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Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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The growing shortage of manpower became more acute in this important industrial area during March and April. Production of war materials, however, continued to expand as workers were drawn from civilian occupations to man new plants or to replace men lost to the Armed Forces. Steel production reached a new all-time peak in March. Fourth district miners produced more bituminous coal than in any other month since 1928, and output of parts for planes, ships, and other munitions reached new high levels. Operations of some war plants were slowed down by an irregular or inadequate flow of materials or revision in orders, but on the whole, trade reports indicate the transition to the Controlled Materials Plan has been achieved quite smoothly.

New war plants are having difficulty finding and training sufficient workers to permit attainment of projected operating schedules, but shortage of workers is most apparent in the civilian industries not directly related to war production. Output of textile mills and work clothing plants, for example, is below the capacity of existing equipment primarily because of shortage of workers. Shoe factories, china and pottery plants, and paperboard mills also are in this category.

Some relief is being obtained by lengthening the work week. A few plants have reduced the number of shifts in order to permit longer hours for all employees. The War Manpower Commission has added Cleveland, Lima, the Sidney-Piqua-Troy area, and Lorain County to the list of fourth district areas in which 48 hours is to be the minimum work week. Akron and Dayton were on the original list of cities designated as critical labor shortage areas in which the 48-hour minimum work week was first imposed. Since decisions have not been made on requests for exemption from the directive, and war plants generally have been exceeding 48 hours, formal adoption of the longer work week has had relatively little effect thus far.

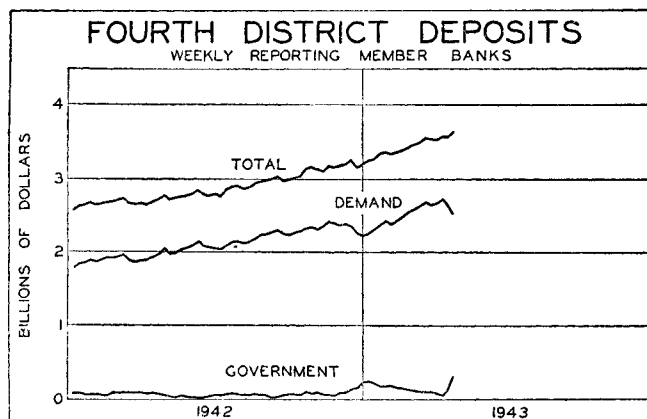
Despite unusual efforts to open the lakes to navigation, the start of the 1943 lake shipping season was the latest since 1928. Some iron ore was shipped

from Escanaba, this side of the Soo Canal, in mid-April, but ships were not able to clear Lake Superior ports until late in the month. Even then heavy ice resulted in very slow movement. Last year 8,600,000 tons of ore had been shipped from upper lake ports by May 1.

In past years late opening of the lake shipping season has resulted in easing the market for bituminous coal in this area. This year, however, demands of railroads and industrial consumers have absorbed all available supplies.

FINANCIAL

The Second War Loan Drive With the Treasury planning to raise at least \$13 billions in the April War Loan Drive, this district's quota was set at \$950,000,000. Nonbanking sources were expected to provide \$550,000,000 and banks \$400,000,000. Since real success of the financing depends on the extent to which the securities are placed in nonbanking hands, campaign leaders at the outset decided to endeavor to obtain 150 percent of the nonbank quota. As of April 29, nonbanking sources in the district had subscribed for over \$900,000,000 of the various types of securities making up the April financing, and banks had been allotted \$154,000,000 of the $\frac{7}{8}$ percent Certificates of Indebtedness. The two percent bonds were not



opened for bank subscription until April 28, so results of their sale have not yet been determined.

A feature of the April financing was the extent to which payments for new securities were made through the mechanism of War Loan deposit accounts. As explained in the January issue of this *Review*, authorized banks may make payment for designated new securities purchased for themselves or their customers by credits to their War Loan deposit accounts. When funds are required by the Treasury, request is made for remittance of a definite amount, based upon the ratio of the current need for funds to the aggregate of all War Loan deposit balances. Since the Treasury attempts to synchronize calls on these balances with its expenditures, funds are returned to the banking system in approximately the same amount as they are withdrawn, thus minimizing the disturbance to the banking system's reserve position caused by Treasury operations.

Effective April 13, member banks no longer are required to maintain reserves against War Loan deposits. In addition, these deposits have been exempted from assessment by the Federal Deposit Insurance Corporation. With these impediments to widespread use of War Loan deposit accounts removed, and Treasury operations expected to continue in huge volume, a large number of banks have been qualifying for these accounts for the first time or they have been increasing their authorized balances. By late April, 708 of the 1,200 banks located in the fourth district had qualified for a total of \$859,000,000 in War Loan deposit accounts. Last October 1, only 191 banks in the district were authorized to carry such accounts, with a maximum amount of \$325,000,000.

The effect of using War Loan deposits during periods of heavy Treasury financing is shown on the chart on page one. During the December War Loan Drive, weekly reporting member banks in this district built up their War Loan deposit balances from \$70 millions on December 2 to \$230 millions on December 30. Cash payments for subscriptions by bank customers were largely responsible for the decline in demand deposits from \$2,378 millions to \$2,225 millions during the same period. Subsequent to the December drive, the Treasury drew on its War Loan accounts, thus reducing the balances held by all banks in this district to \$29 millions on April 13. In the meantime, adjusted demand deposits of weekly reporting banks rose to \$2,708 millions in early April.

In the April drive subscribers to new securities have been urged to make their purchases through banking channels, thus permitting increased use of the War Loan deposit mechanism. As a result, Government deposits at weekly reporting member banks in this district rose to \$304 millions on April 21. Adjusted demand deposits declined by \$172 millions from their April 7 peak, but total deposits reached a new all-time high.

War Loan deposits are a mechanism for minimizing the short-term effects of Treasury operations on banks' reserve position. They facilitate the creation of additional deposits based on bank purchases of Government securities; they are not permanent additions to the deposit total except as funds are transferred through

the U. S. Treasury's account to the credit of individuals.

This district, one of the most important industrial areas of the country, is devoting a major share of its activities to production of war materials. In 1942, however, direct Treasury disbursements in the fourth district were \$1,132,000,000 less than local Treasury receipts. Thus far in 1943, Treasury disbursements have been \$110,000,000 less than receipts. This situation is due to the fact that a very large portion of this district's output is in the form of parts and materials that are assembled in other Federal Reserve districts. Treasury checks are issued in payment for these end products, but payment for the materials provided by concerns in this district is made through regular commercial channels. Transfers on commercial account by banks and their customers resulted in a net gain to the district of \$1,600,000,000 in 1942 and \$422,000,000 in the first four months of 1943.

The net effect of these operations, a constant drain of currency into circulation both within and out of the district, and various changes in Federal Reserve accounts was to reduce reserves of all member banks in this district by \$12 millions in 1942. In the first four months of 1943, however, fourth district banks have gained \$208 millions. Reserves of all fourth district member banks in the last half of March were 40.5 percent in excess of requirements. This percentage was larger than in any other district, and compares with less than 14 percent on March 31 for member banks throughout the country.

New Member Banks

Lorain County Savings & Trust Company, Elyria, Ohio

The Fahey Banking Company, Marion, Ohio

The Loramie Banking Company, Fort Loramie, Ohio

State Bank of Defiance Company, Defiance, Ohio

MANUFACTURING, MINING

Iron and Steel

Production of steel ingots reached a new high of 7,670,000 tons in March, four percent above the same month of last year and slightly more than one percent above the previous peak set in October 1942. With steel operations remaining almost constantly at capacity levels, one of the most important factors in determining short-run fluctuations in monthly production is the number of working days in each period. Recently, therefore, new records have been set only in 31-day months. Nevertheless, the average daily production also reached a new high in March of 247,425 tons compared with a previous high of 243,787 established in February 1943. Monthly production of pig iron was also at a new high reaching 5,314,000 tons, almost 80,000 tons more than in October, the last record-breaking month.

During the second half of 1940, as the United States was initiating the defense program, steel operations rose from roughly 75 percent of rated capacity to approximately 95 percent. The rapid rise in output for that period, therefore, largely resulted from more complete utilization of the indus-

try's facilities. During 1941 and 1942, however, production of steel has seldom fallen below 95 percent of existing capacity. The gradually rising trend in output during the last two years, therefore, reflects the addition of new furnaces. The trend in pig iron production parallels that for steel, with much the same factors influencing production.

The *American Iron and Steel Institute* has made available an analysis of the type of products into which finished rolled steel flowed during 1942. The changes wrought by the war in the ultimate uses of steel are considerable. In 1939, the last pre-war year, more rolled steel went into automobiles than into any other single product, 18 percent of the total output being so consumed. In 1942, the first full year during which civilian purchases were restricted, only three and one-half percent of the total was consumed in automotive and aircraft lines, while shipbuilding, formerly only a negligible consumer, rose to the No. 1 position, taking 16 percent of total output. With the 1943 goal for building merchant vessels set at 19 million deadweight tons, compared with only 8 million tons in 1942, the steel industry feels certain that this year the share of total output being used in ships will be even greater. Construction, always a heavy consumer of steel, ranked second in 1942, taking 14 percent of the total.

Lake Shipping

Ice in Lake Superior and the Soo Canal continued to prevent ore shipments during most of April. Twelve vessels, representing a total cargo of about 140,000 tons, were loaded at Escanaba, near the head of Lake Michigan, during the middle of the month. Not until April 19, however, were ice breakers able to open a channel through the Soo Canal and St. Marys River, permitting vessels to reach Lake Superior. Even after channels had been opened, progress was necessarily slow, so that it was late in the month before the vessels reached Duluth. The 1943 season, therefore, started later than any since 1928, when the ice was left to break normally and the Soo Canal did not open until May 3. Last year 8,600,000 tons had been shipped by May 1. The coal shipping season on the lower lakes, however, was under way by the middle of April. During the first three months of 1943, almost 948,000 tons of coal were loaded into vessels, 25 percent less than during the same period a year ago.

Other Manufacturing The principal development in other manufacturing industries during March and April was the growing shortage of workers and the resulting inability to meet projected delivery schedules. Over-all output, however, continued to expand as new facilities were placed in production and operating efficiency of existing plants improved. The shift to the Controlled Materials Plan for allocating steel, copper, and aluminum involved some adjustment of operating schedules, but by the end of April it was said the transfer had been achieved quite smoothly, in most cases.

Machine Tools

The machine tool industry is among the few war industries that are experiencing reduced demand for

their products. This is due to the fact that the tooling-up process is nearing completion, so that future requirements for machine tools will be limited to replacement of worn out equipment and provision of new tools when weapons are redesigned in light of battle experience. Important producers in this district, where over one-third of the country's machine tools are made, report that shipments during the past three months have been as much as double the volume of new orders.

The necessity of keeping output of all types of war materials in advance and geared to battle requirements has led to reduced operating schedules for some plants in this district, but expanding production of parts and sub-assemblies for aircraft and ships has taken up the slack. The reported decline in Army tank purchases has been offset by increased output of anti-tank guns and self-propelling artillery. This shift has caused parts suppliers in this district to modify their products, but overall demands have not been reduced. Rubber companies, for example, have been called upon to produce an increasing number of tank tracks for use on the new kind of artillery rather than for tanks.

Textiles, Clothing

Civilian industries generally have been the ones most hard hit by labor shortages. Textile mills in this district report that materials are plentiful, but output has been restricted by inability to secure the desired number of workers. Available yardage, therefore, is being allotted to clothing manufacturers; nevertheless, deliveries have been delayed. Because of these delays in receipt of materials and pressure of work on Army and Navy uniforms, clothing manufacturers also have been late in shipping spring merchandise. One of the consequences of the consumer buying wave on apparel which occurred in February was to cause retailers to expect an early fall season. Fearing late deliveries of fall apparel, they have attempted to place orders for spring merchandise to be delivered in July and August for sale during the fall season.

Trade reports indicate the most serious shortage among textile products is in work clothing. A large part of this industry is making garments for the Armed Forces. In view of the shortage of workers, the remainder of the industry has not been able to satisfy the exceptionally large civilian demand.

Shoes

There has been little change in the shoe industry during the past month. Announcement of rationing in mid-February stimulated the demand for higher quality shoes, but manufacturers have been unable to expand production because of Government restrictions on use of sole leather and loss of workers to war plants and the Armed Forces. Fourth district shoe production in March was 14 percent less than a year ago.

China

Makers of china and pottery also report little change in their industry during March and April. Orders continued to exceed production, and some plants are not accepting new orders for delivery before next year.

Production has declined slightly because of loss of workers. Recently shipments have been delayed by inability to obtain cartons. The industry also reports a slowing-up in rail freight movement, particularly in less than carload lots.

Glass

Conditions have improved somewhat in the flat glass industry. Window glass production in March was at 80 percent of capacity compared with 69 percent in February. Plate glass output in March was the largest in eleven months, but it remained only about one-fourth as large as in the peak month of January 1941. Glass companies are devoting an increasing proportion of their efforts to war contracts, making both glass and non-glass products.

Paper

All branches of the paper and paperboard industry have experienced marked increases in demands for their products in recent months. Production of paper is strictly limited by the War Production Board, but consumption has continued at an extremely high rate. Government requirements have been greater than expected by the industry. They have more than taken up the slack caused by a smaller volume of advertising. Because of these factors, manufacturers' unfilled orders have been rising and in many cases informal allotment plans have been put into effect.

The paperboard and box industry likewise has been unable to meet all demands in recent weeks despite the fact that limitations on production of container board were removed late in February. Heavy demand for overseas shipping containers has been an important factor. As shown on the accompanying chart, production of paperboard has risen to the highest level in twelve months, and in mid-April reached 96 percent of rated capacity. Trade reports indicate that further expansion is prevented by labor shortage. Waste paper from which paperboard is made is also becoming scarce after having been exceedingly plentiful last fall.

Coal

The output of bituminous coal at fourth district mines rose sharply in March to reach the highest level attained in any month since November 1926. March production totaled 20,900,000 tons, almost 14 percent greater than a year ago and about 2,500,000 tons more than in February. The adoption of the six-day week and the greater number of working days in March were partly responsible for the high monthly total.

Negotiations concerning the renewal of contracts between the United Mine Workers and the coal operators were extended, at the request of President Roosevelt, from March 31 through April 30. Production during the first half of April, therefore, continued without interruption at a high rate; late in the month operations were considerably reduced. In 1939 and again in 1941, the last two occasions when contracts expired, output virtually ceased during April, with less than one million tons being produced in the fourth district during that month. In 1937, only one day's production was lost so that the total output for April of that year was not materially affected. This year the union is asking for a wage increase of two dollars a day, among other

things. All terms of the new agreement are to be retroactive to March 31, the expiration date of the old contract.

Stocks of bituminous coal held by retailers and industrial consumers continued the seasonal decline during February, dropping to 77 million tons on March 1. The supply on hand, however, remained substantially above a year previous, being 35 percent higher than on the same date in 1942. Moreover, stocks have increased faster than consumption, with stocks on hand equivalent to 43 days' supply on March 1, 1943, compared with only 34 days' supply a year earlier.

TRADE

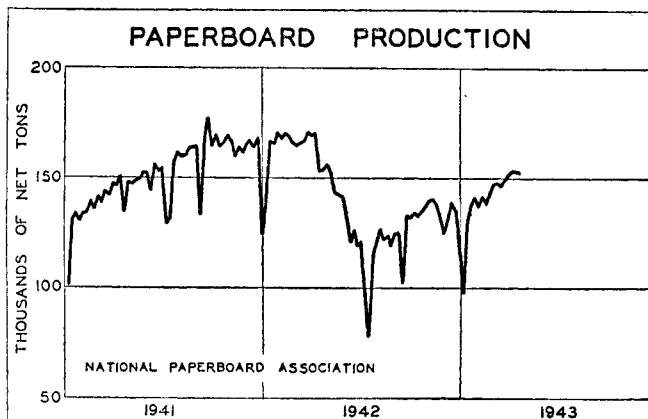
Retail

The seasonally adjusted index of fourth district department store sales declined during March to 169 percent of the 1935-1939 daily average. Although this represented a sharp decrease from the peak of 194 percent the previous month, the March index was the sixth highest on record. Total dollar volume during March showed no change from that of the corresponding month of 1942. However, many purchases that customarily are made in March occurred in April this year, on account of the unusually late date of Easter. The year-to-year decreases that stores in Pittsburgh, Cleveland, and Wheeling reported were offset by the gains experienced by retailers in other fourth district cities. Sales in Columbus were up 17 percent, Akron 16 percent, Toledo 5 percent, and Cincinnati 1 percent. Dollar volume at all reporting stores during the first quarter of 1943 was seven percent greater than during the same period a year ago.

Inventories carried by 52 reporting stores in this district were three percent larger at the end of March than they had been the previous month-end. However, the increase was less than seasonal, and the adjusted stocks index continued its downward trend to 133 percent of the 1935-1939 average, a reduction of 21 percent from a year ago. The dollar total of orders outstanding on March 31 was 30 percent greater than it had been the same date in 1942, when commitments were at an unusually high level. Apparently fourth district retailers were trying to add somewhat to their dwindling supply of merchandise on hand.

Wholesale

The *Department of Commerce* reports that sales at 184 wholesale firms in the fourth district were two per-



cent smaller during March 1943 than they had been the same month a year ago. Sales of fresh fruits and vegetables were up 42 percent, clothing 34 percent, drugs 25 percent, meats 16 percent, and groceries 14 percent. Automotive supply dealers reported a slight increase in their dollar volume this March over last. This was the first year-to-year gain experienced by these firms for several months. Wholesalers of electrical goods, hardware, furniture, and paper products continued to report substantial declines in their business.

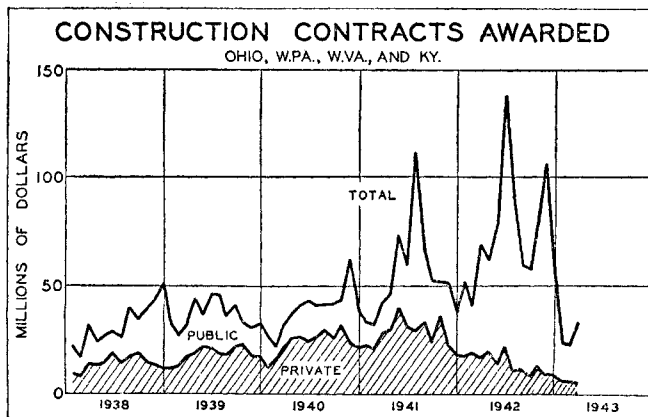
The dollar volume of inventories at the end of March was 20 percent lower than a year earlier. Stocks of dry goods, electrical goods, confectionery products, and hardware were considerably smaller than they had been on March 31, 1942. The largest year-to-year increase was that of 24 percent for stocks of fresh fruits and vegetables.

CONSTRUCTION

Construction contracts awarded in the fourth district rose slightly during March from the low level of January and February to \$28,373,000, according to *F. W. Dodge Corporation* statistics. The March level of new construction, however, was still less than half of that for a year earlier. The decline in construction activity since a year ago is shown in the accompanying chart. Part of the drop since November undoubtedly was caused by seasonal factors, although, under the pressure of war, with so many limitations on construction, seasonal conditions do not exert so important an influence as in peace-time years. New contract awards during the first quarter of 1943 were the lowest since the same period in 1940, and only slightly above the early months of 1938.

Both residential and nonresidential building increased during March, although the nonresidential category rose more sharply. The awards of contracts for a manufacturing plant in Trumbull County, Ohio, and a war housing project in Pittsburgh accounted for over \$7 millions of the March total.

Also shown on the chart is the breakdown of all new construction into publicly- and privately-financed contracts. The declining trend in privately-financed building has persisted since May 1941, monthly totals dropping from about \$40 millions at that time to \$5 millions in March of this year. Public contracts, consisting largely of industrial facilities and public works, also have fallen substantially. As both the public and



private categories declined at approximately the same rate, the ratio of private construction to the total has not changed materially in recent months. During the last quarter of 1942, only 13 percent of the total was financed by private money, while during the first three months of this year the ratio was 14 percent. During the first quarter of 1942, private financing accounted for 33 percent of the total.

AGRICULTURE

Livestock Black Markets Marketings of livestock for slaughter have been running under expectations during recent weeks. The U. S. Department of Agriculture believes that part of this reduction is a result of increased slaughter at country points and black market operations in violation of meat delivery regulations.

Observers at country livestock auctions and at the terminal markets report that marketing activities there have been far from normal. Inferior livestock has been purchased at fancy prices, often to appear later in the shop of an unscrupulous butcher as "prime" cuts of meat. New faces have appeared among the buyers. Evidence has shown that often these new faces truck their livestock away from the market to a secluded spot where it is butchered under conditions which ignore rules of sanitation and disease inspection.

These transactions are definitely big business. The Department of Agriculture states that in January and February federally inspected slaughter of cattle was nine percent under a year ago, whereas the number should have been at least as great. The diversion of animals from legal slaughter channels has been so great as to cause a wide variation between the numbers of animals that have been received at terminal markets and the numbers that *should* have arrived—variations to a degree never known before.

Black market operations in the livestock industry near and in Cleveland have drawn nation-wide attention. This area and the Detroit area have been termed the two "hot spots" of the Nation. The situation at Cleveland is illustrated by table 1. In comparison with other livestock terminals in the Fourth District the receipts destined for local delivery at the Cleveland Stock Yards have taken a drastic plunge. Competent observers believe this situation to be largely the result of black market activities which shunt the livestock around the normal and legitimate distributive channels.

TABLE I
Receipts of Livestock at Terminal Stock Yards
Percentage 1943 Receipts are of Receipts For Same Month in 1942

		Cattle	Calves	Hogs	Sheep
Cleveland (1)	Jan	45%	60%	61%	123%
	Feb	39	61	54	99
	Mar	47	71	64	71
Cincinnati (2)	Jan	86	94	68	94
	Feb	83	78	79	86
	Mar	91	78	92	42
Columbus (3)	Jan	74	114	89	106
	Feb	85	107	76	140
	Mar	114	98	87	92
Pittsburgh (4)	Jan	105	79	94	87
	Feb	121	93	93	103
	Mar	112	92	97	119

(1) Cleveland Union Stock Yards, Cleveland delivery (includes direct shipments.)
 (2) Cincinnati Union Stock Yards, Cincinnati delivery (includes direct shipments.)
 (3) Columbus Stock Yards, Volume of Producers Livestock Cooperative Association.
 (4) Pittsburgh Joint Stock Yards, Pittsburgh delivery (includes direct shipments.)

In order to improve this situation and to make adequate supplies of meats available for war needs, Food Distribution Orders 26, 27, and 28 were issued March 5 by the Department of Agriculture. These Orders (1) require all livestock dealers to obtain permits to buy and sell livestock, and to keep complete records of their operations, (2) require all slaughterers who deliver meat to others to obtain slaughter permits and to stamp their permit numbers on each wholesale cut of meat delivered, and (3) require slaughterers operating under Federal inspection to set aside designated percentages of their meat production for delivery to Government procurement agencies.

Farm Land Values Farm land values in the United States continued to rise throughout 1942, and experienced a sharp increase in the degree of acceleration during the period November 1, 1942 to March 1, 1943. The Bureau of Agricultural Economics, which issued this statement, also pointed out that its preliminary index of average value per acre of farm real estate in the United States on March 1 (1912-14 = 100) was 99 as compared with 91 in 1942, 85 in 1941, 84 in 1940, and 73 in 1933. Values on March 1, 1943 were 9 percent above those for the same date in 1942, 36 percent above the 1933 low, and 42 percent under the 1920 peak.

The Bureau reported that the 9 percent increase during the year which ended March 1 was the largest annual increase since 1920. This rate of increase is about the same as the rates of increase for the years 1917-18 and 1918-19. Significantly it is exceeded only by the record rate of increase of 1920.

In each of the States of the Fourth District the increase in the average value of farm land between 1942 and 1943 equaled or exceeded the national increase (see chart). A study of these increases shows that, with one or two exceptions, they are generally greater than the annual increases in land values experienced by these States during the First World War. In Kentucky values were up 14 percent on March 1, 1943, which tied that State with Kansas for first place in the Nation with respect to increases.

High commodity prices, record levels of farm income, and the large accumulation of liquid funds by farmers and others in the face of continuously smaller land offerings are mainly responsible for the sharp up-swing in farm real estate values.

Conditions which modify the effects of these factors include shortages of farm labor, equipment, supplies, and the shortages of farm operators themselves. Also many farmers are devoting their additional income to the payment of debts, others are paying income taxes for the first time, and still others are hesitant to purchase farm real estate because they lack sufficient confidence in present high commodity prices.

Poultry and Eggs Most poultry and egg production records appear likely to topple before the all-out activity of this industry in 1943. The number of layers on farms in United States during February was 15 percent larger than in February last year. Sales of hens have continued small

as a result of favorable egg prices relative to feed costs.

Hens and pullets on United States farms laid nearly 6½ billion eggs in March, a record for the month—17 percent above the production in March last year and 46 percent above the 10-year (1932-41) average. March egg production was at top levels in all parts of the country, except in the West where it was the largest since 1931.

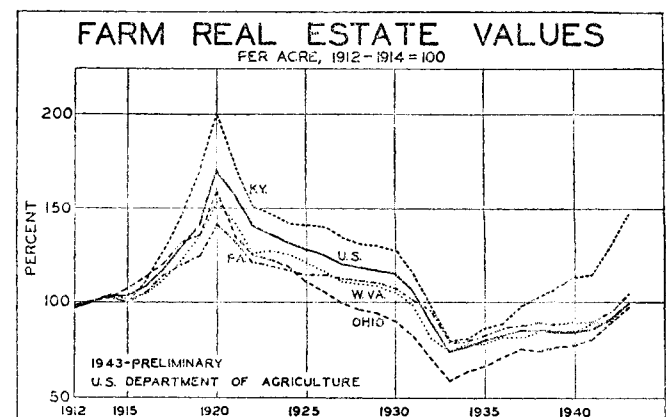
The number of eggs set during February was 13 percent larger than in February of last year. The number of chicks hatched during February, partly from eggs set in January, was 24 percent larger than last year, making the January-February output 18 percent, or 30 million chicks, larger than last year.

The Department of Agriculture has reported that even if lend-lease requirements for dried eggs were only partly filled, supplies of eggs for civilians in 1943 would be considerably short of the demand at ceiling prices. The Department also estimates that except possibly for short periods in some localities egg prices are likely to continue at ceiling prices throughout 1943.

Wheat Severe winter killing of wheat is expected to lower materially the 1943 production of this important crop in the Fourth District. In Ohio the Federal-State Crop Reporting Service estimated as of April 1 that winter killing together with some reduction in planted acreage may reduce the State's normal wheat production this year as much as 25 percent or about 10 million bushels.

Carry-over of old wheat in the United States on July 1, 1943 is expected to be about 650 million bushels—only slightly more than the 632 million bushels of last July 1. This carry-over plus the expected new crop of 800 million bushels should provide a total supply of 1,450 million bushels which is about 90 percent of total supply as of last July 1.

In consideration of the effect of the heavy prospective disappearance of supplies, the Secretary of Agriculture has modified the existing acreage-control program by announcing that farmers who meet 90 percent of their farm war crops goals in 1943 will be eligible for Agricultural Adjustment Agency wheat payments and wheat loans even though they exceed their wheat allotments. The Secretary also suspended wheat marketing quotas for the remainder of the 1942-43 marketing year and for 1943-44.



Tobacco Cold weather has retarded the sowing of tobacco beds in the Burley Section this year. Most of the beds were not sown until about April 1, although usually the seeding is completed by March 20. Reports indicate that the freezes during the week of April 11-17

did not damage tobacco seedlings. In many sections plants are reported making good progress and can be set out at the usual time in late May or early June.

Wholesale and Retail Trade

(1943 compared with 1942)

	Percentage Increase or Decrease		
	SALES March 1943	SALES first 3 months	STOCKS March 1943
DEPARTMENT STORES (97)			
Akron.....	+16	+22	-15
Canton.....	+10	+14	a
Cincinnati.....	+1	+9	-21
Cleveland.....	-2	+4	-27
Columbus.....	+17	+28	-9
Erie.....	+9	+12	-14
Pittsburgh.....	-7	-0-	-24
Springfield.....	+25	+33	a
Toledo.....	+5	+5	-13
Wheeling.....	-1	+2	-16
Youngstown.....	+2	+10	a
Other Cities.....	+8	+2	-14
District.....	-0-	+7	-21
WEARING APPAREL (16)			
Canton.....	+14	+31	-1
Cincinnati.....	-3	+14	-4
Cleveland.....	+3	+14	+3
Pittsburgh.....	-9	+21	-9
Other Cities.....	+17	+50	+3
District.....	+5	+26	-1
FURNITURE (78)			
Canton.....	+7	-6	-2
Cincinnati.....	+2	-1	-13
Cleveland.....	-12	-5	-5
Columbus.....	-0-	+4	+19
Dayton.....	-19	-23	a
Pittsburgh.....	-25	-21	-3
Toledo.....	-14	-14	-5
Other Cities.....	-5	-10	-5
District.....	-11	-11	+2
CHAIN STORES*			
Drugs—District (5).....	+19	+16	a
Groceries—District (4).....	+24	+18	a
WHOLESALE TRADE**			
Automotive Supplies (9).....	+1	-14	-44
Beer (4).....	+42	+40	a
Clothing and Furnishings (3).....	+34	+33	a
Confectionery (5).....	+12	+11	-63
Drugs and Drug Sundries (6).....	+25	+16	-0-
Dry Goods (4).....	+14	+9	-37
Electrical Goods (12).....	-38	-43	-65
Fresh Fruits and Vegetables (7).....	+42	+28	+24
Furniture & House Furnishings (3).....	-25	a	a
Grocery Group (41).....	+14	+5	-23
Total Hardware Group (31).....	-18	-15	-38
General Hardware (9).....	-18	-22	-37
Industrial Supplies (13).....	-3	-3	-31
Plumbing & Heating Supplies (9).....	-45	-19	-52
Jewelry (4).....	-11	a	a
Machinery, Equip. & Sup. (exc. Elect.) (4).....	+53	+11	-18
Meats and Meat Products (4).....	+16	+7	-21
Metals (3).....	-20	a	a
Paints and Varnishes (6).....	-4	-26	-8
Paper and its Products (6).....	-51	-39	-9
Tobacco and its Products (16).....	+10	+6	+4
Miscellaneous (16).....	+2	+3	+9
District—All Wholesale Trade (184).....	-2	-5	-20

* 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.

Department Store Sales and Stocks

Daily Average for 1935-1939=100

	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	March 1943	February 1943	March 1942	March 1943	February 1943	March 1942
SALES:						
Akron (6).....	181	211	163	213	242	185
Canton (5).....	190	194	149	229	266	170
Cincinnati (9).....	143	147	147	157	204	152
Cleveland (10).....	150	157	159	168	221	167
Columbus (5).....	151	157	134	156	227	129
Erie (3).....	163	179	155	199	211	179
Pittsburgh (8).....	129	146	138	153	164	150
Springfield (3).....	187	199	154	210	272	163
Toledo (6).....	141	151	141	152	204	144
Wheeling (6).....	111	121	118	133	148	127
Youngstown (3).....	145	165	147	163	217	152
District (97).....	144	155	147	169	194	161
STOCKS:						
District (51).....	137	133	174	133	139	169

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	March 1943	% change from 1942	Jan.-Mar. 1943	% change from 1942
Bank Debits—26 cities.....	\$4,220,975	+17	\$11,580,889	+14
Savings Deposits—end of month: 39 banks O. and W. Pa.....	\$ 839,851	+9		
Life Insurance Sales:				
Ohio and Pa.....	\$ 94,564	+27	240,725	-22
Retail Sales:				
Dept. Stores—97 firms.....	\$ 36,951	-0-	103,705	+7
Wearing Apparel—16 firms.....	\$ 1,811	+5	4,980	+26
Furniture—78 firms.....	\$ 2,731	-72	7,230	-11
Building Contracts—Total.....	\$ 28,373	-42	65,585	-43
—Residential.....	\$ 9,868	-52	23,411	-56
Commercial Failures—Liabilities.....	\$ 226	-72	961	-51
—Number.....	17	-71	67	-56
Production:				
Pig Iron—U. S.....	5,314	+5	14,798	+2
Steel Ingot—U. S.....	7,670	+4	21,920	+4
Bituminous Coal, O., W. Pa., E. Ky.....	20,900	+14	56,547	+7
Cement—O., W. Pa., W. Va. bbls.....				
Elec. Power, O., Pa., Ky. Thous. k.w.h.....	2,846a	+24	5,686a	+18
Petroleum—O., Pa., Ky. bbls.....	2,039a	+6	4,157b	+3
Shoes.....	c	-14	c	-13
Bituminous Coal Shipments:				
L. E. Ports.....	880	-30	948	-25

a February.
b January-February.
c Confidential.

Fourth District Business Indexes

(1923-25=100)

	Mar. 1943	Mar. 1942	Mar. 1941	Mar. 1940	Mar. 1939
Bank Debits (24 cities).....	189	161	134	107	95
Commercial Failures (Number).....	25	86	120	116	113
(Liabilities).....	15	56	69	98	114
Sales—Life Insurance (O. and Pa.).....	112	88	106	97	97
—Department Stores (97 firms).....	144	147	113	100	94
—Wholesale Drugs (6 firms).....	137	130	112	109	116
—Dry Goods (4 firms).....	180	157	122	95	96
—Groceries (41 firms).....	140	122	108	90	96
—Hardware (31 firms).....	166	201	152	96	92
—All (184 firms).....	146	149	124	95	97
—Chain Drugs (5 firms)*.....	152	128	116	103	a
—Groceries (4 firms).....	145	133	119	107	94
Building Contracts (Total).....	116	199	144	115	112
—(Residential).....	128	267	202	160	150
Production—Coal (O., W. Pa., E. Ky.).....	167	147	145	107	107
—Cement (O., W. Pa., E. Ky.).....		129	119	92	69
—Elec. Power (O., Pa., Ky.)**.....	187	150	144	117	103
—Petroleum (O., Pa., Ky.)**.....	92	87	84	98	85
—Shoes.....	98	115	117	103	125

* Per individual unit operated.

** February.

a Not available.

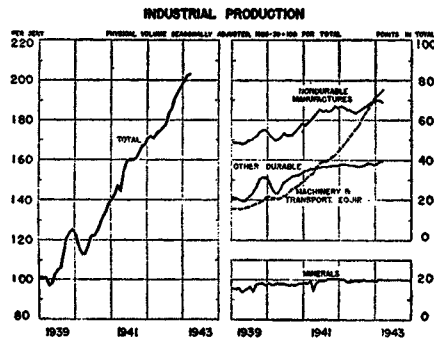
Debts to Individual Accounts

(Thousands of Dollars)

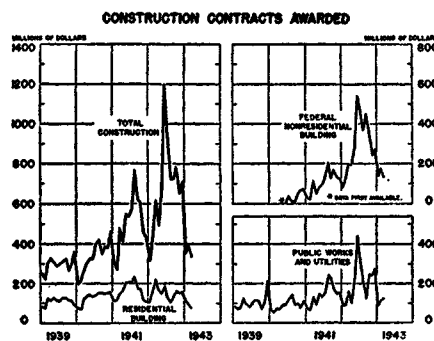
	March 1943	% change from 1942	Jan.-Mar. 1943	Jan.-Mar. 1942	% change from 1942
Akron.....	164,207	+42.7	461,557	320,350	+44.1
Butler.....	14,055	+2.7	38,440	39,628	-3.0
Canton.....	75,319	+19.8	200,720	178,949	+12.2
Cincinnati.....	594,988	+12.7	1,622,033	1,478,626	+9.7
Cleveland.....	1,103,576	+21.9	3,022,898	2,559,553	+18.1
Columbus.....	273,691	+14.9	744,654	680,977	+9.4
Dayton.....	150,030	+31.7	386,816	315,204	+22.7
Erie.....	60,364	+27.2	158,488	133,883	+18.4
Franklin.....	5,119	+4.7	13,804	14,430	-4.3
Greensburg.....	10,442	-1.6	28,901	31,515	-8.3
Hamilton.....	20,682	+16.1	56,647	50,847	+11.4
Homestead.....	4,844	+0.9	12,733	14,231	-10.5
Lexington.....	26,751	+22.2	129,422	98,338	+31.6
Lima.....	25,073	+20.1	71,007	61,382	+15.7
Lorain.....	6,717	-2.8	18,388	20,468	-10.2
Middletown.....	18,944	-1.2	53,947	54,499	-1.0
Oil City.....	16,910	+12.3	43,173	40,670	+6.2
Pittsburgh.....	1,198,305	+12.8	3,301,356	2,997,810	+10.1
Sharon.....	14,695	+6.6	41,182	40,437	+1.8
Springfield.....	32,414	+25.9	86,206	71,401	+20.7
Stuebenville.....	12,498	+7.5	35,176	34,505	+1.9
Toledo.....	239,604	+18.8	637,570	553,045	+15.3
Warren.....	23,707	+25.9	63,707	52,044	+22.4
Wheeling.....	35,356	+9.7	99,421	91,622	+8.5
Youngstown.....	79,275	+9.6	217,099	208,994	+3.9
Zanesville.....	13,409	+21.9	35,544	33,348	+6.6
Total.....	4,220,975	+17.4	11,580,889	10,176,756	+13.8

Summary of National Business Conditions

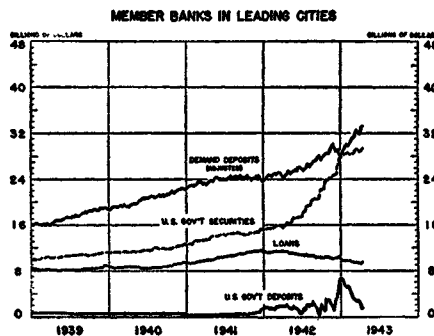
By the Board of Governors of the Federal Reserve System



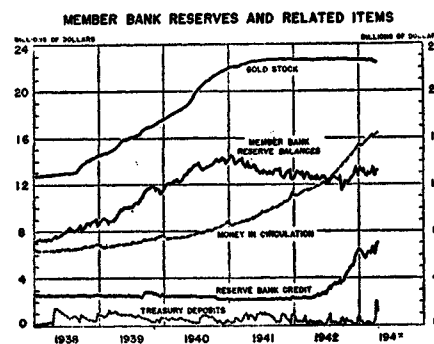
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for March 1943.



F. W. Dodge data for 37 Eastern states, total includes state and local government and private nonresidential building not shown separately. Monthly figures, latest shown are for March 1943.



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for April 14, 1943.



Wednesday figures, latest shown are for April 14, 1943.

Industrial activity increased slightly in March and prices of commodities advanced further. Retail trade in March and the first half of April was in large volume, although reduced from the February peak.

Industrial production

The Board's seasonally adjusted index of industrial production advanced from 202 per cent of the 1935-39 average in February to 203 in March. The rise in total output continued to reflect chiefly increased production in the machinery and transportation equipment industries producing armaments. At merchant shipyards 146 ships were delivered in March. Completions totaled 1,516,000 deadweight tons, an annual rate of more than 18,000,000 tons.

Steel mills operated at peak levels. Production of lumber, however, increased less than usual in March, continuing the gradual downward trend of production which began a year ago.

Output of fuels reached a new peak in March. Bituminous coal production rose further. Crude petroleum output likewise exceeded the February level as new pipeline facilities for transport of petroleum products to the East Coast were completed.

Output of important nondurable manufactures was maintained in March. In most branches of the wool textile industry production increased to new high levels in February and March following a Federal order allowing an increase in wool consumption for the manufacture of civilian fabrics.

The value of construction contracts awarded in March, according to figures of the F. W. Dodge Corporation, continued at a level considerably lower than that for the year 1942, reflecting chiefly the fact that the construction phase of the war program has been largely completed. Awards for residential building declined for the third consecutive month, while contracts for public works were higher than in February.

Distribution

Retail sales, which generally increase from February to March, showed little change this year, following the buying wave that swept the country in February. At department stores, where increases in February had been particularly marked, sales declined in March and the Board's seasonally adjusted index dropped from 167 to 135 per cent of the 1923-25 average. Despite this decline, the index continued above the high level that prevailed in the latter part of last year. In the first half of April department store sales increased by about the usual seasonal amount, making allowance for the late date of Easter this year.

Total carloadings of revenue freight in March remained at the February level and other transportation activity was also maintained in large volume.

Commodity prices

Wholesale commodity prices averaged higher in March and the early part of April reflecting advances in prices of farm products, foods, and a number of industrial commodities. Prices in retail markets also increased further from February to March, with relatively sharp advances in food prices.

On April 8 an Executive Order was issued directing that ceiling prices be placed on all commodities affecting the cost of living, that further increases in ceilings be prevented except to the minimum extent required by law, and that excessively high prices be reduced. Following this and announcements of particular Federal actions to safeguard the stabilization of prices, including an order reducing railroad freight rates, wholesale prices of some commodities declined and on April 16 were lower than at the beginning of the month.

Bank credit

Excess reserves at all member banks, which decreased during the latter half of March from 2.2 billion dollars to 1.5 billion, subsequently rose to 2.6 billion on April 19. In the first week of April, the increase resulted largely from substantial Reserve Bank purchases of Government securities; subsequently excess reserves were made available by a decline of a billion dollars in required reserves, which resulted primarily from large payments to war loan accounts for Government securities sold to bank customers. This caused a shift from customers' deposits, subject to required reserves, to Government deposits which have recently been exempted from such requirements.

Government security holdings at reporting banks in 101 leading cities increased substantially during the first two weeks of April following declines in the latter part of March, which had resulted mainly from bill sales by banks in New York and Chicago. Holdings of certificates, notes, and bonds increased over the 4-week period ended April 14. Commercial loans at all reporting banks declined by about 210 million over the 4-week period. At New York City banks loans to brokers and dealers increased steadily over the period, especially in the week of the 14th at the beginning of the War Loan Drive. Deposits, other than those of the United States Government, increased further in March and the early part of April, but were drawn down sharply around the middle of April to make payments for purchases of new Government securities.