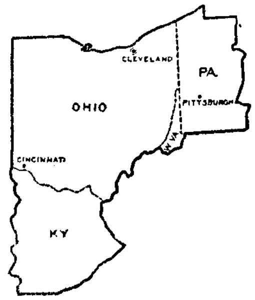
MONTHLY BUSINESS REVIEW

Covering financial, industrial and agricultural conditions



Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

Vol. 24 Cleveland, Ohio, December 31, 1942 No. 12

Many new production records were set by fourth district industry in 1942 despite shortages of materials and manpower. New construction was the highest in history. Machine tool production, over one-third of which is concentrated in this district, expanded steadily during the first ten months of the year to an annual rate of $1.5 billions, or almost double what it was in 1941. Steel production in the first eleven months of the year was four percent above the previous all-time record of the year before. Lake shipments of iron ore exceeded 92 million tons, establishing a new record 15 percent above that of 1941. Rubber companies, in part as a result of war material production, also reported all-time sales records despite tire rationing and severe limitations on other civilian business.

Industry generally was dominated by the war production program during 1942. Many firms in this area already were making airplane parts, gun mounts, shells and other munitions when the attack on Pearl Harbor occurred, but these products were largely supplemental to their usual peacetime operations. The first phase of the war production program, therefore, was to curtail output of civilian merchandise and to convert facilities to the production of munitions. In addition, construction was begun on a large number of new plants to make machine tools, aircraft parts, and other munitions. As converted plants and new facilities approached capacity operations it became apparent that fabricating capacity in the metalworking industries far exceeded the amount of materials available. Order backlogs mounted and it became necessary to supplant inflated priority ratings in many cases by allocations and directives. At the year end industry was planning to operate under the Controlled Materials Plan. When this plan becomes fully effective in mid-1943, all carbon and alloy steel, copper and aluminum will be subject to complete allocation.

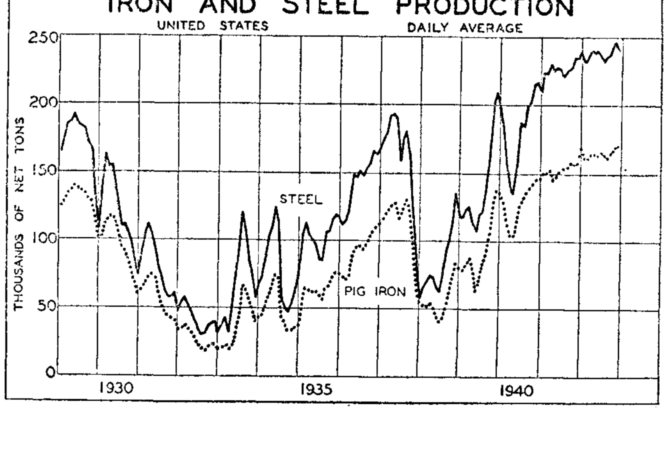
Industrial developments late in the year reflected changes in war requirements as the outlines of strategy became more clear. Some fourth district plants reported cancellations or reductions of munitions orders and changes in specifications, but the over-all program remained very large.

The manpower shortage also became more severe as the year progressed. Restrictions on production of civilian merchandise released many workers for war jobs, but unemployment during the conversion period was much less than had been expected, and a tight labor market was soon created by the expanding needs of new and converted plants. Women entered industry in ever-increasing numbers, especially in the latter months of the year.

Consumer goods industries generally did not attain the production levels of the previous year. Shoe producers in this district were unable to secure adequate supplies of sole leather after military requirements had been set aside, and production for the year was well below 1941. Makers of civilian clothing also were forced to curtail operations because of material and manpower shortages. Dinnerware plants did not suffer from lack of materials, but labor turnover and inexperienced help hampered production.

Retail sales were sustained at high levels in 1942 by large inventories carried over from 1941. As the year progressed, many items disappeared from merchants' shelves, but sufficient goods remained to permit sales during the Christmas season to reach all-time records. A feature of the season this year was early shopping. Christmas merchandise began to move in large volume during October and the pace was accelerated in November. Early buying caused the December rise in department store volume to be less than usual.

IRON AND STEEL PRODUCTION



FINANCIAL

The Victory Fund Campaign The first major Victory Fund Campaign, patterned after the Liberty and Victory Loan drives of the first World War, was brought to a successful conclusion late in December. Originally announced as a campaign to raise a record total of $9 billions in the month of December, subscriptions were so large that in mid-month the sights were raised to $11 billions. Final figures are not yet available on sale of tax notes and savings bonds, which are on sale continuously, but sales of all types of securities through December 26 totaled $11.9 billions. A detailed breakdown of the amounts raised from all sources both in the fourth district and the entire nation during the first 19 days of December is shown below:

Funds From Banking Sources

	Fourth District	Nation	% Fourth District to Total
Treasury Bills	$ 26,596,000*	$ 500,000,000	..
7/8% Certificates	250,781,000	2,030,000,000	12.4
1¾% Treasury bonds	162,688,000	2,058,000,000	7.9
Total Bank	386,873,000	4,588,000,000	8.4

Funds From Nonbanking Sources

	Fourth District	Nation	% Fourth District to Total
7/8% Certificates	$ 46,686,000	$1,294,000,000	3.6
1¾% Treasury bonds	35,143,000	809,000,000	4.3
2½% Victory bonds	85,778,500	2,528,000,000	3.4
Tax notes	119,588,700	480,000,000	24.9
Savings bonds (E, F and G)	55,578,274	530,000,000	10.5
Total other than banks	342,774,474	5,641,000,000	6.1
Grand Total	$729,647,474	$10,229,000,000	7.1

*Net decrease—more bills matured than were purchased.

The fourth district, on the average, represents approximately ten percent of the Nation's economy. On that basis a general goal of ten percent of the amount to be raised nationally was set. This proportion is somewhat greater than would be indicated by the fact that the fourth district possessed, as of last June, 7.5 percent of the Nation's bank deposits, and nine percent of the country's population. The district also accounted for nine percent of the Nation's retail sales in the last census year.

On a ten percent basis, this district's original quota was set at $900,000,000 for the month. Preliminary data indicate that the district's contribution was seven percent of the Nation's total. Sales to fourth district banks accounted for 8.4 percent of sales to all banks, but sales of savings bonds exceeded the ten percent ratio. Sales of tax notes in this district represented one-fourth of all such notes sold in the month in the entire country. Sales of other securities to nonbanking sources reflected the fact that they were primarily designed for insurance companies and other institutional investors. Since the main offices of the more important insurance companies are located in other districts, our proportion of security sales to nonbanking sources was small.

The disproportionate share of tax notes sold in this district resulted in part from the fact a strenuous effort was made to distribute these securities locally. One reason for this is the feeling that persons who have not made some provision for meeting their next year's Federal tax obligation should prepare for them out of this year's income so far as possible before buying other types of Government securities. Series A tax notes are available in denominations from $25 to $5,000 and yield approximately 1.92 percent if used to pay taxes. The average sale of this security in the fourth district during December was $948. Series C tax notes range in denomination from $1,000 to $1,000,000 and yield 1.07 percent if held to maturity, which is three years from date of issue. This yield and maturity date make these notes attractive as short-term investments for large taxpayers. The average sale of Series C tax notes in December was $10,000. Only approximately 12,000 persons in the fourth district purchased tax notes in December whereas 1,417,000 individual tax returns were filed in 1941 (the latest available). With the lowering of basic exemptions and the general increase in earnings and number employed, it is estimated that more than three times as many persons will be filing income tax returns in 1943 as in 1941.

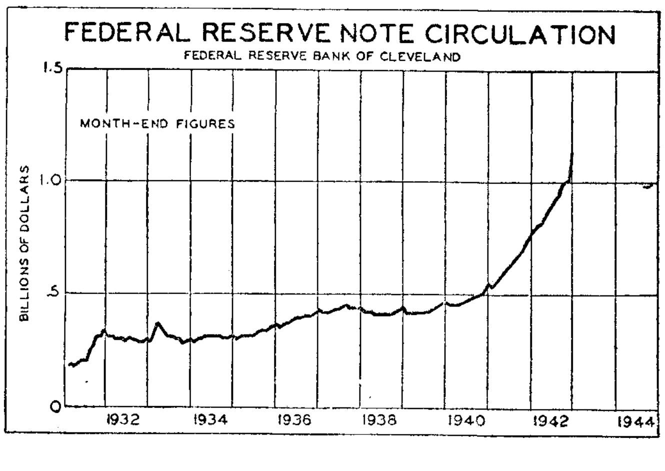
Money in Circulation Despite the fact that money in circulation in this district in 1942 increased persistently to new record levels month after month, the expansion in the pre-Christmas period exceeded the seasonal movement of any other year. Rising to $1,139 millions on December 23, it was $353 millions larger than a year previous, and the increase in the five latest weeks was $73 millions. This compared with a seasonal rise in the preceding five years averaging $27 millions.

New Member Banks

William Penn Bank of Commerce, Pittsburgh, Pa.
The Citizens Banking Company, Perrysburg, Ohio

LABOR SHORTAGES AND POPULATION MOVEMENTS

The impact of the war production program has been so varied that extreme labor shortages have developed in some areas although unemployment still exists in other regions. In an attempt to guide war procurement agencies in their negotiation of war contracts the War Manpower Commission has classified all major industrial areas in the country according to the available labor supply. Cities grouped in Class I are those in which a labor shortage exists and in which contracts should not be awarded whenever the facilities for meeting the requirements are available in other areas. The second group consists of those cities in



which shortages are anticipated and in which contracts having a maximum delivery date of more than six months should be avoided. The third group is made up of cities in which surplus labor exists.

On December 7, the Commission issued a revised list showing 23 fourth district industrial areas either as experiencing labor shortages or about to face them. At that time six cities also were listed as labor surplus areas, all of which are in southeastern Ohio or northern West Virginia where facilities for fabrication of peacetime light steel products have not yet been adapted to war production.

The War Manpower Commission's classification of Fourth District Cities follows:

Labor Shortage Areas

Aliquippa, Pa.	Hamilton
Akron	Lima
Canton	Lorain
Cleveland	Marion
Columbus	Piqua
Dayton	Sandusky
Fremont	Troy

Areas in which Labor Shortage is Imminent

Cincinnati	Pittsburgh, Pa.
Erie, Pa.	Toledo
Fostoria	Washington, Pa.
Lexington, Ky.	Youngstown
Mansfield	

Labor Surplus Areas

Coshocton	Steubenville
East Liverpool	Wheeling, W. Va.
Portsmouth	Zanesville

Population movements during the past three years have reflected the widely varying nature of job opportunities in this district. In general, the movement has been from farms and rural areas to war production centers, and from southeastern Ohio, West Virginia, and Kentucky to northern industrial cities. The trend from rural to urban centers is the exact opposite of the flow during the decade from 1930 to 1940. During this decade total population of this district increased from 11,300,000 to 11,800,000, with all but 90,000 of the increase occurring in rural areas and towns of less than 25,000 persons. Population estimates made by the Bureau of the Census on the basis of sugar ration books, however, show that civilian population of rural Ohio counties decreased 3.4 percent in the two years from April 1, 1940 to May 1, 1942, but that urban counties in this state increased 3.4 percent. The net change for Ohio was an increase of .8 percent. Kentucky lost 2.5 percent of its civilian population during the period, West Virginia 2.0 percent, and Pennsylvania 1.9 percent.

Individual county data show that, in general, the labor shortage areas listed by the War Manpower Commission in December had already attracted the largest numbers of in-migrants last May. Dayton's civilian population had increased ten percent and Canton seven percent in the two years since the 1940 Census. Cities which had lost population in the two years prior to May were Wheeling, Toledo, Pittsburgh, and Youngstown. Conversion of civilian industries in these areas to war production had not yet been completed at that time, and workers had left their homes to seek employment in regions where war production had already reached high levels. In recent months reports indicate this flow has been reversed to some extent, particularly in Toledo where former auto parts plants are turning out a large volume of munitions.

MANUFACTURING, MINING

Iron and Steel The United States produced more steel during 1942 than at any other time in its history, in spite of numerous problems of material and manpower shortages. Production of ingots and steel for castings during the eleven months ended November 1942 totaled 78,789,000 tons, or more than the output of United States' steel works in any full year except 1941. Production during the first eleven months of 1941, however, was exceeded by four percent during the same period of 1942. The year just passed was also about 50 percent above the peak output of World War I.

The manufacture of alloy steels increased greatly in importance during the past year. October production of such metals was 60 percent higher than in a typical month of 1941. Compared with the pre-war peak, the October figure represented an increase of 400 percent. Production of alloy steels is a slower process than that for regular steel as additional melting time and more careful control is essential. Steel producers report that additions to the fourth district alloy capacity will further increase the output of such metals in 1943.

Only at rare intervals throughout 1942 was the supply of scrap metal sufficient to assure capacity operation. Salvage drives during late summer and early autumn made the situation considerably easier, although by mid-December some producers again were reporting a scarcity of the raw material. The difficulty then was said to arise from an inability to prepare scrap for the mills because of winter weather and manpower shortages. National consumption of scrap iron and steel during the first ten months of 1942 totaled 46,500,000 tons, approximately 2,000,000 more than was consumed in the same period of 1941. Producers are reporting the use of additional pig iron in making steel to partially offset the tight scrap supply.

A second problem of the industry has been a shortage of manpower as a result of the loss of workers to military service and other industries. In many cases women have been filling positions formerly held only by men. Employment in the iron and steel industry, nevertheless, has increased continually since the invasion of Poland in 1939. Three years after that event, in August 1942, there were 647,000 workers employed in the Nation's steel mills, an increase of 40 percent since the start of the war.

A somewhat easier demand for steel mill products was reported in late November and early December. Changes in war strategy had altered the emphasis on the type of munitions to be manufactured, and the slackening demand reflected, in part, the uncertainty concerning this shift. Officials of the War Production

Board have made it clear, however, that the reduction in backlogs does not necessarily mean that additional steel will be available for civilian consumption.

Other Manufacturing Conversion to war production was the dominant feature of most fourth district manufacturing operations during 1942. As the year ended, most facilities which could be adapted to war production had been converted. Requirements of these plants for materials and workers, and the needs of new plants built for specific war purposes, had brought about exceedingly tight situations in both the materials and labor markets.

Machine tool companies in this area played a vital role in the plant conversion and construction programs. Because machine tools are basic to mass production of most metal products, expansion of this industry was pushed ahead of other work, and most of the proposed new machine tool plants have now been completed. In fact, trade reports indicate the high production point for the industry was reached in October and plans are now being made for conversion of machine tool plants to direct manufacture of munitions as soon as the airplane factories now under construction are tooled.

Automotive parts makers were among the first to convert their facilities to war production. Latest reports show that munitions shipments of this industry far exceed previous records for peacetime production of civilian merchandise. Rubber manufacturers likewise have converted their facilities to war production and have built new plants for manufacture of munitions. No passenger tires were made for sale to civilians until October, when production of tires from reclaimed rubber was begun on a limited scale. Use of rubber for other civilian products was strictly limited throughout the year. Nevertheless, expansion of both rubber and nonrubber munitions production resulted in new all-time sales records for the industry.

Restrictions on private building and loss of the automobile markets resulted in smaller production of window glass, plate glass, and paints than in 1941. In recent months paint manufacturers have also suffered from Government limitations on use of various ingredients and steel containers. Substitution of glass for tin cans, not only for paints, but also for foods and many other products, forced glass container manufacturers both in this area and throughout the nation to operate close to capacity during all of 1942.

The dinnerware branch of the ceramics industry has been relatively active ever since outbreak of war in 1939 cut off European imports. Despite the fact that most fourth district china plants are located in areas which are listed as possessing labor surpluses, skilled workers have been lost to the armed forces and war plants. Output of the industry is currently reported to be from ten to fifteen percent less than a year ago because of labor turnover and employment of women in jobs formerly held by men.

Problems of the apparel industries grew progressively more difficult in 1942 as military requirements took an increasing proportion of materials, and men entered the armed forces or munitions plants. Shoe factories in this district produced nine percent fewer shoes in the first eleven months this year than they did in the same months of 1941, despite heavy demand from retailers. Inability to obtain sole leather and inadequate or untrained working forces accounted for this situation. Trade reports indicate the bottleneck in the textile industry is lack of processing machinery rather than raw materials. The Government has taken the majority of all worsteds and woolens for military uses, and producers have been allocating their civilian goods to customers on a quota basis. This in turn has required clothing manufacturers to prorate their orders. Late in the year men's clothing makers reported that department stores in larger cities were buying only in small volume for spring delivery, but that stores in rural areas and small towns were placing orders as large or larger than last year.

Paper and paperboard mills entered the year 1942 with large order backlogs and operations at capacity. After the first quarter, however, orders fell off as it became apparent war requirements would not be as large as at first anticipated. At the present time the industry is operating under W.P.B. orders which limit production to average output during the second and third quarters of 1942. Trade reports indicate this regulation has had little effect on production, but merchants and consumers have been placing heavy orders in an attempt to provide for future requirements.

Coal Coal production in this district during the first eleven months of 1942 totaled 202,000,000 tons, higher than the total annual output for any year since 1929, and above that of any eleven-month period since 1926. This was accomplished in spite of a growing labor shortage as increasing numbers of workers entered military service through enlistments or selective service and as manpower shifted to industrial concerns where overtime work and the resultant premium payrates could be secured. Absenteeism and turnover were serious problems and became more troublesome as the year advanced.

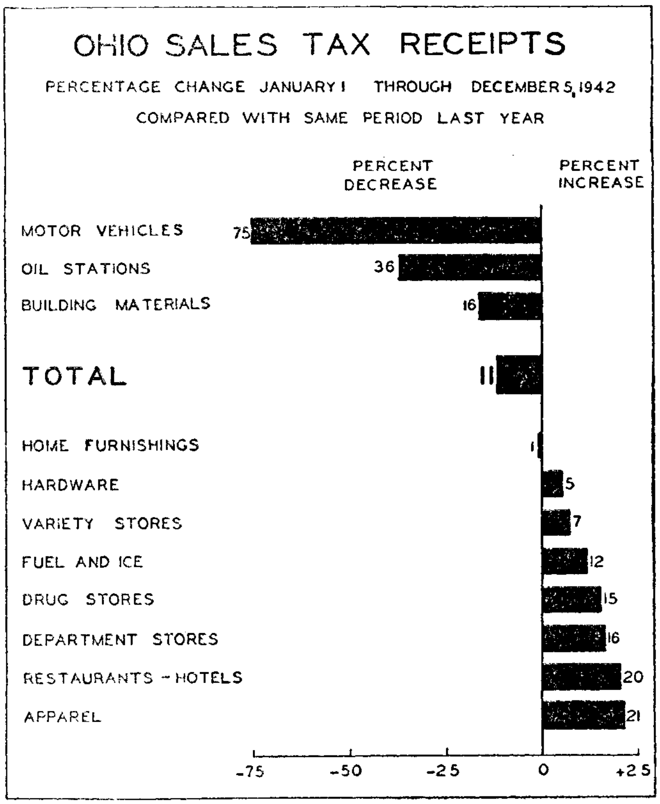
The Coordinator of Solid Fuels has attempted to secure better utilization of the existing labor supply by urging operators and miners to lengthen the existing five-day, 35-hour week to a six-day, 42-hour week. Early industry-wide negotiations to work out the details of such a change were not successful, but local agreements were signed in November and a majority of the mines operated by steel companies in this area were working on a seven-hour day and six-day week during the last two months of the year. One problem arising out of the 42-hour week was eliminated in December when the Office of Price Administration authorized operators to increase the price of bituminous coal by about 20 cents a ton in order to cover the cost of overtime pay-rates.

Fourth district output of coke continued at a high rate throughout 1942. Production of by-product furnaces remained fairly steady at about 673,000 net tons weekly during the second half of the year, and was only slightly lower during the first six months. Beehive ovens, about three-fourths of which are located in the fourth district, operated at near-record levels in November and early December, converting about 135,000 tons per week. This is almost double the peak weekly output of beehive ovens for the post-depression period prior to the Defense Program. Total coke output for the fourth district is about 40 percent of the Nation's total.

LAKE SHIPPING

A record ore shipping season was brought to a close on December 12 when the final 1942 cargo reached Cleveland, bringing the season's total of ore handled by the Great Lakes fleet to 92,076,781 long tons. This was 15 percent above the previous record set in 1941 and substantially above the recently increased War Production Board quota of 91,500,000 tons. Every month except November and December set records for comparable months in previous years and an all-time high was attained in August when over 13,000,000 tons were loaded. The season, which opened on March 24, was also one of the longest on record, running for more than eight and a half months.

Ore movement during the 1942 season was aided by regulations issued by the Office of Defense Transportation which facilitated its handling at the expense of coal, grain, and other bulk cargo shipments. Additional ore tonnage was provided in May when the O.D.T. assumed control over all vessels engaged in grain trade and a considerable part of the coal fleet. Its jurisdiction was extended in early October when all Great Lakes vessels, about 735 in number, were brought under its supervision. Some freighters that had been converted to ore trade early in the year were later released for coal and grain cargoes and continued to operate in such service after the close of the ore season.



Stocks of iron ore at furnaces and on Lake Erie docks were at a record level of 53,703,458 tons on December 1. This inventory is sufficient to keep furnaces supplied until the 1943 season opens next spring, since at the present rate of consumption, the stocks will last until some time in June, without taking into consideration type and grade. Prospects for the 1943 season are particularly favorable. The United States Maritime Commission has reported that 16 new freighters are under construction to augment the present American ore fleet of slightly more than 300 vessels. In order to reach the 100,000,000-ton quota established by W.P.B. for next year, it will be necessary to use virtually all of these boats in ore trade, and few will be released for coal and grain traffic.

Because of O.D.T. regulations, coal shipments were somewhat lower in 1942 than in 1941, only 47,032,933 tons being loaded at lower lakes ports during 1942 as compared with 48,536,093 tons in 1941. The margin of difference between the two years, however, was more than offset by increased rail shipments of coal between cities normally serviced by boat. Grain cargoes were the smallest in five years.

TRADE

Retail Retail trade in Ohio, as measured by gross sales of prepaid tax receipts, declined eleven percent during the period from January 1 through December 5 this year compared with the same period last year. Since merchants are not required to collect sales tax on food articles consumed off the premises, the total does not include a very large proportion of the business done by grocery and meat stores. Likewise, farm supplies are not subject to the sales tax. Nevertheless, the data are indicative of sales of many types of merchandise in Ohio during the period under consideration.

The rationing of new passenger cars and light commercial trucks the first of the year, along with complete stoppage of their production after February 2, was largely responsible for the eleven percent decrease in total tax receipts. Sales of motor vehicles dropped 75 percent this year from last, resulting in a considerable reduction in the State's total revenue. Whereas sales of tax stamps for automobiles accounted for 18 percent of the total last year, this year they accounted for only five percent. Garages sold 55 percent less merchandise this year than last, and sales of taxable items at oil stations were down more than one-third. The decrease for the automotive group as a whole was 64 percent.

The War Production Board restrictions on construction were reflected in the 16 percent decline in sales of stamps to building supply dealers. Retail outlets selling electrical and plumbing equipment, lumber, and other materials did 18 percent less business, while the decrease in sales of paint, wallpaper, and glass, articles of which there have been no critical shortages, was negligible. Home furnishings stores, including those handling store and office equipment, sold slightly less merchandise during the first eleven months of this year than during the same period a year ago.

Partly offsetting these losses to the State treasury were sales of tax stamps to stores selling nondurable goods. Apparel shops, restaurants, and hotels required approximately one-fifth more stamps this year than they did in 1941. The rising level of prices was partially responsible for this addition. Another factor was the increased purchasing power of many people, who, with larger incomes, were eating out more often and were buying more and better clothing. Sales of stamps to apparel stores and restaurants in the first eleven months of this year accounted for 16 and 9 percent, respectively, of the total receipts, compared with 12 and 6 percent during the same period a year ago.

Department Stores The seasonally adjusted index of November sales at 97 fourth district department stores was 170 percent of the 1935-39 average. This is the third highest point on record and represents an increase of 7 percent over the previous month and 15 percent over November a year ago. Total dollar volume last month was higher than during any other similar period. Partly responsible for this high level of sales was the large volume of early Christmas shopping, which started in October and continued to gain momentum throughout November. Sales of toys and games were up 57 percent over those of last year, luggage 46 percent, neckwear and scarfs 44 percent, leather goods 32 percent, cosmetics 24 percent, and silverware and jewelry 23 percent. Sales in fur departments were approximately three-fourths greater during November this year than last.

The unusually large amount of Christmas selling that stores did during October and November has reacted upon their sales volume this month. For the three weeks ended December 19 the increase over last year was ten percent compared with the year-to-year gain of 15 percent experienced during November.

Heavy holiday shopping during November resulted in a further reduction of department store inventories. At month-end the dollar volume of stocks was 5 percent smaller than it had been the previous month and only 6 percent greater than a year ago. The seasonally adjusted index fell 8 points to 158 percent of the 1935-39 average, the lowest since January of this year.

Wholesale Sales by fourth district wholesale firms during the first eleven months of 1942 were eight percent larger than those of the same period last year, according to *Department of Commerce* data. Substantial year-to-year gains reported during the first part of this year were responsible for the total eleven-month increase. Since July each month's sales have been below those of the corresponding month in 1941. Gains of over one-fifth during the eleven-month period were experienced by dealers in industrial supplies, meats, confectionery products, and beer.

Inventories on November 30 were 17 percent smaller than they had been a year ago. Largest decreases were in stocks of electrical goods, hardware, automotive suppplies, and food products, including confectionery items, groceries, and meats.

CONSTRUCTION

Fourth district construction was at an all-time high during 1942 as a result of the Nation's wartime expansion of industrial capacity, defense housing, and miscellaneous types of building which are related to the war effort. The Defense Program and Lend-Lease resulted in a substantial number of plant expansion projects being completed, or nearing completion, before December 1941. The attack on Pearl Harbor, however, necessitated a record volume of additional construction to gear this district's economy to all-out war.

The first half of this year was characterized by a rise each month in the volume of construction contracts awarded in this district until a peak of $114,000,000 was reached in June, according to *F. W. Dodge Corporation* reports. Total contract awards during the first six months of 1942 were 22 percent above the previous six-month period and 40 percent above the first half of 1941. Further expansion, however, was prevented by material shortages and war strategy which shifted the emphasis from production of additional factory facilities to immediate manufacture of end-products. The June peak was approached in November, however, when sizable contracts brought total construction in the fourth district to $93,398,000. Most of the increase for the year was centered in factory building, as discussed in the November issue of the *Monthly Business Review*. Residential construction, curtailed by priorities and direct limitations, declined steadily after the first quarter, rising only in June, when contracts were awarded for publicly-financed dwellings in northern Ohio. Private projects also declined in importance during 1942. The value of such construction during the first eleven months was only 19 percent of total contract awards compared with 51 percent in 1941.

AGRICULTURE

Farmers in this district benefited materially from a combination of favorable growing weather and high agricultural prices in 1942. Cash receipts from crops, livestock, and other farm produce sold during the first nine months of the year by farmers in the four States, parts of which comprise the fourth district, were 34 percent larger than last year.

Tobacco Prior to opening of tobacco auctions early in December, the Office of Price Administration established ceiling prices for 68 different grades of burley tobacco. According to the O.P.A., these prices were so scaled as to permit an average price of about $38 per hundred pounds, compared with last year's average of $29.30. The quality has proved to be unusually good, and with nearly all sales being made at ceiling prices, the average for all Kentucky markets reached $42.13 for the first three weeks of the selling season. This is an all-time high. In previous years, season averages have varied between $35.80 per hundred pounds and as little as $8.60.

Demand proved so great during December that, with most sales being made at ceiling prices, the normal functioning of the auction markets as means of apportioning supplies among manufacturers and dealers was seriously impeded. The Agricultural Marketing Administration announced, therefore, that a plan for allotting purchases would be worked out during the holidays in time to be made effective when the markets reopen early in January.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Nov. 1942	% change from 1941	Jan.-Nov. 1942	% change from 1941
Bank Debits—24 cities.........$	3,699,000	+13	$39,943,000	+15
Savings Deposits—end of month:				
40 banks O. and W. Pa........$	803,259	-0-	......	....
Life Insurance Sales:				
Ohio and Pa.................$	65,092	—25	825,308	—13
Retail Sales:				
Dept. Stores—97 firms........$	42,603	+15	381,127	+11
Wearing Apparel—16 firms....$	1,738	+21	15,089	+14
Furniture—85 firms...........$	2,778	—4	36,926	—10
Building Contracts—Total......$	93,398	+158	683,615	+39
" " —Residential.$	11,022	—33	155,602	—29
Commercial Failures—Liabilities $	212	—33	4,887	—40
" " —Number...	35	—22	444	—26
Production:				
Steel Ingot—U. S.......net tons	7,185	+ 3	78,789	+ 4
Cement—O., W. Pa., W. Va. bbls.	1,457	+ 7	14,576	+ 5
Elec. Power, O., Pa., Ky. ....Thous. k.w.h.	2,681a	+10	24,970b	+12
Petroleum—O., Pa., Ky....bbls.	2,156a	— 2	21,542b	+ 4
Shoes .... pairs	c	— 5	c	— 9
Bituminous Coal Shipments:				
L. E. Ports............Net tons	5,816	—14	48,651	— 3

a October.
b January-October.
c Confidential.

Department Store Sales and Stocks

Daily Average for 1935-1939 = 100

	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	November 1942	October 1942	November 1941	November 1942	October 1942	November 1941
SALES:						
Akron (6).....	234	214	178	207	202	157
Canton (5)....	252	221r	203	223	201r	180
Cincinnati (9).	192	162	180	160	148	150
Cleveland (10).	187	160	156	179	165	150
Columbus (5).	198	168	153	173	161	135
Erie (3)......	236	200	185	221	185	173
Pittsburgh (8).	168	151	156	157	138	146
Springfield (3).	213	204	172	199	186	161
Toledo (6)....	186	174	155	171	153	142
Wheeling (6)..	143	120	152	137	123	145
Youngstown (3)	195	171	173	180	161	160
District (97)..	187	165	163	170	158	148
STOCKS:						
District (51)..	181	191	170	158	166	148

r Revised
Figures in parentheses indicate number of firms reporting.

Fourth District Business Indexes

1935-39 = 100

	Nov. 1942	Nov. 1941	Nov. 1940	Nov. 1939	Nov. 1938
Bank Debits (24 cities)....................	167	147	120	108	92
Commercial Failures (Number)............	52	67	85	70	95
" " (Liabilities)............	15	22	65	49	58
Sales—Life Insurance (O. and Pa.)..........	77	103	88	93	90
" —Department Stores (97 firms)........	187	163	137	122	106
" —Wholesale Drugs (7 firms)..........	147	136	131	128	115
" — " Dry Goods (6 firms)......	155	154	124	133	99
" — " Groceries (42 firms).......	137	109	101	98	99
" — " Hardware (29 firms)......	127	173	118	109	102
" — " All (84 firms)............	147	137	110	105	101
" —Chain Drugs (5 firms)*.............	156	131	108	105	99
" —Chain Groceries (4 firms)............	150	137	116	101	96
Building Contracts (Total).................	383	149	200	108	153
" " (Residential)...........	143	211	249	157	101
Production—Coal (O., W. Pa., E. Ky.).......	a	124	121	134	105
" —Cement (O., W. Pa., E. Ky.)....	177	165	151	133	97
" —Elec. Power (O., Pa., Ky.)**....	176	151	134	123	105
" —Petroleum (O., Pa., Ky.)**.....	98	99	98	103	99
" —Shoes.........................	85	89	65	79	71

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

Wholesale and Retail Trade

(1942 compared with 1941)

	Percentage Increase or Decrease		
	SALES Nov. 1942	SALES first 11 months	STOCKS Nov. 1942
DEPARTMENT STORES (97)			
Akron................................	+32	+23	-0-
Canton...............................	+17	+14	a
Cincinnati...........................	+ 7	+ 9	+ 5
Cleveland............................	+20	+13	+ 2
Columbus.............................	+28	+15	+ 9
Erie.................................	+28	+21	— 2
Pittsburgh...........................	+ 7	+ 8	+11
Springfield..........................	+35	+24	a
Toledo...............................	+20	+15	+ 4
Wheeling.............................	— 3	+ 1	+ 1
Youngstown...........................	+13	+ 4	a
Other Cities.........................	+ 5	+ 2	+12
District.............................	+15	+11	+ 6
WEARING APPAREL (16)			
Canton...............................	+22	+16	+11
Cincinnati...........................	+ 5	+ 6	+19
Cleveland............................	+26	+19	+19
Pittsburgh...........................	+ 9	+10	+19
Other Cities.........................	+35	+16	+ 2
District.............................	+21	+14	+14
FURNITURE (85)			
Canton...............................	-0-	—11	+20
Cincinnati...........................	—20	—19	+17
Cleveland............................	+14	— 5	+45
Columbus.............................	+14	— 8	+11
Dayton...............................	+ 2	+14	a
Pittsburgh...........................	—27	—19	+21
Toledo...............................	+12	-0-	+17
Other Cities.........................	+ 4	— 4	+14
District.............................	— 4	—10	+21
CHAIN STORES*			
Drugs—District (5)...................	+20	+18	a
Groceries—District (5)...............	+18	+30	a
WHOLESALE TRADE**			
Automotive Supplies (10).............	—21	— 5	—30
Beer (3).............................	+14	+24	+138
Confectionery (5)....................	+32	+27	—45
Drugs and Drug Sundries (7)..........	+ 8	+12	+ 2
Dry Goods (6)........................	+ 1	+14	+ 2
Electrical Goods (16)................	—28	—12	—53
Fresh Fruits and Vegetables (6)......	+31	+18	+ 6
Grocery Group (42)...................	+26	+16	—22
Total Hardware Group (29)............	—26	+16	—26
General Hardware (7)................	—40	+ 3	—28
Industrial Supplies (12)............	—10	+24	—12
Plumbing & Heating Supplies (10)......	—21	— 3	—36
Jewelry (3)..........................	—12	a	a
Machinery, Equip. & Sup. (exc. Elect.) (3).	—35	+11	a
Meats and Meat Products (4)...........	+16	+28	—21
Metals (3)...........................	—16	—16	a
Paints and Varnishes (5).............	— 9	— 5	a
Paper and its Products (6)...........	—21	— 3	a
Tobacco and its Products (18)........	+ 1	+ 9	+ 5
Miscellaneous (22)...................	— 4	+ 8	— 7
District—All Wholesale Trade (188)......	— 1	+ 8	—17

* 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.

Debits to Individual Accounts

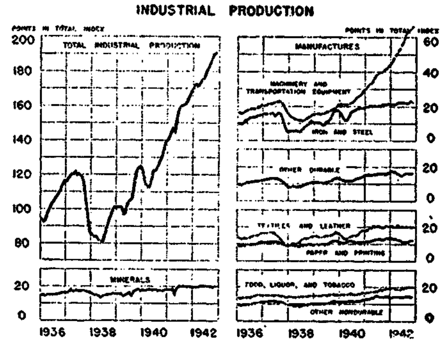
(Thousands of Dollars)

	November 1942	% change from 1941	Jan.-Nov. 1942	Jan.-Nov. 1941	% change from 1941
Akron..........	137,630	+26.9	1,399,069	1,075,960	+30.0
Butler..........	12,489	— 5.4	144,946	139,387	+ 4.0
Canton.........	62,603	+12.7	701,921	592,655	+18.4
Cincinnati......	530,816	+14.6	5,638,717	4,823,335	+16.9
Cleveland.......	969,767	+10.1	10,567,349	9,094,755	+16.2
Columbus.......	253,959	+ 8.2	2,672,130	2,404,583	+11.1
Dayton.........	114,851	+14.6	1,237,625	1,052,166	+17.6
Erie............	51,082	+29.4	532,710	434,257	+22.7
Franklin........	4,149	—13.1	51,198	45,606	+12.3
Greensburg.....	9,150	— 5.2	113,866	103,221	+10.3
Hamilton.......	19,644	+21.6	197,329	169,362	+16.5
Homestead......	4,200	—23.3	51,373	51,146	+ 0.4
Lexington.......	26,121	+ 8.2	299,979	261,228	+14.8
Lima...........	25,352	+46.4	238,024	196,431	+21.2
Lorain..........	6,260	— 8.3	74,112	73,592	+ 0.7
Middletown.....	17,185	— 1.6	204,902	174,541	+17.4
Oil City........	12,530	+ 2.0	145,686	127,929	+13.9
Pittsburgh......	1,077,535	+15.1	11,705,764	10,249,152	+14.2
Sharon.........	14,463	+21.2	153,669	130,951	+17.3
Springfield......	25,103	+10.3	278,285	242,852	+14.6
Steubenville.....	11,438	— 7.4	128,848	130,033	— 0.9
Toledo.........	199,779	+15.1	2,227,235	1,852,348	+20.2
Warren.........	21,094	+18.2	226,659	182,762	+24.0
Wheeling.......	33,087	+ 2.6	351,660	364,963	— 3.6
Youngstown....	70,091	+ 2.1	801,243	738,862	+ 8.4
Zanesville.......	11,772	+ 5.4	125,392	115,839	+ 8.2
Total.........	3,722,150	+12.9	40,269,691	34,827,916	+15.6

Summary of National Business Conditions

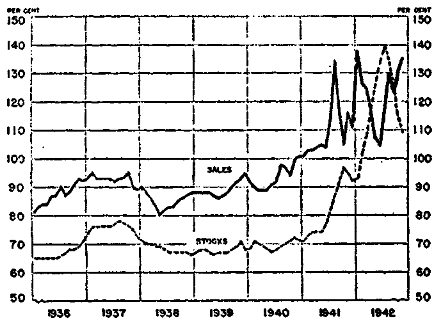
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



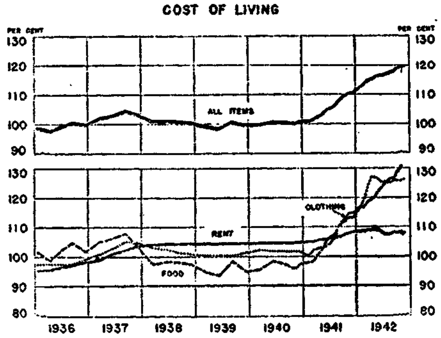
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for November 1942.

DEPARTMENT STORE SALES AND STOCKS



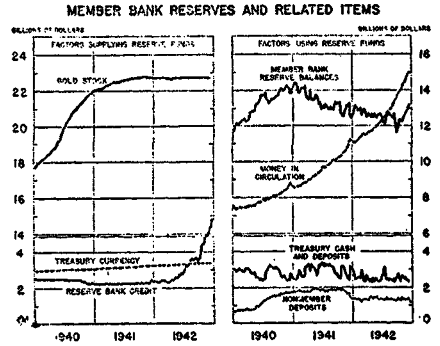
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for November 1942.

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 November 1942.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures. Latest figures shown are for December 9, 1942.

Aggregate industrial production in November was maintained close to the October level, reflecting a continued growth of output in war industries and a seasonal decline in production of civilian goods. Distribution of commodities to consumers rose further in November and the first half of December, reducing somewhat the large volume of stocks on hand. Retail food prices continued to advance.

Production

Maintenance of industrial production in November when the seasonal tendency is downward was reflected in a rise of the Board's seasonally adjusted index from 189 to 191 per cent of the 1935-1939 average. This rise was largely accounted for by a further advance in output of durable manufactures. Nondurable manufactures declined seasonally, while output of minerals showed less than the usual seasonal decrease. In all groups of products the proportion of output for war purposes was considerably larger than a year ago.

The increase reported for durable manufactures from October to November was in finished munitions and industrial equipment for new plants which will be completed in large number over the next few months. Steel production, at 98 per cent of capacity in November and the first three weeks of December, was down slightly from the October peak, but the reduction appeared temporary as the scrap supply situation had been relieved and as further progress was being made on construction of additional iron and steel capacity. Supplies of iron ore on hand are regarded as sufficient for operations at capacity until movement of ore down the lakes is resumed in the spring. Shipments from Upper Lake ports this year totaled 92 million tons, and were 15 per cent above the record established in 1941.

At cotton textile mills activity was maintained at a high level in November and at shoe factories production declined less than is usual at this season. Output of manufactured foodstuffs showed a seasonal decline.

Construction contract awards in November were 10 per cent below the level of the three preceding months, according to data of the F. W. Dodge Corporation, but were still about forty per cent higher than in November of last year. As in other recent months, publicly-financed work accounted for over ninety per cent of all awards.

Distribution

Distribution of commodities to consumers increased further in November and December with active Christmas buying. At department stores, variety stores, and mail-order houses serving rural areas, sales in November expanded more than seasonally. In the first half of December department store sales continued to rise sharply and were considerably larger than a year ago.

Freight-car loadings in November declined about 7 per cent from their peak levels in September and October but on a seasonally adjusted basis rose slightly over the October level. Coal loadings rose somewhat although a decline is usual in November. Shipments of other commodities declined seasonally.

Commodity prices

Grain prices advanced from the middle of November to the middle of December, while most other wholesale commodity prices showed little change.

Retail food prices increased further by 1 per cent in the five weeks ending November 17 to a level 16 per cent higher than in November 1941. Prices of such fresh foods as are uncontrolled—fruits, vegetables, and fish—showed the largest advances from October to November, but price increases in controlled items contributed about two-fifths of the total rise.

Bank credit

During the period of large-scale Treasury financing in December, total excess reserves of member banks were generally above 2.5 billion dollars. Substantial purchases of Government securities for the Federal Reserve System offset the effect of drains on reserves by the continued heavy currency outflow and further increases in required reserves resulting from a rapid growth in bank deposits.

Reserve Bank holdings of Government securities showed an increase of 850 million dollars in the four weeks and reached a total of 5.5 billion on December 16.

At reporting member banks in 101 leading cities holdings of United States Government securities increased by 800 million dollars in the four weeks ending December 9. Treasury bills accounted for practically the entire increase, with almost two-thirds of the amount going to New York City banks. In the week ending December 16, bond holdings rose sharply as banks received their allotments of the new 1¾ per cent bonds subscribed on November 30-December 2; allotments of this issue to all banks totaled 2 billion dollars, representing 85 per cent of subscriptions.

Total loans showed little change over the four weeks ending December 9. Commercial loans declined by 200 million dollars, with about half the decline at New York City banks, while loans to brokers and dealers increased over the period, reflecting largely advances made to security dealers in New York in connection with the Victory Fund drive.

Payments by bank depositors for new Government security issues resulted in a decline of adjusted demand deposits and a rise of U. S. Government deposits to 5.8 billion dollars in mid-December, the largest total on record.