MONTHLY BUSINESS REVIEW

Covering financial, industrial and agricultural conditions

Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

Vol. 25 | Cleveland, Ohio, May 31, 1943 | No. 5

PERSONNEL problems appear to have assumed first place in fourth district industry and very adverse weather conditions have further complicated the agricultural situation. Additions to the labor force recently have been small. They represent women not ordinarily employed, almost entirely. Adoption of the 48-hour week has been helpful to some industries in areas where the labor situation has warranted such a step, in that total weekly wages now paid by them are more in line with those available in war industries. Because the shift to a 48-hour week has been gradual, however, the full effect of this step is not yet known locally. Pressure is being exerted to have persons transfer from "less essential" to "more essential" activities and workers engaged on construction projects which are approaching completion, are shifting to other work. With this partly offset by military inductions (both male and female) it is very difficult to obtain a comprehensive picture of the labor situation. Dissatisfaction with price control measures and handling of wage demands has resulted in a new wave of work stoppages. The effect of these in some cases goes considerably beyond the plants affected.

FINANCIAL

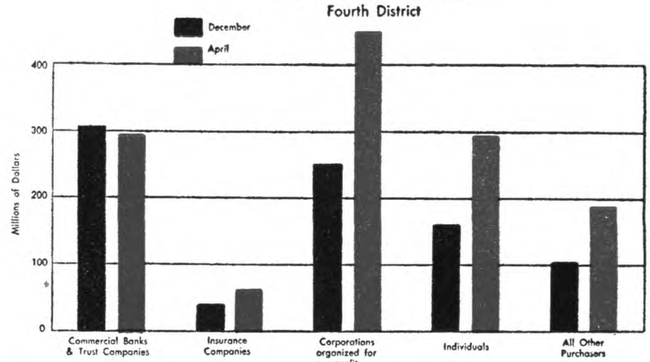
Second War Loan Drive Success of the Second War Loan Drive which ended May 1, should be measured by two standards: the amount of money raised, and sources from which the funds were obtained. For the entire country preliminary figures indicate that the original goal of $13 billions was over subscribed by 43 percent. Since bank participation in the active purchase of securities was limited during the campaign to approximately $5 billions, in effect, an amount equal to the original goal was obtained from nonbanking sources.

About $25 billions were raised by the Treasury in the first four months of this year through sale of securities of all sorts. Of this total it is estimated that commercial banks took about $10 billions, including securities subscribed for in the April campaign. Banks, therefore, took 40 percent of the increase in the national debt this year up to May 1 in contrast with 50 percent in the closing four months of 1942. While this is a step in the right direction, if the war financing program is to be a complete success considerably less than 40 percent of future security sales should be to commercial banks.

From the standpoint of absorbing expanding individual purchasing power the national bond drive could have been more successful. Approximately 16 percent of the $18 billions raised represented purchases by individuals. Even if purchases of insurance companies and savings banks are added to those of individuals on the assumption they represent individual savings, only 42 percent of the total amount raised during the campaign came from these three sources. To the extent savings bank and insurance purchases represented funds that were destined to be saved in any event, investment of such funds in Government securities does not lessen the inflationary pressure that is causing concern. Treasury estimates indicate that in the last half of 1942 individuals invested in Government securities less than 50 percent of their personal savings remaining after the increase in savings deposits, reduction of debt, and payments for life insurance. With national income, largely in the form of wages and salaries, rising so rapidly, and the supply of goods and services available for civilian purchase declining, a much larger share of individual residual incomes should find its way into Treasury coffers if the forces tending toward inflation are to be lessened.

The Second War Loan Drive was more successful in the fourth district than in the entire country in the percent of the total which was raised from individuals and also in the percent of oversubscription of the nonbanking goal. For the entire country the nonbanking quota was

FIRST AND SECOND WAR LOAN DRIVES
Sales By Type of Investor
Fourth District



surpassed by 57 percent; in this district it was oversubscribed by 77 percent, a figure only surpassed in one other Federal Reserve district. Approximately 23 percent of all the money raised in the Second War Loan Campaign in the fourth district came from individuals while for the entire country only 16 percent of the funds came from such sources. While the second campaign carried over a longer period than the first, better organization was evident in the results, for there was an increase of 86 percent in the volume of securities taken by individuals. Insurance companies took 61 percent more and corporations organized for profit 82 percent over and above what they absorbed in December.

With more than one-third of all funds raised in this district obtained from corporations through the sale of $258,000,000 in tax notes and $127,000,000 in ⅞ percent certificates, such subscriptions represent chiefly the advance payment of a future obligation or the investment of temporarily idle funds. Tax note purchases in April were 28 percent larger than in December in this district. Since such purchases represent only a short term holding of Government securities and not a permanent sale to ultimate investors future campaigns should take this into account and stress the long-term holding of Government bonds if the battle against inflation is to be won.

All major classes of purchasers except commercial banks in this district accounted for larger sales in the April campaign. The change in dollars from December is evident from the chart and percentagewise in relation to total sales from the table.

FIRST AND SECOND WAR LOANS
FOURTH DISTRICT

Percentage Distribution by Class of Purchaser
(based on dollar volume)

	First War Loan	Second War Loan
Commercial banks and trust companies	35.7	23.2
Insurance companies	4.5	4.7
Corporations organized for profit	29.2	34.9
Individuals	18.6	22.8
All others	12.0	14.4
TOTAL	100.0%	100.0%

While information is not available showing the number of separate participants in the two campaigns in this district because of multiple purchases of small denomination "E" bonds, using number of pieces sold as the criterion of subscribers there were 3,620,000 in April, compared with 2,095,000 in December. As an indication of the potential market, however, there are approximately 12,000,000 persons in the fourth district.

Member Bank Reserves The Second War Loan caused no strain on local banks; in fact, excess reserves increased rather sharply while the campaign was in progress. This was in distinct contrast to the December period when reserves of local banks dropped by $145,000,000 despite the fact that the System was extending considerable credit to the money market through direct purchase of securities, the taking of Treasury bills under repurchase agreement and through loans to member banks on a limited scale. This changed situation resulted from the fact that the Wagner-Steagall Act, which was passed on April 13, removed the requirement that cash reserves be maintained against Government deposits.

In the April drive, war loan account credit was used to pay for $751,000,000 or about 59 percent of the value of all securities bought in this district. To the extent this represented a shifting of deposits from the credit of individuals to the credit of the Treasury, reserve requirements were lessened. As a result of this and the flow of funds into this district, fourth district country banks had reserves 74 percent in excess of requirements in late April, the largest percent of excess since January 1942. In the same period reserve city banks reported an excess of 38.9 percent, the highest since last October. In the first three weeks of May, reserve deposits of member banks were little changed, the increased demand for currency on the part of banks being offset by reductions in Treasury balances with the reserve bank. Federal reserve note circulation now exceeds $1,200,000,000, and is nearly 50 percent larger than a year ago.

Member Bank Credit There was a moderate increase in commercial loans at weekly reporting banks in late April and the first three weeks of May and total loans outstanding rose to the highest level of the year. Compared with last year, however, loans are down quite sharply. Banks continued to add to their holdings of Government securities after the close of the second drive. Holdings of bills, certificates of indebtedness, and bonds rose to new high levels in mid-May.

Treasury Bills Interest in bills on the part of local member banks has been kindled further by the Treasury's policy of awarding up to $100,000 of each offering to any bank requesting them at a fixed discount of approximately ⅜ percent. The competitive bidding system still in effect on amounts in excess of $100,000 was not popular among the smaller banks. Part of a bank's excess reserves may now be invested at a fixed rate of ⅜ percent and reserve position may be adjusted daily by selling such bills to the reserve bank under repurchase option at the same rate. Bill holdings of fourth district weekly reporting member banks have increased from $108,000,000 to $341,000,000 so far this year.

New Member Banks In the month of May the largest number of banks was admitted to the Federal Reserve System in a number of years. Through May 28, eight banks were accepted for membership in the fourth district. They are:

The Andover Bank, Andover, Ohio
The Farmers State Savings Bank, Delta, Ohio
The Farmers State Bank Company, Fayette, Ohio
The Liberty State Savings Bank, Liberty Center, Ohio
The Farmers State Bank of McClure, Ohio, McClure, Ohio
The Farmers Savings Bank Company, Stony Ridge, Ohio
The Farmers State Bank of Stryker, Stryker, Ohio
The Peoples State Bank, Wauseon, Ohio

MANUFACTURING, MINING

Iron and Steel A recent order of the War Manpower Commission calling for a general adoption of the 48-hour week by iron and steel producers has been opposed by the steel industry advisory committee on the basis of practicability. An opportunity to confer with War Manpower Commission officials has been requested before the ruling becomes effective on

July 1. The industry, at present, is averaging 41.6 hours each week, with many departments working 48 hours or more. The average is lowered by departments whose output is not in current demand. Steel officials feel it is desirable to keep such crews intact in order to expand production rapidly should shifts in the war program make it necessary.

Steel mills produced more ingots during April than in any previous 30-day month, maintaining a daily average only slightly below that for March. Production totaled 7,374,000 net tons, while pig iron output amounted to 5,035,000 tons. These were four and three percent, respectively, above the output for April 1942. Fears of a coke shortage, arising from a prolonged stoppage in coal production, did not materialize during early May, so that operations continued at near-capacity levels. Scrap supply was reported to be relatively easy, with mills being able to exercise considerable choice in their selection of metal. The late opening of the lake shipping season caused an additional reduction in iron ore stocks at furnaces and Lake Erie docks. Such inventories totaled 15 million tons on May 1, or 2 million tons less than a year earlier.

The demand for finished steel to produce articles of war is so great that even capacity operations would not provide a sufficient supply. Requests of the 16 claimant agencies under the Controlled Materials Plan called for 21 million tons of finished steel for third quarter delivery. A reduction of approximately one-third in these requests was necessary to balance the 15 million tons of steel which, it is estimated, will be available. The greatest reduction (40 percent) was made in the quota of the Office of Defense Transportation, with Lend-Lease receiving the next heaviest cut of 32 percent. Civilian industries, hoping for an easier steel situation, found little comfort in these figures.

Lake Shipping The late opening of the 1943 lake shipping season has resulted in a third revision of the ore shipment goal for this season. Originally set last fall at 100 milllion tons, the quota was later reduced to 95 million tons and now has been revised downward to 91 million tons. The present goal calls for slightly less tonnage than was transported during the 1942 season. Ore shipments from the opening of the Lakes to May 10 were approximately seven million tons below the same period of last year, only 3,858,000 tons having been shipped this season. Whether the shippers will be able to equal the 1942 record will depend largely upon weather conditions and the speed with which the 16 new Maritime Commission vessels, now under construction, can be completed. The first of these boats was placed in service early in May, bringing the total number of ships in the ore trade to 306.

Coal Wide interest continued to be centered on the coal controversy during May as negotiations were resumed between the United Mine Workers and the mine operators, now functioning as agents for the United States Government. By mid-month no agreement had been reached and the 15-day truce was extended until early in June.

Production dropped sharply late in April as sporadic work stoppages developed, reached a virtual standstill on the first two working days in May, and thereafter gradually increased as miners returned to their work. After the truce had been arranged, however, isolated cases of work stoppages continued to limit full scale operations. The *Department of Interior* has estimated that an output of three million tons of coal was lost as a result of the two-day stoppage of work, not including the tonnage lost by mines that were idle before and after the general stoppage. April production of bituminous coal in the fourth district fell sharply as a result of the industrial dispute, declining twelve percent from the March level of 18,500,000 tons.

Stocks of bituminous coal held by dealers and industrial consumers totaled 77 million tons on April 1. At current levels of consumption such inventories were equivalent to approximately 45 days' supply. Electric power companies were best prepared to meet any crisis, having 100 days' supply, while Class I Railroads were the least adequately stocked, having sufficient coal to sustain operations only 32 days. These data, however, are averages, and individual concerns within each group were in a position to have their operations seriously curtailed within a few days should they fail to receive coal regularly.

Other Manufacturing The demand for certain types of machine tools, particularly deep-hole drilling machines and boring mills, has declined rather sharply in recent months, although other products of the machine tool industry continue to be in strong demand. No noticeable decline in output was reported during April as order backlogs were sufficient to maintain full scale operations for some months to come. Many firms anticipated peak operations will not be reached until mid-summer. Nevertheless, machine tool builders continued to make plans for their conversion to the manufacture of other war goods.

Orders for fall merchandise now are being received by fourth district clothing manufacturers and reports from the industry indicate that the demand is particularly strong. Many manufacturers have found it necessary to limit customer purchases by means of an allotment schedule based upon last year's orders. Higher-priced clothing appears to be most in demand. Nearly all manufacturers report that the labor situation is critical, with difficulty being encountered in maintaining their present personnel and in recruiting new workers. Woolen and worsted manufacturers have felt an actual decline in their total work force during the past year, although longer hours have made it possible to increase output in the face of this labor drain.

The labor situation also is a troublesome problem for fourth district footwear manufacturers. Not only has the production of the finished product been limited, but shortages of experienced workers in the tanneries have made the supply of leather increasingly scarce. Deliveries of this raw material to shoe manufacturers have been considerably slower than during the last half of 1942. During the first three months of this year, production of Ohio shoe manufacturers was 14 percent below the same period a year ago.

The ceramics industry, important in eastern Ohio and southwestern Pennsylvania, has been less seriously affected by the war than many fourth district industries. Its raw materials are plentiful and labor losses to other industries and the armed services have been replaced largely by women. Production during April and May continued close to capacity, with order backlogs sufficient to maintain full operation for the balance of the year. The dinnerware branch of the industry is busy with Army and Navy contracts, although some competition in this field is reported to be coming from glass and plastic manufacturers.

Output of glass containers has risen sharply during 1943, with first quarter production nine percent above a year earlier. Most of the increase resulted from the growing emphasis on food preservation. Window glass production dropped sharply in April to approximately 62 percent of capacity, compared with 80 percent in March. This was the lowest output since November of last year.

Paper and paperboard manufacturers reported little change during the last month. Deliveries on some types of paper, particularly sulphite bond and kraft, have been very slow, due to difficulties encountered in securing raw materials. Kraft pulp is being allocated among manufacturers on a basis which keeps the pulp inventory to about 30 days' supply. The major reason for the pulp shortage is a scarcity of manpower rather than a lack of raw material. Paperboard production continued to rise during April and early May, output during the first full week of May being higher than at any time since the spring of 1942. Unfilled orders have increased consistently and in March were equivalent to approximately one month's production.

CONSTRUCTION

New construction projects started in April dropped to the lowest level for any like month since 1938, as contracts awarded for new factory buildings receded to a level comparable to that of 1934 and 1935. Figures released by the *F. W. Dodge Corporation* show that $26,211,000 of new contracts were awarded in the fourth district during April, seven percent less than during March and $34,321,000 below the same month of 1942. Residential building, needed to house workers in crowded war production areas, accounted for $9,279,000 of the total. The decline in new construction reflected by these figures will free vitally needed materials that can be used elsewhere. The saving in steel, alone, is clear in that during 1942 over eight million tons of that metal, 14 percent of the nation's output, was used for construction. Workers now engaged in building trades also are being freed for necessary work elsewhere. New construction will be limited largely to defense housing where existing living conditions are detrimental to workers' health and morale.

AGRICULTURE

Subsidies Early in May officials of the Office of Price Administration announced their intention to add the use of subsidies to their facilities designed to "hold the line". The declared purpose of the immediate subsidy program is to make reductions possible in the retail prices of certain foods without disrupting production or interfering greatly with their distribution through normal trade channels.

Although this will not be the Government's first use of subsidies during the war period, it does represent a new phase of price control. For that reason the move has attracted considerable attention. Interest in the plan centers, of course, on the possibility that it may strengthen the control measures which it is to supplement.

The use of subsidies as a means of price control is an unmistakable recognition that production costs of certain essential goods have risen despite efforts to restrain them. The intended purpose of the subsidy program is to hold the burden of higher costs to a minimum by covering such higher costs directly instead of permitting them to work out in a succession of further price increases.

The proponents of the plan point out that the use of subsidies provides a double-barrel attack on the production-inflation problem. At the same time that producers are provided with funds necessary to meet increased costs, consumers are enabled to make their purchases at no increase in price. Thus it is said that the tendency for increased costs to "snowball" is abated; that the inclination for mounting costs to spread from plant to plant and from industry to industry is stymied. It is explained that under such conditions the cost of living may be held down and the pressure for higher wages may be lessened. Thus it is believed that subsidies will help to minimize the dangers of excessive advances in prices.

The use of subsidies in England and Canada is usually held up as an example for imitation by subsidy proponents in this country. The subsidy program to restrain increases in food costs was introduced in Great Britain in December 1939. In April 1941 the decision to use subsidies to stabilize the cost of living was announced. Since that time only minor changes in the English cost of living index have occurred. In Canada the cost of living index for last month was 116 (August 1939 = 100) — it was 114.6 in October 1941.

Opponents of subsidies take the view that subsidies are inflationary both because they place additional funds in the hands of producers and because they increase the amount that the Government has to borrow. Many farming groups prefer higher market prices, which they believe are their due, to subsidies which are a grant from Congress and may be discontinued at any time.

Although it has been announced unofficially that the Reconstruction Finance Corporation has been asked to provide about half a billion dollars for the initial subsidy program on meat, coffee, and butter, the decision to make subsidies an important part of our production-stabilization efforts rests with Congress. Since the beginning of the price control program, Congress, particularly the farm bloc, has been cool toward the subsidy idea. It refused the requests of former Price Administrator Henderson who estimated that $5 billions yearly in subsidies would be required to stimulate needed increases in output without raising price ceilings.

Farm Prices The General Maximum Price Regulation was issued April 28, 1942. Most of the provisions of the Regulation became operative at wholesale on May 11, and at retail on May 18, 1942.

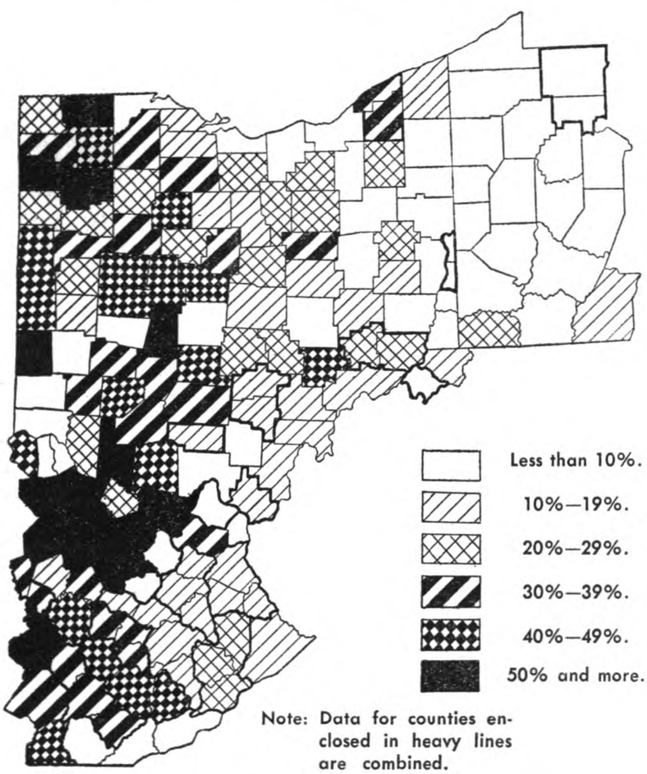
In the twelve months following issuance of the Regulation, prices *received* for products sold by farmers in the United States increased 23 percent—from an index of 150 to 185 (1910-14 = 100). During the corresponding period in World War I these same prices increased 35 per cent—from an index of 148 to 200.

On the other hand, prices *paid* by farmers for production and consumption goods (including interest and taxes) increased only 7 percent in the year April 1942 to April 1943. Although monthly data are not available to make exact comparisons, the yearly average of prices *paid* by farmers increased 19 percent in the calendar year 1917 over 1916 and 13 per cent in 1942 compared with 1941. The index of prices paid by farmers including interest and taxes for April 1943 was 162 (1910-14 = 100).

The ratio of prices *received* by farmers to prices *paid* by farmers increased from 99 in April 1942 to 114 in April 1943. Therefore, as judged by these indexes, farm product prices averaged about 114 percent of parity in April.

In analyzing the agricultural price movements which followed the issuance of the General Maximum Price Regulation it should be remembered that the Regulation specifically exempted from price control all raw and unprocessed agricultural commodities except bananas. Later, however, prices of many of these exempted commodities were covered by specific or general price regulations.

Agricultural Credit Agricultural loans outstanding from insured commercial banks in the fourth district amounted to $95,392,000 as of the middle of 1942. This amount included both real estate and non-real estate farm loans. The total loan volume outstanding (farm and non-farm) from insured commercial banks at that time was $1,608,397,000. Thus for the district, agricultural loan volume amounted to 5.9 percent of the total. Omitting the 16 counties which contain the larger cities of the district, agricultural loans made up 18.6 percent of the total remaining. In six Ohio counties and 14 Kentucky counties agricultural loans outstanding made up over 50 percent of the total (see map).



Farm Loans as a Percentage of Total Loans Outstanding From Insured Commercial Banks (Includes real and non-real estate loans to farmers.) By county, July 1, 1942

The agricultural credit outstanding from insured banks in the district was made up of 60.7 percent long-term credit and 39.3 percent short-term credit extensions (real estate and non-real estate loans respectively). There was also a wide variation among counties in this distribution. Even among the agricultural counties there was considerable lack of uniformity. For example, in Champaign County, Ohio, about three-fourths of the agricultural loans outstanding from insured banks were composed of short-term credit, whereas in Mercer County, Ohio, the corresponding proportion was only one-fourth. Several factors may be held accountable for these variations. These include the type of farming, the degree of commercialization in farming, the aggressiveness of lending competition, the degree of industrialization, and other factors including the bankers' preferences for dealing in either short or long-term farm credit.

An examination of the accompanying table makes it clear that although there are many banks in the district where the major lending operations are agricultural, there are others that make few, if any, agricultural loans. The table concerns only non-real estate agricultural loans since these loans are generally more descriptive of agricultural interest by banks than are loans based on farm real estate. As of July 1, 1942 about two-thirds or 773 of the 1,177 insured banks of the district had non-real estate agricultural loans outstanding. Of this number about one-fifth had non-real estate agricultural loans outstanding which amounted to at least 25 percent of their total loans.

Distribution of 1,177 Insured Banks According to The Percentage Their Non-Real Estate Farm Loans are of Total Loans, Fourth Federal Reserve District, July 1, 1942

Non-real estate farm loans as a percentage of total loans	Number of Banks Ohio	Ky.	Pa.	W. Va.	Total Number	Percent of Total
None	162	52	173	17	404	34.3
Less than 5%	142	31	87	8	268	22.8
5- 9	84	12	27	0	123	10.4
10-14	72	10	15	1	98	8.3
15-19	41	10	4	0	55	4.7
20-24	55	13	10	0	78	6.6
25-29	39	6	0	0	45	3.8
30-34	29	10	1	0	40	3.4
35-39	18	4	0	0	22	1.9
40-44	9	5	0	0	14	1.2
45-49	10	4	0	0	14	1.2
50 and more	11	5	0	0	16	1.4
Total	672	162	317	26	1,177	100.0

Hog-Corn Ratio The hog-corn ratio expresses the number of bushels of corn required to buy 100 pounds of live hog. It is a useful indicator for hog and corn producers because it measures the relative profitableness of selling corn direct or selling it in the form of hogs.

From 1924 to 1929 the hog-corn ratio for the United States averaged 11.6. In other words, it took on the average 11.6 bushels of corn to buy 100 pounds of live hogs. Since the years 1924-29 were relatively normal years, it is possible to generalize to the effect that when the hog-corn ratio is above 11.6 it is more profitable to feed corn to hogs and when it is below 11.6 that it is more profitable to sell the corn direct.

In 1941 the hog-corn ratio for the United States averaged 14.0, in 1942 the average was 16.5, and for the first four months of 1943 the ratios were 16.0, 16.2, 15.5, and 14.3, respectively. These high ratios have provided an active stimulus to hog production. Their influence is readily apparent in the present all-time high hog population and in the fact that this year's spring pig crop is estimated to be about 24 percent greater than the previous record which was established last year.

The 1943 production goals call for a 15 percent increase in hog production over 1942. Since the spring crop is up 24 percent it will require an increase of only 5 percent in the fall crop to meet the goal. This situation together with the prospect for reduced reserve feed supplies has led the United States Department of Agriculture to advise hog producers not to increase breeding for the fall pig crop more than 15 percent over the 1942 level.

TRADE

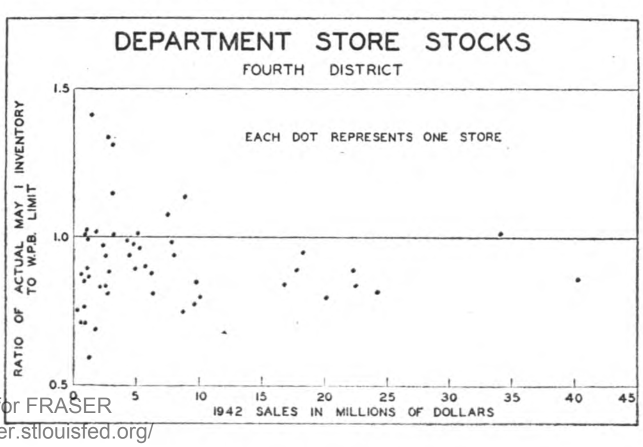
Inventory Control In December 1942 the War Production Board issued order L-219 for the purpose of restricting inventories of consumers' goods carried by wholesalers and retailers to the same levels in relation to sales, that were maintained during the base period of 1939, 1940, and 1941. All merchants having stocks in excess of $50,000 and annual sales of $200,000 are covered by the terms of the order. A firm finding its inventories larger than allowed must submit reports to the W.P.B. and its purchases are restricted until its inventories are again brought into line.

The order became effective the second quarter of 1943, which was May 1 for most department stores. In order to determine the inventory situation in the fourth district the "normal" inventory for each of 51 reporting department stores was computed and compared with the actual inventory as of May 1 reported by these same firms. The results of this study are shown on the accompanying chart. Each dot, representing one store, was plotted according to the total 1942 sales of that store and to the relationship of its actual inventory to the allowable amount.

Only 12 of the 51 stores had stocks in excess of their respective limits, and of these 12 there were only 6 that had to reduce their stocks by more than ten percent. The total of the May 1 stocks reported by the 51 stores under consideration amounted to $81,869,000, ten percent smaller than the combined total of the May 1 allowable inventories for these same firms. Apparently the order has not proved to be a hardship for the majority of fourth district department stores. The large volume of business that stores experienced and their inability to obtain many types of merchandise have contributed to a reduction in inventories.

Stocks carried by the larger retailers in this area were not any heavier in relation to their sales volume than were those of the medium-sized stores. Of the eleven firms that experienced a total sales volume of over $10,000,000 during 1942, one had excessive inventories on May 1. This store will have to reduce its stocks by only an additional two percent in order to bring them within the W.P.B. limit. The other reporting outlets whose inventories were larger than their limits were well distributed throughout the sample.

The seasonally adjusted stocks index for April declined to 129 percent of the 1935-1939 average, the lowest since July 1941, and down 42 percent from the peak of July 1942. Inventories on May 1 were 30 percent smaller than they had been the same date a year ago and two percent smaller than those of the previous month.



Retail Sales Fourth district department store sales during April were six percent greater than those of the same month last year. Stores in all principal cities of the district, with the exception of Cleveland, reported year-to-year gains. These ranged from three percent in Pittsburgh to 34 percent in Springfield. Last year Easter was so early in April that most of the clothing for that day was purchased in March; however, this year a large amount of Easter shopping occurred in April. Dollar volume at Cleveland stores last month was down five percent from that of a year ago. Special sales events which were held in April 1942, but which took place on May 1 this year, were responsible for this decline. Total sales at 97 stores increased less than seasonally from March to April, and the adjusted index dropped from 169 percent to 151 percent of the 1935-1939 average.

During the two weeks ended May 15 dollar volume was eight percent greater than that of the corresponding period a year ago. This increase is slightly larger than that of six percent reported for sales during April over those of last year. Sales of clothing were responsible for the year-to-year gains. Stores sold 28 percent more women's apparel and accessories during April this year than last, and sales of men's and boys' wear were up 12 percent. Piece goods departments reported an increase of 12 percent in their business. These increases more than offset the declines in sales of furniture, household appliances, housewares, and other merchandise for the home.

Other types of retail units also experienced year-to-year increases in their April dollar volume. Sales at 16 wearing apparel shops in the district were up 29 percent from those of a year ago. Chain grocery and drug stores, per individual unit operated, reported increases of 11 percent and 19 percent, respectively, in their sales this year compared with last.

Wholesale Trade Sales at 178 wholesale firms in this district during April were three percent greater than those of the same month last year, according to *Department of Commerce* data. Sales of clothing were up 80 percent, metals 45 percent, jewelry 32 percent, confectionery products 24 percent, and groceries 10 percent. Substantial declines were reported by dealers of furniture and house furnishings, electrical goods, paints, and general hardware.

Inventories held by 93 firms on April 30 were slightly smaller than they had been the previous month and 19 percent less than those of the same date a year ago.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	April 1943	% change from 1942	Jan.-Apr. 1943	% change from 1942
Bank Debits—26 cities.........$	5,203,000	+46	$16,783,000	+22
Savings Deposits—end of month:				
39 banks O. and W. Pa.........$	842,732	+ 9	......	....
Life Insurance Sales:				
Ohio and Pa.................$	84,939	+31	325,664	—13
Retail Sales:				
Dept. Stores—97 firms........$	39,952	+ 6	143,658	+ 7
Wearing Apparel—16 firms....$	1,780	+29	6,760	+27
Furniture—.. firms...........$	2,887	— 6	9,218	— 9
Building Contracts—Total......$	28,211	—48	91,634	—45
" " —Residential $	9,279	—45	32,618	—54
Commercial Failures—Liabilities $	253	—45	1,214	—50
" " Number.....	19	—49	86	—54
Production:				
Pig Iron—U. S........Net tons	5,035	+ 3	20,326	+ 5
Steel Ingot—U. S......Net tons	7,374	+ 4	29,294	+ 4
Bituminous Coal, O. W. Pa., E. Ky.................Net tons	18,495	— 4	75,042	+ 4
Cement—O., W. Pa., W. Va. bbls.	1,019a	— 4	2,796b	— 5
Elec. Power, O., Pa., Ky. ....Thous. k.w.h.	2,880a	+15	8,292b	+13
Petroleum—O., Pa., Ky....bbls.	......	....	......	....
Bituminous Coal Shipments:				
L. E. Ports............Net tons	3,751	—31	4,699	—30

a March
b January-March
c Confidential

Debits to Individual Accounts

(Thousands of Dollars)

	April 1943	% change from 1942	Jan.-April 1943	Jan.-April 1942	% change from 1942
Akron..........	188,724	+61.1	650,281	437,476	+48.6
Butler..........	15,602	+19.5	54,042	52,685	+ 2.6
Canton..........	83,081	+41.1	283,801	237,843	+19.3
Cincinnati......	670,108	+38.5	2,292,141	1,962,547	+16.8
Cleveland.......	1,250,843	+26.9	4,273,741	3,545,357	+20.5
Columbus........	361,913	+48.7	1,106,567	924,320	+19.7
Dayton..........	152,005	+39.0	538,821	424,542	+26.9
Erie............	66,898	+43.4	225,386	180,522	+24.9
Franklin........	5,491	+25.5	19,295	18,806	+ 2.6
Greensburg......	10,932	+ 5.2	39,833	41,906	— 4.9
Hamilton........	22,900	+25.5	79,547	69,100	+15.1
Homestead.......	4,576	+ 3.7	17,309	18,645	— 7.2
Lexington.......	28,071	+35.7	157,493	119,025	+32.3
Lima............	25,187	+22.5	96,194	81,935	+17.4
Lorain..........	7,886	+20.3	26,274	27,021	— 2.8
Middletown......	21,879	+21.5	75,826	72,501	+ 4.6
Oil City........	18,506	+44.5	61,679	53,473	+15.3
Pittsburgh......	1,752,661	+74.6	5,054,017	4,001,507	+26.3
Sharon..........	16,053	+19.9	57,235	53,829	+ 6.3
Springfield.....	33,393	+40.3	119,599	95,194	+25.6
Steubenville....	15,216	+28.0	50,392	46,393	+ 8.6
Toledo..........	268,985	+35.4	906,555	751,632	+20.6
Warren..........	29,695	+47.1	93,402	72,237	+29.3
Wheeling........	49,483	+58.9	148,904	122,758	+21.3
Youngstown......	88,945	+27.7	306,044	278,645	+ 9.8
Zanesville......	13,544	+27.8	49,088	43,944	+11.7
Total.........	5,202,577	+46.3	16,783,466	13,733,843	+22.2

Fourth District Business Indexes

(1923-25 = 100)

	Apr. 1943	Apr. 1942	Apr. 1941	Apr. 1940	Apr. 1939
Bank Debits (24 cities)....................	233	159	138	105	91
Commercial Failures (Number)............	28	55	91	68	137
" " (Liabilities)...........	17	32	60	34	143
Sales—Life Insurance (O. and Pa.)..........	101	77	105	96	83
" —Department Stores (97 firms).......	162	153	139	108	108
" —Wholesale Drugs (6 firms)..........	133	108	94	89	86
" — " Dry Goods (5 firms)......	156	154	116	95	80
" — " Groceries (40 firms)......	130	118	105	92	84
" — " Hardware (30 firms)......	204	228	166	110	87
" — " All (81 firms)...........	157	149	121	97	84
" —Chain Drugs (5 firms)*...........	162	136	119	99	a
" — " Groceries (4 firms)...........	143	140	114	101	104
Building Contracts (Total)................	107	207	153	130	156
" " (Residential)............	120	219	245	159	151
Production—Coal (O., W. Pa., E. Ky.)......	147	153	5	102	5
" —Cement (O., W. Pa., E. Ky.)**..	124	129	119	106	99
" —Elec. Power (O., Pa., Ky.)**....	189	164	144	121	111
" —Petroleum (O., Pa., Ky.)**....	...	...	...	...	...

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

Wholesale and Retail Trade

(1943 compared with 1942)

	SALES April 1943	SALES first 4 months	STOCKS April 1942
	Percentage Increase or Decrease		
DEPARTMENT STORES (97)			
Akron	+12	+19	—20
Canton	+16	+15	a
Cincinnati	+11	+ 9	—33
Cleveland	— 5	+ 2	—32
Columbus	+30	+29	—20
Erie	+16	+13	—20
Pittsburgh	+ 3	+ 1	—35
Springfield	+34	+34	a
Toledo	+15	+13	—22
Wheeling	+11	+ 7	—25
Youngstown	+13	+11	a
Other Cities	-0-	+ 1	—22
District	+ 6	+ 7	—30
WEARING APPAREL (16)			
Canton	+34	+32	— 5
Cincinnati	+24	+17	—28
Cleveland	+21	+16	— 1
Pittsburgh	+29	+24	—16
Other Cities	+40	+48	— 9
District	+29	+27	—11
FURNITURE (75)			
Canton	— 4	— 5	—21
Cincinnati	—12	— 5	—18
Cleveland	— 9	— 7	— 5
Columbus	+ 4	+ 3	+13
Dayton	—11	—23	a
Pittsburgh	—13	—20	+ 2
Toledo	— 1	— 7	— 2
Other Cities	-0-	— 6	—13
District	— 6	— 9	— 8
CHAIN STORES*			
Drugs—District (5)	+19	+17	a
Groceries—District (4)	+11	+16	a
WHOLESALE TRADE**			
Automotive Supplies (9)	+ 3	—11	—42
Beer (5)	+35	+38	+18
Clothing and Furnishings (3)	+80	+44	a
Confectionery (4)	+24	+14	—65
Drugs and Drug Sundries (6)	+23	+18	+ 7
Dry Goods (5)	+ 1	+ 7	—39
Electrical Goods (11)	—39	—42	—59
Fresh Fruits and Vegetables (7)	+22	+26	+13
Furniture & House Furnishings (3)	—38	a	a
Grocery Group (40)	+10	+ 6	—24
Total Hardware Group (30)	—10	—14	—34
General Hardware (7)	—20	—22	—35
Industrial Supplies (13)	— 6	— 4	—23
Plumbing & Heating Supplies (10)	-0-	—14	—48
Jewelry & Optical Goods (4)	+32	a	a
Machinery, Equip. & Sup. (exc. Elect.) (4)	+19	+14	—41
Meats and Meat Products (3)	+ 6	+ 7	— 7
Metals (3)	+46	a	a
Paints and Varnishes (4)	—19	—24	a
Paper and its Products (6)	—10	—33	a
Tobacco and its Products (16)	+18	+ 9	+ 2
Miscellaneous (15)	— 4	— 3	+ 5
District—All Wholesale Trade (178)	+ 3	— 3	—19

* 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

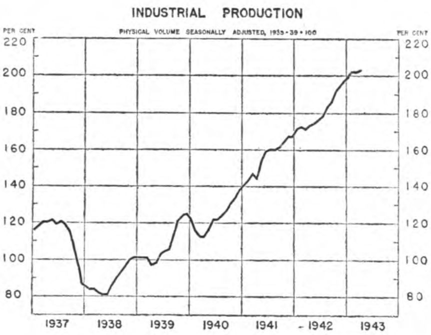
	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	April 1943	March 1943	April 1942	April 1943	March 1943	April 1942
SALES:						
Akron (6)	201	181	177	188	213	170
Canton (5)	211	190	164	219	229	181
Cincinnati (9)	157	143	142	154	157	148
Cleveland (10)	162	150	171	138	168	153
Columbus (5)	170	151	131	174	156	144
Erie (3)	190	163	164	181	199	164
Pittsburgh (8)	146	129	142	135	153	129
Springfield (3)	205	187	152	197	210	155
Toledo (6)	167	141	145	157	152	144
Wheeling (6)	130	111	118	127	133	127
Youngstown (3)	166	145	147	151	163	144
District (97)	162	144	153	151	169	151
STOCKS:						
District (51)	134	137	191*	129	133	184*

*Revised.

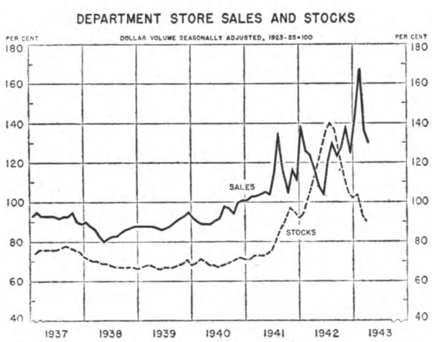
Figures in parentheses indicate number of firms.

Summary of National Business Conditions

By the Board of Governors of the Federal Reserve System

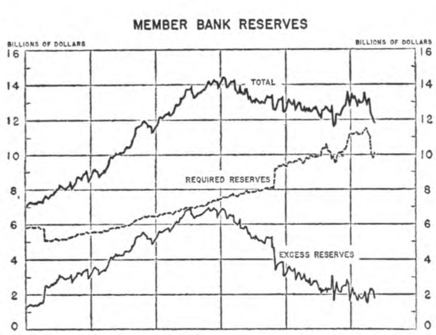


Federal Reserve index. Monthly figures, latest shown is for April 1943.



Federal Reserve indexes. Monthly figures, latest shown are for April 1943.

Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September 1940, monthly thereafter. Mid-month figures, latest shown are for April 1943.



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for May 12, 1943

Industrial activity in April and the early part of May increased somewhat further, and retail trade was maintained in large volume.

Industrial Production

The Board's index of total industrial output rose slightly in April, reflecting further increases in activity in war industries, while output in most other lines showed little change.

Production of armaments in the machinery and transportation equipment industries rose to new high levels. Activity at steel mills increased somewhat further. Lumber production showed the usual seasonal rise in April and was at a level about 10 per cent less than a year ago, when problems of maintaining an adequate labor supply in the industry began to develop. In the cement industry, where production usually advances sharply during the spring months, production has shown little change this year, reflecting chiefly the restricted volume of current construction activity.

Total output of manufactured foods in April continued below the seasonally adjusted peak level reached at the end of last year. Meatpacking and flour production showed decreases in April, while output of dairy products and other manufactured food products was maintained. Volume of output in chemical plants continued to gain. Production of other nondurable manufactures showed little change.

There was a decline in bituminous coal production in the last week of April, following the breaking-off of negotiations for a new wage contract, but output increased in the early part of May. Production of coal in March had been at an exceptionally high level. Stocks on May 1 were considerably higher than a year ago and for bituminous coal were estimated to be equivalent to 55 days' supply for industrial purposes. In May the Government took over the bituminous coal mines.

Value of construction contracts awarded declined in April, reflecting reductions in contracts for Federal work, according to the *F. W. Dodge Corporation,* Total residential awards in March and April were at the lowest levels for these months in a number of years.

Distribution

Sales at department and variety stores increased in April, but the rise was less than usually occurs when Easter falls late in the month. Mail-order sales, principally to persons in small towns and rural areas, showed about the usual seasonal rise. Value of sales in April continued at a level substantially higher than a year ago but, with prices higher, the physical volume of goods sold was probably about the same as in the corresponding period last year.

Carloadings of revenue freight were maintained in large volume in April and the first week of May. Ore shipments showed a seasonal rise beginning in the last half of April, a month later than in 1942 when the movement was unusually early.

Commodity Prices

Wholesale prices of most commodities showed little change from the middle of April to the middle of May. Retail food prices continued to advance sharply in the latter part of March and the early part of April and the indexes showed increases of 6 per cent as compared with January. Retail prices of most other items in the cost of living showed smaller increases in that period. Plans for more effective enforcement of price ceilings have been announced.

Bank Credit

During May, as the Treasury made disbursements out of war loan accounts, which had been built up during the recent drive, there was a growth of bank deposits subject to reserve requirements and a decrease in member bank excess reserves. Continued withdrawals of currency also reduced bank reserves. Nevertheless, the reserves of member banks were sufficient to enable them to make substantial repurchases of bills which had been sold to the Reserve Banks under option. In addition, the Federal Reserve System sold some bonds in response to a market demand.

Government security holdings at reporting member banks in 101 leading cities increased by 4.3 billion dollars in the four weeks ending May 12. These increases reflected purchases of new issues during the War Loan drive, as well as substantial market purchases.

In New York City, loans to brokers and dealers for purchasing or carrying securities increased by 860 million dollars during the three weeks of the War Loan drive, and subsequently declined in the first three weeks of May; these changes reflected almost entirely activity in loans for purchasing or carrying Government securities, which on May 19 amounted to 580 million dollars of the total 1,020 million dollars outstanding; other loans to brokers and dealers by New York City banks rose by 90 million dollars from the end of March to May 19.