all fields raised for beans had been cut by November 1, indications then pointed to a more than 50 percent larger harvest this year than last, with average yields per acre increased from 15 bushels to 20 bushels.

More apples were salvaged after the hard wind storm of late September than first had been anticipated. Production in commercial areas of Ohio was 39 percent larger than last year's and 31 percent above average. Much of the wind-fallen pear crop was marketable, and 1941 Ohio production represented 70 percent of an estimated

full crop, somewhat more than in the recent past. Grapes in the Erie belt, which extends through Northwestern Pennsylvania and Northeastern Ohio, were damaged by spring frosts, high winds at blossom time, and mid-summer dry weather. This year's harvest, consequently, was only about two-thirds as large as last year's and approximately 20 percent smaller than average.

Tobacco The 1941 burley tobacco crop should be considered more or less as two crops—that which was harvested during the summer to prevent greater losses resulting from the hot, dry weather, and that cut this fall. The early harvested portion cured out light and appeared to be of somewhat better quality than the remainder of the crop, though a larger percentage of the total graded only common to medium, according to reports. Conditions were favorable for stripping leaves from the stems early in the month, and by late November much of the crop had been prepared for market and already was moving to warehouses. Auctions were scheduled to open in Lexington on December 1 and elsewhere in Kentucky and Southern Ohio the following day.

Wheat Rains at planting time delayed seeding of winter wheat in some sections of this district, with the result that the full expected acreage had not been planted by

early November, according to independent observers. On the whole, the condition of that which had been seeded was reported to be well above average.

Debits to Individual Accounts

(Thousands of Dollars)

	5 Weeks ended Nov. 19, 1941	% change from 1940	Year to Date Dec. 26, 1940 to Nov. 19, 1941	Year to Date Dec. 28, 1939 to Nov. 20, 1940	% change from 1940
Akron.....	134,577	+47.4	1,062,352	808,360	+31.4
Butler.....	16,032	+24.8	137,158	107,794	+27.2
Canton.....	68,709	+26.6	584,120	433,061	+34.9
Cincinnati.....	594,000	+37.8	4,755,261	3,663,267	+29.8
Cleveland.....	1,085,254	+31.9	9,013,610	6,896,616	+30.7
Columbus.....	288,610	+28.1	2,365,714	2,001,984	+18.2
Dayton.....	124,270	+33.8	1,041,211	789,790	+31.8
Erie.....	50,525	+39.4	429,047	324,232	+32.3
Franklin.....	5,571	+34.6	44,358	34,648	+28.0
Greensburg.....	12,282	+38.4	101,687	85,615	+18.8
Hamilton.....	20,103	+34.1	166,629	127,996	+30.2
Homestead.....	6,983	+55.2	50,270	39,834	+26.2
Lexington.....	31,744	+26.3	261,128	249,929	+4.5
Lima.....	22,136	+16.2	194,095	163,174	+18.9
Lorain.....	8,556	+23.9	72,635	61,005	+19.1
Middletown.....	20,366	+35.6	171,099	131,851	+29.8
Oil City.....	15,910	+37.4	126,187	112,185	+12.5
Pittsburgh.....	1,140,831	+30.2	10,160,111	7,868,035	+29.1
Sharon.....	15,302	+34.4	126,765	96,551	+31.3
Springfield.....	28,266	+24.9	240,066	190,828	+25.8
Steubenville.....	14,916	+15.4	128,232	110,989	+15.5
Toledo.....	234,791	+32.6	1,834,315	1,420,173	+29.2
Warren.....	21,970	+40.6	179,695	122,087	+47.2
Wheeling.....	40,569	+12.7	363,346	309,138	+17.5
Youngstown.....	86,617	+28.4	727,801	574,201	+26.8
Zanesville.....	13,726	+22.3	114,241	96,790	+18.0
Total.....	4,102,616	+32.0	34,451,133	26,820,133	+28.5

Wholesale and Retail Trade

(1941 compared with 1940)

	Percentage Increase or Decrease		
	SALES October 1941	SALES first 10 months 1941	STOCKS October 1941
DEPARTMENT STORES (95)			
Akron.....	+13	+30	+14
Canton.....	+29	+37	a
Cincinnati.....	+12	+18	+10
Cleveland.....	+13	+24	+14
Columbus.....	+15	+18	+14
Erie.....	+22	+26	+10
Pittsburgh.....	+9	+17	+14
Springfield.....	+10	+24	+9
Toledo.....	+18	+18	+14
Wheeling.....	+20	+24	+14
Youngstown.....	+14	+26	a
Other Cities.....	+14	+28	+11
District.....	+13	+21	+13
WEARING APPAREL (15)			
Cincinnati.....	+4	+12	+8
Cleveland.....	+8	+16	+4
Pittsburgh.....	+4	+9	+32
District.....	+6	+16	+23
FURNITURE (40)			
Canton.....	+1	+31	
Cincinnati.....	+21	+41	
Cleveland.....	+4	+28	
Columbus.....	+2	+18	
Dayton.....	+5	+22	
Toledo.....	+13	+44	
Other Cities.....	+17	+40	
District.....	+6	+29	
CHAIN STORES*			
Drugs—District (5).....	+14	+11	
Groceries—District (4).....	+25	+21	
WHOLESALE TRADE**			
Automotive Supplies (11).....	+24	+26	-1
Beer (6).....	+11	+21	+20
Clothing and Furnishings (5).....	+1	+20	a
Confectionery (5).....	+12	+9	+34
Drugs and Drug Sundries (7).....	+8	+8	a
Dry Goods (5).....	+23	+29	+19
Electrical Goods (12).....	+55	+66	+33
Fresh Fruits and Vegetables (7).....	+15	+8	+28
Grocery Group (39).....	+17	+15	+36
Total Hardware Group (33).....	+56	+55	+31
General Hardware (9).....	+51	+41	+37
Industrial Supplies (12).....	+73	+85	+18
Plumbing & Heating Supplies (12).....	+39	+49	+40
Jewelry (4).....	+32	a	a
Machinery, Equip. & Sup. (exc. Elect.) (6).....	+47	+81	+11
Metals (4).....	+18	+17	a
Paints and Varnishes (5).....	+15	+17	+15
Paper and its Products (7).....	+64	+31	+6
Tobacco and its Products (15).....	+14	+12	+2
Miscellaneous (21).....	+24	+35	-4
District—All Wholesale Trade (195).....	+33	+32	+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 Indexes

(1923-25 = 100)

	Oct. 1941	Oct. 1940	Oct. 1939	Oct. 1938	Oct. 1937
Bank debits (24 cities).....	133	100	90	80	97
Commercial Failures (Number).....	34	35	36	57	45
— (Liabilities).....	13	13	31	22	35
Sales—Life Insurance (O. and Pa.).....	106	89	83	69	89
— Department Stores (48 firms).....	109	97	98	87	104
— Wholesale Drugs (7 firms).....	148	137	124	114	119
— Dry Goods (5 firms).....	81	65	77	52	62
— Groceries (39 firms).....	94	80	72	71	80
— Hardware (33 firms).....	167	107	96	80	102
— All (84 firms).....	116	87	80	74	86
— Chain Drugs (4 firms)*.....	117	103	96	98	94
Building Contracts (Total).....	96	80	62	69	36
— (Residential).....	113	98	76	46	44
Production—Coal (O., W. Pa., E. Ky.).....	108	87	99	73	85
— Cement (O., W. Pa., E. Ky.).....	134	125	113	100	94
— Elec. Power (O., Pa., Ky.).....	291	243	224	190	198
— Petroleum (O., Pa., Ky.)**.....	115	110	113	119	133
— Shoes.....	113	85	112	111	90

* Per individual unit operated

** September

Fourth District Business Statistics

(000 omitted)

	October 1941	% change from 1940	Jan.-Oct. 1941	% change from 1940
Fourth District Unless Otherwise Specified				
Bank Debits—24 cities.....	\$3,596,000	+33	31,321,000	+28
Savings Deposits—end of month:				
40 Banks O. and W. Pa.....	\$ 795,258	+2	a	
Life Insurance Sales:				
Ohio and Pa.....	\$ 102,605	+20	866,201	+9
Retail Sales:				
Dept. Stores—95 firms.....	\$ 34,323	+13	305,596	+21
Wearing Apparel—15 firms.....	\$ 1,330	+6	11,803	+16
Furniture—40 firms.....	\$ 1,108	+6	13,125	+29
Building Contracts—Total.....	\$ 45,776	+20	455,416	+43
— Residential.....	\$ 19,522	+16	202,562	+35
Commercial Failures—Liabilities.....	\$ 579	+5	7,844	-20
— Number.....	50b	-2	553b	-2
Production:				
Pig Iron—U. S..... net tons	4,856	+9	46,192	+22
Steel Ingot—U. S..... net tons	7,243	+9	68,794	+27
Auto—Pass. Car—U. S.....	295,568b	-30	3,313,237b	+15
Auto—Trucks—U. S.....	86,432b	+20	890,741b	+46
Bituminous Coal, O., W. Pa., E. Ky..... net tons	19,526	+25	158,933	+10
Cement—O., W. Pa., W. Va. bbls.	1,617	+7	12,507	+13
Elec. Power, O., Pa., Ky.....	2,446	+20	22,250	+19
Petroleum—O., Pa., Ky. bbls.	2,118c	+4	18,423d	-5
Shoes..... pairs	e	+32		+20
Tires, U. S..... casings	4,834	-5	54,601	+10
Bituminous Coal Shipments:				
L. E. Ports..... net tons	8,150	+64	43,409	+1

a not available

b actual number

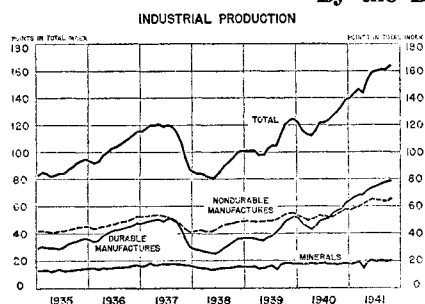
c September

d January-September

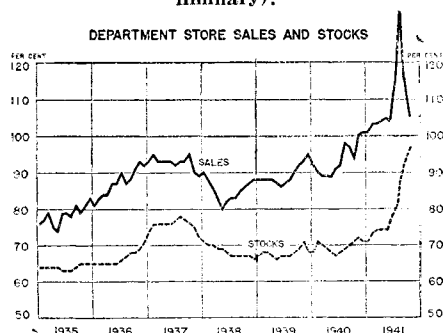
e confidential

Summary of National Business Conditions

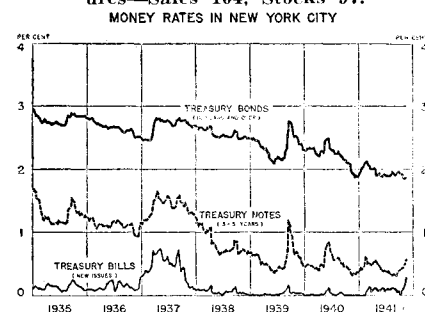
By the Board of Governors of the Federal Reserve System



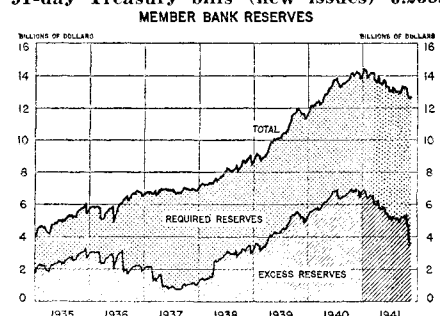
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to October 1941. Latest figures—Total 164, Durable manufactures 78.6, Nondurable manufactures 65.7, Minerals 20.0 (preliminary).



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. By months, January 1935 to October 1941. Latest figures—Sales 104, Stocks 97.



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935 to November 13, 1941. Latest figures—Treasury bonds 1.84, 3- to 5-year tax-exempt Treasury notes 0.57, 91-day Treasury bills (new issues) 0.253.



Wednesday figures, January 2, 1935 to November 13, 1941. Latest figures—(millions of dollars) Member bank reserve balances 12,707, Required reserves (estimated) 9,167, Excess reserves (estimated) 3,540.

Industrial activity continued to increase in October and the first half of November and there was some further advance in prices of industrial materials and finished products. Distribution of commodities to consumers declined in this period following an unusually large volume of trade in the preceding three months.

Production

Volume of industrial production increased further in October and the Board's seasonally adjusted index advanced from 161 to 164 per cent of the 1935-39 average. Increases in activity occurred mainly in industries producing machinery, armament, and other durable manufactures required under the defense program. In the meatpacking industry activity also advanced considerably and output of other manufactured food products, which has been unusually large in recent months, declined less than seasonally.

Automobile production increased during October and in the first half of November was sustained at about the rate reached at the beginning of the month. Production in October approximated the quota permitted for the month, whereas in August and September output had been considerably below the quotas set.

In most other manufacturing industries output in October was maintained at or near the rates prevailing in other recent months. At cotton mills activity increased, following some reduction in the previous month, while at wool mills there was a slight decline from the peak reached in September. Steel production rose to an average rate of about 99 per cent of capacity during October but subsequently declined slightly.

Coal production declined somewhat in October and early November, while output of crude petroleum increased further to new record levels. Iron ore shipments down the Lakes were maintained at a high rate.

Value of construction contract awards decreased slightly in October, according to figures of the *F. W. Dodge Corporation*. Declines in awards for publicly-financed work were partly offset in the total by an increase in privately-financed projects. Awards for residential building showed little change, although an increase is customary in this month. Contract awards in October continued in larger volume than a year ago.

Distribution

Distribution of commodities to consumers declined in October following an unusually large volume of trade in the preceding three months. During the third quarter sales had been stimulated considerably by several factors, notably apprehension that there might be shortages and higher prices of many consumers' goods later on, as well as desire to avoid stricter instalment credit terms, effective September 1, and higher taxes on many products effective October 1.

Railroad freight-car loadings declined somewhat from September to October, owing principally to decreased shipments of grain products and coal. Shipments of livestock increased and ore loadings showed less than the usual seasonal decline.

Commodity Prices

Prices of agricultural commodities, which had declined from the early part of September to the middle of October, have advanced somewhat since that time and prices of industrial commodities have increased further. Recent advances for industrial raw materials and finished products have been more restricted than in earlier periods, reflecting partly an extension of Federal maximum price action particularly to petroleum products and to selected metal, chemical, and textile products.

Prices in retail markets have continued to advance sharply. In September the cost of living, as measured by the *Bureau of Labor Statistics'* index, increased 2 points to 108 per cent of the 1935-39 average and was 7 per cent above the level of last March. Since September retail food prices, which usually decline at this season, have increased further and preliminary data indicate that retail prices of other commodities have continued to rise.

Bank Credit

Total loans and investments at reporting member banks rose further during October and the first two weeks in November. Holdings of United States Government securities increased and commercial loans continued to advance.

Excess reserves of member banks declined from 4.7 billion dollars to 3.5 billion on November 1, reflecting the increase in reserve requirements previously announced by the Board to be effective on that date.

United States Government Security Market

Long-term Treasury bonds declined slightly in price during the early part of November, following a relatively sharp increase after the middle of September to a record high level around November 1.