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Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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The effects of changing war requirements and revised scheduling of military production are being reflected in operations of many fourth district factories. Manufacture of several types of miscellaneous munitions has been slowed down either by granting smaller allocations of materials to plants whose products are not needed immediately, or by actually scaling down certain contracts. Output of ships and planes, however, is being speeded by all possible means. Although as yet there are few complete ships or planes being assembled in this district, the speed-up in aircraft and ship production is having profound effects on local industry. Many parts and sub-assemblies are fabricated in this area, and a major portion of all metalworking tools is produced here. The effect of the present drive to expand aircraft and ship production has been to force a redistribution of machine tool orders with a view toward hastening deliveries. Companies with large backlogs report cancellations as orders are transferred to other producers who can make delivery at earlier dates.

Expanding war production has continued to drain an increasing number of workers from civilian industries as well as from the ranks of those who formerly were not members of the labor force. The drain of workers to war plants and the Army and Navy has now reached the stage that shoe, clothing, and pottery producers in this area report that output is limited more by inadequate working forces than by lack of materials or Government restrictions. The shortage of workers is becoming increasingly critical throughout northeastern Ohio, where industrialists have been planning to secure a major portion of their new personnel from other areas. Migration to this region has slowed down in recent months and in some cases the flow has been reversed as living quarters prove unsatisfactory and jobs open near former homes.

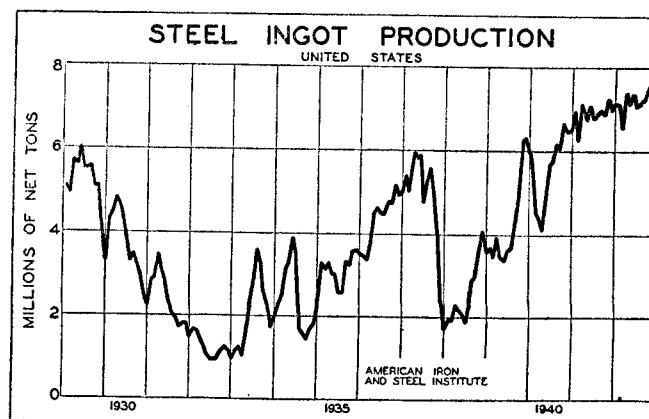
The need for workers in Dayton industries and Government agencies has resulted in the War Manpower Commission conducting a universal registration of all women living in Montgomery County to determine their availability for war work. This is the second survey of this kind to have been made; it was preceded by a similar one in Detroit.

Steel production, both in this district and nationally, reached an all-time peak in October. The industry reports that impediments to production occasioned by shortage of scrap have been dissipated for the time being by recent scrap collection drives, and that the only deterrent to increased production now is necessity for periodic shutdowns for repairs. Shortage of manpower, however, is said to be nearing a critical stage. Steel producers report the delivery situation has become somewhat easier during the past few weeks as additional curtailment orders affecting steel consumers have become effective, and allocations and directives have been more closely geared to available supplies.

Retail trade in this area reflected a large volume of early Christmas buying in October and the first half of November. Department store sales in October exceeded last year by 23 percent, with toy sales more than doubling last year's figure and other gift departments also showing large gains.

FINANCIAL

Adjusted demand deposits of member banks in leading cities of the fourth district continued to rise throughout October and the first three weeks of November, reaching \$2,403,000,000 on November 18. This rise was accompanied by substantial increases in member bank holdings of all types of Government issues. This development in part reflected new Treasury



financing. On November 18 weekly reporting member bank holdings of direct Government obligations amounted to \$1,715,000,000, compared with \$1,025,000,000 at the end of 1941. Member bank purchases of Government issues, however, did not result in any substantial reduction in excess reserves during October. Average excess reserves of all member banks in this district were \$288,374,000, or 41.1 percent of required reserves during the second half of October, compared with \$299,654,000, or 44.5 percent during the second half of September.

Bills discounted by the Federal Reserve Bank of Cleveland rose above one million dollars during the first two weeks of November for the first time since April 1938. The negligible amount of bank borrowing is revealed by the fact that this rise resulted from the borrowing of one member bank and, that upon repayment, bills discounted dropped back to \$460,000. This balance represented participation in foreign loans on gold. This bank's share of the System's open market holdings of all types of Government issues continued to increase during October and the first three weeks of November, with bonds and notes showing the greatest increase. Federal debt held for Federal Reserve Bank of Cleveland amounted to \$428 millions on November 18, compared with \$228 millions in March. Federal Reserve notes issued by this bank rose to over \$1 billion during the third week of November, reflecting in part the replacement of silver certificates with Federal Reserve notes and, in part, the rise in money in circulation throughout the country to a new high of nearly \$14.5 billions.

Consumer instalment credit at 31 fourth district member banks continued to decline in October. The total of such credit outstanding on October 31 was six percent below September and 38 percent below December 31, 1941. Total automotive credit contributed most of the decline by dropping 10 percent from September 30, and 60 percent from the 1941 year-end.

During the month of December the Treasury Department and the regional Victory Fund Committees will undertake the first intensive campaign to increase sales of all types of War Bonds. Patterned along lines similar to the Liberty Bond drives of World War I, it is hoped that the results will push the total sales during the anniversary month of Pearl Harbor to a new monthly record and that purchases through payroll savings plans will be increased to a point where future monthly totals will be at substantially higher levels.

The chart at the bottom of this page shows the fourth district average daily sales of all series of War Bonds since they were first available on May 1, 1941. January sales of all series were the highest for any month, as war patriotism resulted in the conversion of savings deposits, other investments, and year-end bonus payments into War Bonds. July most nearly approached this peak as purchasers of Series F and G bonds took advantage of the increase to \$100,000 in the calendar year limit on purchases of these bonds. Except for January and July, bond purchases have shown a gradually rising trend since the outbreak of war as additional persons began buying bonds on a

regular basis, either through payroll deduction plans or on a less organized basis. In October 23,300,000 workers throughout the nation participated in payroll savings plans while only 700,000 did so in December 1941. The percent of their wages which was being deducted, however, was still only 7.7 percent in October. While vastly better than the 4.1 percent deducted in December, the October figure was far short of the advertised goal of ten percent.

New Member Bank

The Farmers and Citizens Bank, Tiro, Ohio

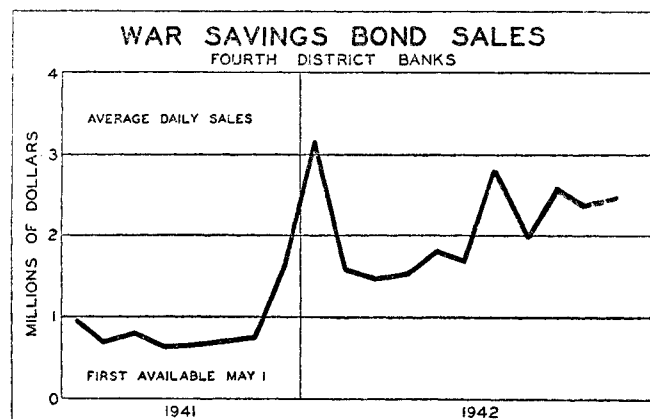
MANUFACTURING, MINING

Iron and Steel Production of steel ingots and castings in October amounted to an all-time high of 7,585,000 tons.

According to the *American Iron and Steel Institute*, output was at the rate of 100.1 percent of rated capacity and exceeded the previous production record made last March by 192,000 tons. Steel production during the first half of November was reported somewhat lower than the October rate as furnaces were taken out of production for repairs.

Necessity for open hearth furnace repairs is said to be the only factor preventing further expansion in output. The scrap supply had ceased to be an immediate problem by mid-November since various drives had brought large tonnages of dormant scrap into the market. The flow of this raw material to furnaces was again relatively regular and had permitted some steel companies to accumulate reserves against winter needs. The industry was concerned, however, lest another shortage occur in the first quarter of 1943. For this reason, results of the present effort to secure large tonnages of idle industrial equipment were being watched. The War Production Board has defined any equipment not used for three months and not likely to be used for three months as dormant scrap.

Although the delivery situation in some lines, particularly shapes, plates, sheets, and smaller bars is reported to be somewhat easier, other lines, notably alloy steels, are still extremely tight. The overall picture, however, is probably slightly improved as a result of more balanced production schedules and further limitation orders. Although steel production is slightly higher, it has not been as important a fac-



tor in easing the steel picture as the downward revision in armament schedules and other limitations on the demand side.

Statistics of pig iron production are again available for publication. Although this series was discontinued as a war measure last March, it is now being resumed. October output, according to the *American Iron and Steel Institute*, amounted to 5,237,000 tons. This was larger than any monthly production prior to 1942. During the first ten months of this year, 49,665,000 net tons were produced. This was more than the annual total for all previous years except 1941, and more than the eleven-month production for last year.

Other Manufacturing

Except for adjustments occasioned by revised military requirements, there was little change in underlying trends in most important fourth district manufacturing industries during October and the first three weeks of November. Materials remained short except for producers operating under the highest of priority ratings, and labor turnover continued to increase. Satisfactory replacements for men lost to the armed forces or other industries became harder to secure. Makers of miscellaneous munitions report many contracts have been altered as a result of constant re-survey of requirements and available materials. Some factories have been forced to curtail operations, and laborers have transferred to other war activities.

In the machine tool industry production continued to expand despite increasing labor turnover. The War Production Board has announced that the industry is approaching its projected war-time peak since most factory additions are now in production. A few fourth district companies still have new facilities under construction, but these plants are expected to be occupied in the next few months. The industry reports a real effort is being made to speed up deliveries by switching orders from companies with large backlogs to those which can make delivery at earlier dates. Despite high priorities, it has become increasingly difficult to obtain materials. Small tool makers also report difficulty in obtaining certain types of steel, but backlogs were sufficiently large to permit switching existing facilities into production of tools for which materials were available.

Paint sales in 1942 have been considerably less than

last year. Sales of industrial paints have declined steadily ever since mid-1941; trade sales showed a much less-than-seasonal rise during the past summer, and have continued to record large year-to-year decreases during the fall months. Normal requirements have been sharply reduced by various limitation orders affecting an ever widening range of civilian merchandise and construction, and this curtailment in consumption has not yet been offset by the rising demand from makers of military products. Restrictions applied directly to the paint industry which are designed for conserving scarce materials also are affecting paint production. Present regulations prohibit use of new steel containers when over one gallon in size except when sold to the Government, and limit the use of oils and fats to 70 percent of the 1940 and 1941 average, except for coating implements of war.

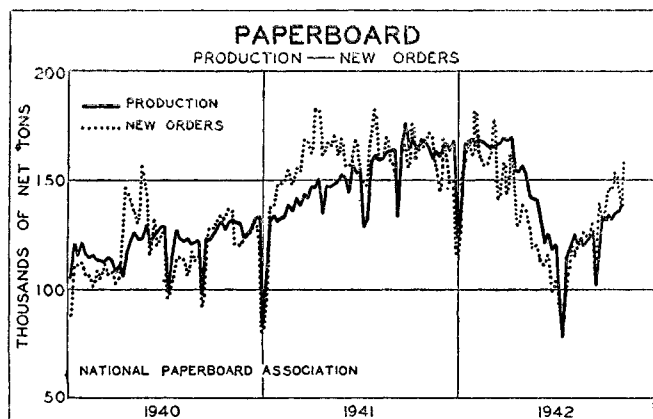
Production of plate glass increased slightly in September and October under the impetus of Christmas demand for mirrors. October output of 4,924,000 square feet, however, was still less than one-third the production of the same month last year. Plate glass production in the first ten months of this year amounted to only 52,636,000 square feet, whereas last year output was 165,816,000 square feet. Production of glass containers has remained near rated capacity. Demand for heat-resisting glassware has been stimulated by Government restrictions on use of metals, but production has been hampered by limitations on use of certain essential ingredients. Satisfactory substitutes have not yet been developed.

Dinnerware plants have been operating as close to capacity as small labor forces will permit. Many plants have begun to use women on jobs which were formerly done exclusively by men. Manufacturers report this shift has made possible continued production, but at reduced volume. Shipments in October and the first half of November were at about the same rate as last year. No difficulty was being experienced in securing raw materials.

Paper and paperboard mills are now operating under a recent W.P.B. order limiting production to average monthly output during the six-month period from April 1 to September 30. Thus paper mills are limited to approximately 87 percent of capacity and paperboard manufacturers to about 83 percent. Although this order was designed to reduce production of paper products to an essential level and thereby to release labor, power, transportation and materials for war purposes, local paper interests report thus far there has been little effect except to stimulate orders from consumers who had permitted inventories to run low. Plans were being made to operate on the basis of a five-day week.

Coal

A shortage of experienced miners and a serious problem of absenteeism have been important factors in keeping fourth district coal production below the high level of late spring and early summer. Weekly production in Ohio, Pennsylvania, and eastern Kentucky mines has remained almost constant since the middle of September at about 4,275,000 tons, compared with an average weekly output during April, May, and



early June of about 4,500,000 tons. The industry is particularly concerned over the effects of this manpower problem during the approaching winter months when fuel consumption reaches its peak.

In an endeavor to work out a solution to the problem negotiations were held in October and early November between the United Mine Workers and the operators. The major purpose of this conference was to agree upon a lengthening of the existing 35-hour work week. When the meetings were terminated in mid-November no industry-wide agreement had been reached, but it was understood that negotiations would continue on a local basis. In fact, immediately after the conference a contract providing for a six-day week was signed by the union and one major fourth district producer. Western mines have been operating on such a schedule for some time.

Stocks of bituminous and lignite coal in the hands of commercial consumers and retailers continued to climb to record levels during September. On October 1, such stocks totaled 87,297,000 tons compared with 56,994,000 tons a year earlier. Based upon consumption data for September, the October 1 coal stocks were sufficient to supply the demands of industrial users for 66 days and retailers for 42 days. Members of the industry, however, report that this rapid rise in stocks may level off or even decline as cold weather arrives. Present production is not believed to be sufficient to meet the winter demand and will necessitate consumers drawing upon their accumulated supply. In previous years stocks have remained fairly level during the final quarter and have been reduced during the early months of the year, reaching a low point in March or April.

Production of both byproduct and beehive coke remained steady throughout October and November. Beehive coke producers, who were practically idle a few years ago, are now contributing 15 to 20 percent of the total fourth district coke output.

LAKE SHIPPING

Unfavorable weather conditions somewhat hampered lake shipments of iron ore during October and early November, although members of the industry were certain that the 90,000,000-ton goal for the 1942 season would be exceeded by a substantial margin. In mid-November the season's aggregate tonnage was 89,000,000 tons, approximately 9,000,000 tons more than was shipped during the entire 1941 season. To encourage the extension of the season well into December, arrangements have been made whereby private companies will insure December lake cargoes at half the usual rate, with the Federal Government providing reinsurance.

During October, 11,417,167 tons of ore were loaded into vessels at upper lake ports. This was the lowest monthly figure since April, but, like every month in the 1942 season, it set a new all-time high for that period. With temperatures at upper lake ports below the freezing point, it was necessary to use steam to loosen frozen ore before loading, causing an important delay in shipments.

As a result of the success of the 1942 season, the Office of Defense Transportation is releasing lake ves-

sels previously limited to ore movement for use in handling grain and coal. Present regulations call for releasing additional vessels for such uses as the season approaches its end.

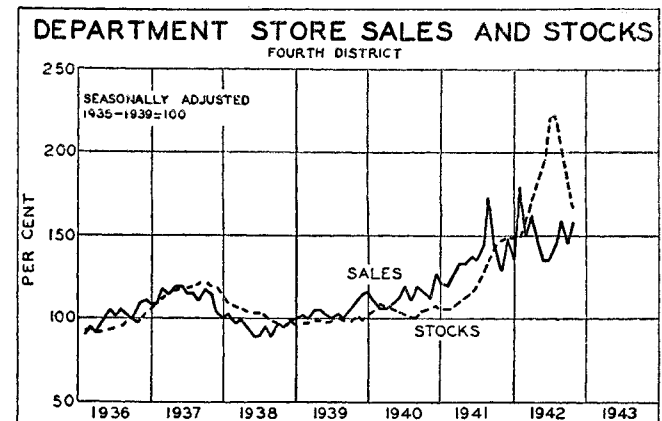
Record movements of ore have been accomplished at some sacrifice of normal coal shipments. Dumpings of bituminous coal at lower lake ports for loading into lake vessels as fuel and cargo during the 1942 season totaled only 45,703,645 tons on November 15 compared with 47,238,869 for the same period in 1941. Most of the long-haul coal business was over for the season by mid-November, although short-haul shipments to Canada and Detroit will continue into early December. October loadings dropped to 5,934,333 tons—27 percent below the same month of 1941.

TRADE

Department Stores The seasonally adjusted index of fourth district department store sales rose from 146 percent of the 1935-1939 average in September to 158 percent in October. It was the highest since March of this year and 23 percent greater than a year ago. This gain reflects both advance Christmas buying and the smaller dollar volume of sales last year after the excise taxes became effective on October 1. The necessary purchasing of gifts before October 31 for men overseas stimulated other holiday shopping. Sales of many gift items such as handkerchiefs, gloves, hosiery, leather goods, jewelry, cosmetics, men's furnishings, and luggage were considerably larger than those of last year. Toy departments sold over twice as much merchandise this year as last, indicating that many people were purchasing these items in advance.

The gains experienced during October have carried over into November, but the percentage increase over last year has not been as great. During the first half of this month sales were up 16 percent, compared with the advance of 23 percent in October.

Stores liquidated their stocks further during October, and month-end inventories were two percent smaller than they were September 30. This was a contraseasonal reduction and resulted in a decline of 19 points in the seasonally adjusted stocks index to 166 percent of the 1935-1939 average, the lowest since February of this year. Compared with a year ago, inventories were 13 percent greater, with gains ranging from three percent in Erie to 17 percent in Pittsburgh.



The dollar volume of outstanding orders on October 31 was six percent greater than it had been on the same date last year. This was the first time in recent months that stores reported an increase of orders over last year, although experience among the various cities differed widely. Apparently retailers in such cities as Akron, Cincinnati, and Toledo were trying to add somewhat to their rapidly declining volume of inventories, so that they would have enough merchandise on hand for the record volume of Christmas selling they expect to do.

Sales at 16 wearing apparel stores in this district during October were up one-third from those of last year. This was the largest gain since March 1942, but was not as great as that of 39 percent experienced by department stores in their women's wear and accessories departments. Apparel stores reported that their stocks on October 31 increased 18 percent over those of the same date in 1941. Accounts receivable were down 31 percent and collections six percent. One-half of the receivables due the first of October was collected during the month, compared with a ratio of 41 percent for September.

Chain Groceries

Nation-wide mileage rationing can be expected to have important effects, both on the type of merchandise handled by retailers and on the type of outlet selling such merchandise. The present pattern of retail distribution was built upon the use of the automobile by the shopper, resulting in a centralization of outlets and a growing emphasis on lines used by the motorist. Retail outlets of mail order houses and chain grocery stores probably will feel the effects of mileage limitations more strongly than others, for probably they have been more dependent upon the automobile than any other class of retailer except filling stations and auto supply houses.

Chain grocery firms, which for the past decade have been centralizing their outlets into larger super markets, may now be faced with the necessity of calling a halt to this process of concentration. To a considerable extent, the growth of the super market has been made possible by the housewife who has found driving to a more distant, large store, with ample parking facilities, more convenient than walking to a nearer, but smaller, outlet. However, with mileage rationing, the more distant super market again may become less attractive, and chain organizations may even find it necessary to reopen their neighborhood units. An im-

portant factor in determining the future policies of chain organizations, however, will be their ability to secure capable clerks. The super market, with its self-serve features, has a great advantage over the small retail outlet, especially where grocers are finding the draft and the loss of workers to war industries particularly troublesome.

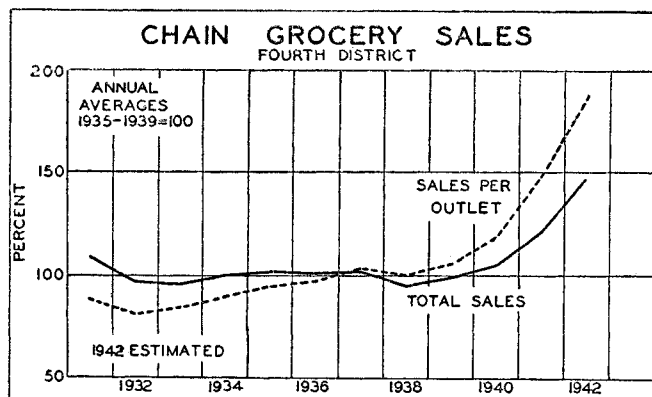
Although the giant self-serve super markets are a comparatively recent development, the average size of fourth district chain grocery outlets has been increasing constantly during the past twelve years. In order to measure this development two indexes of annual chain grocery sales in this Federal Reserve district have been computed. One reflects the total sales of the reporting firms, while the other indicates the sales per outlet for the same organizations. These indexes are shown on the chart at the bottom of this page, where the rapid growth in the sales per outlet can be contrasted with the relatively smaller expansion in total chain grocery sales. During the 1932-41 decade, sales per outlet rose 85 percent while total sales rose only 26 percent. This was made possible by a substantial decline in the number of stores operated by the reporting firms. In December 1941 only 1,341 outlets were listed, in contrast to 2,022 in December 1931.

This trend was continuous throughout the entire period covered by the chart. Each annual count of the chain outlets found a smaller number than previously. During 1940 and 1941, however, as the trend toward self-serve super markets became accentuated, the rate of decline in the number of reporting outlets substantially increased. In 1938, and again in 1939, the annual rate of decline was three percent, but in 1940 this figure rose to five percent, and then to eight percent in 1941. During the first nine months of 1942 the number of reported outlets declined an additional five percent, although most of this loss occurred during the first month of the year. It is still too early to determine the extent to which mileage rationing will reverse this trend.

Wholesale

The *Department of Commerce* reports that during October sales at 182 wholesale firms in the fourth district were two percent smaller than those of last year. Sales in all the so-called hard lines, with the exception of industrial supplies, were down. The largest decline was that of 35 percent reported by wholesalers of machinery, equipment and supplies. Food dealers reported the largest increases. Sales of meat were up 35 percent, confectionary products 28 percent, fresh fruits and vegetables 18 percent, and groceries ten percent. Other nondurable goods such as clothing, dry goods, drugs, and tobacco, also experienced gains.

Inventories were further reduced during October. At the end of the month they were four percent smaller than on September 30, and 15 percent less than a year ago. This was the second consecutive month that stocks declined below those of the same date the previous year, and is indicative of both the inability of wholesalers to obtain many types of merchandise and voluntary reductions in anticipation of governmental regulation. Stocks of electrical goods were down 54 percent, plumbing and heating supplies 47 percent, and meat 10 percent.



Accounts receivable on October 1 were 16 percent smaller than those on the same date last year. Collections during the month were down two percent, but their ratio to receivables outstanding at the beginning of the month was better than a year ago.

CONSTRUCTION

Construction contracts awarded in the fourth district rose rather sharply in October to \$62,574,000, according to statistics prepared by the *F. W. Dodge Corporation*, with awards for the construction of residential buildings and public works contributing most of the increase. The October level, however, was substantially below the all-time high of \$114,284,000 in June. Construction contracts for factories, public works, and utilities continued to be about three-fourths of all awards.

During the first ten months of this year approximately \$590,217,000 contracts were awarded in the fourth district. This was an increase of 30 percent over the same period in 1941. Whereas residential construction accounted for 44 percent of the awards during the first ten months of 1941, only 24 percent of the construction during the same period this year was so classified.

The chart at the bottom of this page shows construction contracts awarded each month for factory buildings in fourth district states. Since most industrial expansion is reflected in awards for factory construction, this chart gives a fairly good picture of fourth district war-time expansion. New construction began a gradual rise in 1939 and early 1940 from the extremely low level of 1938. It was not until the inception of the national defense program in mid-1940, however, that fourth district industrial construction began to show a rapid acceleration. During the latter half of 1940 and all of 1941 important machine tool-makers, and later aircraft parts plants, enlarged their facilities. The defense program continued to be reflected in an ever rising volume of contract awards through July 1941, although in the months immediately preceding Pearl Harbor some leveling in the climb occurred. Two peaks, one in November 1940 and another in July 1941 were caused by the awarding of contracts for a northeastern Ohio arsenal and an ammonia plant in West Virginia. Awards for a continuous strip steel mill near Pittsburgh in August 1937 prevented the November 1940 figure from setting a new post-depression record.

The tremendous impetus given factory construction by the entrance of United States into the war is shown by the rapid rise in construction initiated during the late spring and early summer of this year. Although the increase in war-time expansion was evident only four months after the Japanese attack, the monthly peak of \$50,000,000 was not reached until July—seven months after Pearl Harbor. Since that month new construction has declined to about half of the July volume, although it is still approximately three times as great as the average monthly level during the later stages of the pre-Pearl Harbor defense program. Moreover, with virtually all non-essential construction now forbidden, the current volume represents only war expansion, whereas earlier figures reflect less essential construc-

tion as well. The large volume of new building still being initiated gives evidence that the peak of fourth district armament production, assuming available manpower and materials, will not be reached for many months.

AGRICULTURE

Although retail price ceilings are now in effect on 90 percent of all foods, wholesale prices of farm products have continued to advance. In mid-November the *Bureau of Labor Statistics* index of wholesale prices of agricultural produce stood at 110.7 percent of the 1926 average. This was the highest level in 17 years, and represented a gain of 22 percent during the past twelve months.

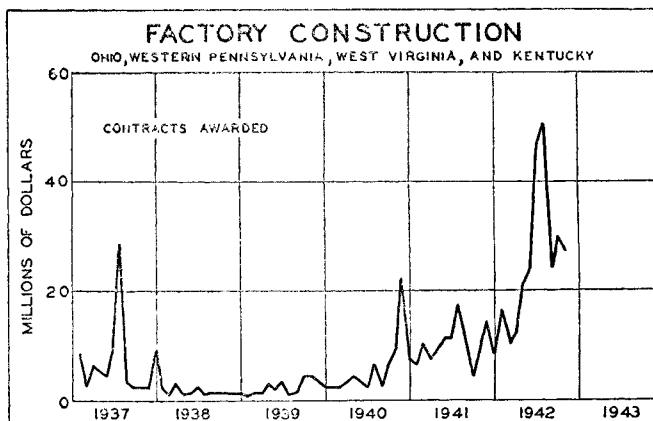
The November 1 crop report of the *Department of Agriculture* confirmed earlier indications that farm production in this area during the 1942 season was at record, or near-record levels. Supplies of feed and forage crops were sufficient to support heavy feeding and dairy-ing operations during the coming winter, but the continuing uncertainty as to price ceilings on meat animals and the difficulty of obtaining satisfactory hired labor has retarded feeding operations. Many dairy cows have been sold by farmers who were forced to reduce milk herds when workers were lost to the armed forces or war plants, but the *Department of Agriculture* reports thus far few of these animals have been slaughtered. Purchases have been made by farmers who were in position to expand operations.

Corn

Although some corn was damaged by early frosts, weather conditions in October were sufficiently favorable to result in a slight increase in estimated 1942 production. The latest crop report indicates a fourth district harvest of 229,069,000 bushels, which is the largest on record. The yield per acre in Ohio is expected to average 55 bushels. This also is an all-time high, comparing with 49.5 bushels last year and the ten-year 1931-40 average of less than 40 bushels. The exceptional yield is due in large part to increased use of hybrid seed. It is estimated that 83 percent of all corn acreage in Ohio this year was planted with hybrid varieties.

Soybeans

The 1942 soybean harvest in Ohio is estimated at 27,761,000 bushels, or more than twice last year's crop and ten times the ten-year 1931-40 average. Processing and warehouse facilities are taxed and growers have been



forced to store large quantities of beans on the farms until marketing channels can be cleared.

Tobacco Burley tobacco has cured out quite light, but is said to be of good quality. The 1942 crop is now estimated at 339,817,000 pounds, or slightly below last year. With disappearance during the past twelve months exceeding this year's output by from 32 to 37 million pounds, the trade expects active competition for available supplies when the markets open at their usual time the first Monday in December.

Fourth District Business Statistics

(2000 omitted)

Fourth District Unless Otherwise Specified	Oct. 1942	% change from 1941	Jan.-Oct. 1942	% change from 1941
Bank Debits—24 cities.....	\$4,111,000	+14	\$36,244,000	+16
Savings Deposits—end of month: 40 banks O. and W. Pa.....	\$ 795,933	—0—		
Life Insurance Sales:				
Ohio and Pa.....	\$ 66,056	—36	760,216	—12
Retail Sales:				
Dept. Stores—97 firms.....	\$ 42,358	+23	338,464	+11
Wearing Apparel—16 firms.....	\$ 1,768	+33	13,352	+13
Furniture—86 firms.....	\$ 3,513	+1	33,302	—11
Building Contracts—Total.....	\$ 62,574	+37	590,217	+30
—Residential.....	\$ 12,379	—37	144,580	—29
Commercial Failures—Liabilities	285	—51	4,675	—40
—Number.....	36	—28	409	—26
Production:				
Steel Ingot—U. S..... net tons	7,585	+5	71,604	+4
Bituminous Coal, O., W. Pa., E. Ky..... net tons	19,085	—2	185,529	+17
Elec. Power, O., Pa., Ky, Thous. k.w.h.....	2,551a	+13	22,289b	+13
Petroleum—O., Pa., Ky..... bbls.	2,138a	+1	19,386b	+5
Shoes..... pairs	c	—43	c	—12
Bituminous Coal Shipments:				
L. E. Ports..... Net tons	5,934	—27	42,835	—1

a September.
b January-September.
c Confidential.

Department Store Sales and Stocks

Daily Average for 1935-1939=100

	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	October 1942	Sept. 1942	October 1941	October 1942	Sept. 1942	October 1941
SALES:						
Akron (6)...	214	195	143	202	191	135
Canton (5)...	207	200	171	188	207	156
Cincinnati (9)...	162	146	133	148	143	120
Cleveland (10)...	160	185	128	165	154	130
Columbus (5)...	168	150	130	161	151	125
Erie (3)...	200	176	150	185	178	139
Pittsburgh (8)...	151	141	128	138	139	117
Springfield (3)...	204	183	141	186	181	128
Toledo (6)...	174	152	137	153	133	120
Wheeling (6)...	120	116	118	123	105	120
Youngstown (3)...	171	162	143	161	150	135
District (97)...	165	161	134	158	146	128
STOCKS:						
District (51)...	191	196	169	166	185	147

Fourth District Business Indexes

(1935-39=100)

	Oct. 1942	Oct. 1941	Oct. 1940	Oct. 1939	Oct. 1938
Bank debits (24 cities).....	185	162	122	110	98
Commercial Failures (Number).....	53	74	76	77	123
—(Liabilities).....	20	40	38	92	65
Sales—Life Insurance (O. and Pa.).....	78	122	102	95	81
—Department Stores (96 firms).....	165	134	118	116	101
—Wholesale Drugs (5 firms).....	164	143	132	120	110
—Dry Goods (5 firms).....	182	166	134	157	108
—Groceries (38 firms).....	141	128	109	98	97
—Hardware (28 firms).....	198	215	138	124	104
—All (76 firms).....	168	160	121	110	102
—Chain Drugs (5 firms)*.....	163	124	109	101	103
—Chain Groceries (4 firms).....	147	121	104	98	98
Building Contracts (Total).....	257	188	155	121	136
—(Residential).....	160	253	218	169	102
Production—Coal (O., W. Pa., E. Ky.).....	152	156	125	142	105
—Cement (O., W. Pa., E. Ky.).....	a	196	183	164	145
—Elec. Power (O., Pa., Ky.)**.....	167	148	122	110	99
—Petroleum (O., Pa., Ky.)**.....	97	96	92	94	100
—Shoes.....	61	107	77	102	100

* Per individual unit operated. Index revised October 1942.
** September.
a Not available.

Wholesale and Retail Trade

(1942 compared with 1941)

	Percentage Increase or Decrease		STOCKS Oct. 1942
	SALES Oct. 1942	SALES first 10 months	
DEPARTMENT STORES (97)			
Akron.....	+51	+22	+6
Canton.....	+13	+13	a
Cincinnati.....	+21	+10	+16
Cleveland.....	+25	+12	+10
Columbus.....	+29	+14	+16
Erie.....	+34	+20	+3
Pittsburgh.....	+17	+8	+17
Springfield.....	+45	+23	a
Toledo.....	+27	+14	+5
Wheeling.....	+4	+1	+12
Youngstown.....	+20	+3	a
Other Cities.....	+12	+1	+17
District.....	+23	+11	+13
WEARING APPAREL (16)			
Canton.....	+31	+15	+15
Cincinnati.....	+28	+7	+19
Cleveland.....	+37	+18	+26
Pittsburgh.....	+22	+10	+18
Other Cities.....	+41	+13	+6
District.....	+33	+13	+18
FURNITURE (86)			
Canton.....	—2	—11	+27
Cincinnati.....	+4	+20	a
Cleveland.....	+21	+7	+39
Columbus.....	+20	—10	+17
Dayton.....	+49	+15	a
Erie.....	+24	+4	a
Pittsburgh.....	—23	—18	+32
Toledo.....	+4	—2	+18
Other Cities.....	+17	—5	+22
District.....	+1	—11	+29
CHAIN STORES*			
Drugs—District (5).....	+31	+18	a
Groceries—District (4).....	+30	+31	a
WHOLESALE TRADE**			
Automotive Supplies (9).....	—22	—3	—24
Beer (5).....	+15	+25	+45
Confectionery (5).....	+28	+26	—38
Drugs and Drug Sundries (5).....	+15	+13	+19
Dry Goods (5).....	+10	+15	+7
Electrical Goods (13).....	—30	—10	—54
Fresh Fruits and Vegetables (6).....	+18	+17	+14
Furniture & House Furnishings (3).....	—23	—	a
Grocery Group (38).....	+10	+15	—14
Total Hardware Group (28).....	+8	+19	—23
—General Hardware (7).....	—14	+7	—25
—Industrial Supplies (12).....	+7	+26	—8
—Plumbing & Heating Supplies (9).....	—16	—1	—47
Jewelry (5).....	—28	—	—23
Machinery, Equip. & Sup. (exc. Elect.) (4).....	—35	+13	+2
Meats and Meat Products (5).....	+35	+29	—10
Metals (3).....	—19	—16	a
Paints and Varnishes (6).....	—17	—5	+10
Paper and its Products (6).....	—29	—1	a
Tobacco and its Products (17).....	+8	+10	—3
Miscellaneous (16).....	—2	+9	—15
District—All Wholesale Trade (182).....	—0	+9	—15

* 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.

Debts to Individual Accounts

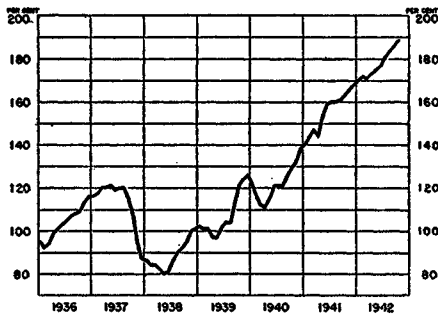
(Thousands of Dollars)

	October 1942	% change from 1941	Jan.-Oct. 1942	Jan.-Oct. 1941	% change from 1941
Akron.....	168,283	+49.0	1,261,439	967,528	+30.4
Butler.....	13,805	—3.4	132,457	126,192	+5.0
Canton.....	68,759	+15.3	639,318	537,101	+19.0
Cincinnati.....	583,818	+7.6	5,107,901	4,359,985	+17.2
Cleveland.....	1,099,694	+15.8	9,597,582	8,213,645	+16.8
Columbus.....	261,248	+8.5	2,418,171	2,169,946	+11.4
Dayton.....	126,821	+21.1	1,122,774	951,904	+18.0
Erie.....	53,317	+19.7	481,628	394,776	+22.0
Franklin.....	4,607	—5.6	47,409	40,833	+15.2
Greensburg.....	10,303	—5.6	104,716	93,570	+11.9
Hamilton.....	19,938	+9.7	177,685	153,212	+16.0
Homestead.....	4,875	—17.9	47,173	45,667	+3.3
Lexington.....	28,898	+12.6	273,858	237,085	+15.5
Lima.....	24,770	+19.7	212,672	179,113	+18.7
Lorain.....	7,443	—2.7	67,852	66,762	+1.6
Middletown.....	18,579	+4.9	187,717	157,082	+19.5
Oil City.....	13,580	+0.7	133,156	115,639	+15.1
Pittsburgh.....	1,182,685	+15.2	10,628,229	9,313,288	+14.1
Sharon.....	16,276	+11.4	139,206	119,015	+17.0
Springfield.....	29,774	+25.6	253,182	220,093	+15.0
Steubenville.....	12,975	—2.0	117,410	117,687	—0.2
Toledo.....	227,157	+12.9	2,027,456	1,678,797	+20.8
Warren.....	26,837	+38.7	205,565	164,918	+24.6
Wheeling.....	33,678	—8.1	318,573	332,723	—4.3
Youngstown.....	87,874	+10.5	731,152	670,187	+9.1
Zanesville.....	11,788	—2.2	113,620	104,673	+8.5
Total.....	4,137,782	+14.3	36,547,541	31,531,421	+15.9

Summary of National Business Conditions

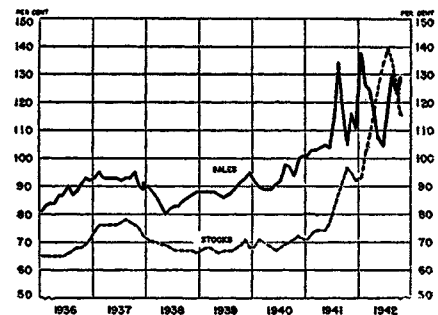
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



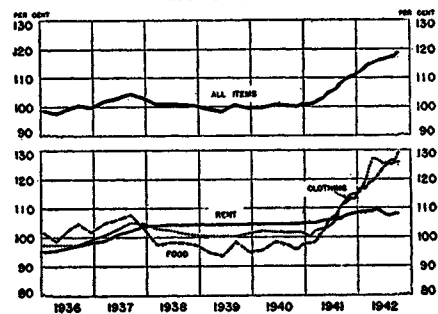
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Latest figures shown are for October 1942.

DEPARTMENT STORE SALES AND STOCKS



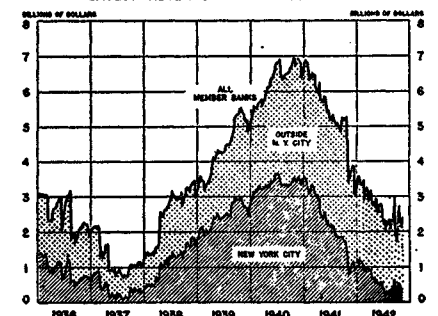
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for October 1942.

COST OF LIVING



Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through September 1940, monthly thereafter. Latest figures shown are for October 1942.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures, partly estimated. Latest figures shown are for November 11, 1942.

Industrial output expanded further in October and the first half of November. Retail food prices continued to advance while prices of other commodities generally showed little change. Distribution of commodities to consumers was maintained in large volume.

Production

Industrial production continued to advance in October and the Board's seasonally adjusted index rose 3 points to 188 per cent of the 1935-1939 average. Gains in armament production accounted for most of the increase, and it is estimated that currently well over 50 per cent of total industrial output is for war purposes. In lines producing durable manufactures, approximately 80 per cent of output now consists of products essential to the war effort.

Steel output reached a new high level in October as production expanded to 100 per cent of rated capacity. In the first half of November output declined slightly to around 99 per cent, reflecting some shutdowns for furnace repairs, according to trade reports. Activity in industries producing nondurable goods declined less than seasonally in October. Production of foods, especially canning, was unusually large for this time of year and output of textiles continued at a high level. Mineral production, which usually increases in October, declined slightly this year owing chiefly to a decrease in coal production which had been maintained in large volume throughout the summer.

Value of construction contracts awarded in October increased somewhat over that of September, according to reports of the F. W. Dodge Corporation. Publicly-financed projects continued to account for over 90 per cent of total awards.

The Department of Commerce estimates that, in the third quarter of 1942, expenditures for new construction amounted to 4.2 billion dollars, of which 3.5 billion came from public funds. For the first nine months of this year the corresponding figures were 10.2 and 7.7 billion dollars. Construction of military and naval facilities and of industrial buildings accounted for the bulk of the expenditures.

Distribution

Department store sales increased in October and the Board's seasonally adjusted index rose to 129 per cent of the 1923-1925 average as compared with 123 in September and 130 in August. In the first half of November sales increased further and were 17 per cent larger than in the corresponding period last year, reflecting in part price advances of about 10 per cent.

Railroad shipments of freight were maintained in large volume during October and declined seasonally in the first half of November.

Commodity prices

Retail food prices continued to advance sharply from the middle of September to the middle of October and further increases are indicated in November. Prices of most other goods and services increased slightly in this period. In the early part of October maximum price controls were established for a number of additional foods. Maximum price levels for many other food products have been raised, however, and the Office of Price Administration reports on the basis of a recent survey that in numerous instances sellers are not complying fully with the regulations now in effect.

Bank credit

Excess reserves of member banks were 2.5 billion dollars in the middle of November, a somewhat higher level than generally prevailed in the preceding four months. At New York City banks excess reserves amounted to about 500 million dollars.

Additions to member bank reserve balances during the four weeks ending November 18 were the net result of an increase of 500 million dollars in Reserve Bank holdings of Government obligations, which approximately covered the continued heavy currency drain, and a decrease of 200 million in Treasury balances at the Reserve Banks.

Holdings of Government securities by reporting banks in 101 cities increased by 1.9 billion dollars to 24 billion during the four weeks ending November 11. Almost half of the increase occurred at New York City banks. There were substantial increases in holdings of Treasury notes, bonds, and certificates, and a smaller increase in Treasury bills, while holdings of guaranteed obligations declined. These changes reflected new offerings and retirements by the Treasury during the period.

Commercial and industrial loans at reporting member banks in leading cities increased somewhat during the first two weeks of November. Brokers' loans in New York City increased around Government financing dates, but subsequently declined.

United States Government security prices

Prices of United States Government securities were steady in the four weeks ending November 18. Long-term taxable bonds yielded 2.32 per cent, and 3-month Treasury bills sold at a yield of 0.37 per cent.