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and agricultural conditions

Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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No. 10

MANUFACTURING, MINING

Manpower Manpower has now become the principal factor limiting production in the fourth district. Selective Service demands show no sign of abating. Manufacturers have large order backlogs. An insatiable demand for war production as long as fighting continues will require full labor forces. The quality of manpower obtained by tapping successively lower levels of the labor market decreases because workers lack stability and adaptability. Thus, efficiency has a tendency to decrease, turnover rates are high, absenteeism is prevalent, and production rates are difficult to maintain.

In October, the War Manpower Commission released a new classification of 350 important labor market areas in the United States. Of these, 28 are in this district.

Labor Market Areas in the Fourth District October 1, 1943

Group I—Acute shortage.

Akron, Ohio

Group II—Stringent conditions, shortage in six months.

Pittsburgh, Erie, Aliquippa, Pennsylvania
Cleveland, Columbus, Lima, Mansfield, Marion, Newark, Canton-
Alliance-Mansfield, Dayton-Springfield, Fremont-Port Clinton,
Lorain-Elyria, Youngstown-Warren-Sharon, Pa., Piqua-Sidney-
Troy, Ohio

Group III—Slight labor surplus in six months.

Washington, New Castle, Pennsylvania
Cincinnati, Toledo, Sandusky, Fostoria-Findlay-Tiffin, Hamilton-
Middletown, Ohio

Group IV—Substantial surplus in six months.

Wheeling, West Virginia
Lexington, Kentucky
Portsmouth, Steubenville, Zanesville, Ohio

By rationalizing the labor market to relieve shortages, an area may be shifted from a higher group to a lower group. Failure to utilize labor resources fully may result in reclassification upward.

According to present procedure, Washington WMC on recommendation of its area and regional staffs notifies procurement agencies of labor conditions in tight areas and suggests that, so far as possible, contracts be placed elsewhere. However, many prime contracts cannot be placed elsewhere because alternate production facilities are in Group I or II labor market areas; or it is easier for companies to take supplemental contracts even though delivery will be delayed. Under such conditions little relief is obtained.

Contract review applies only to prime contracts al-

though prime contractors have been requested by procurement agencies not to place subcontracts in Group I or II areas. This complicates allocation in the fourth district because so much work is taken on a subcontract basis.

Withholding of war supply contracts, however, is essentially a negative approach. A more positive local attack centers around employment stabilization programs which recognize that additional numbers of workers in this district are limited, hence, procedures must be adopted to increase the efficiency of existing labor resources.

WMC Regulation No. 7, operative October 15, 1943, recognized the need to utilize manpower more efficiently by establishing minimum standard policies for stabilization purposes which will (1) eliminate wasteful labor turnover, (2) reduce unnecessary migration, (3) direct the flow of scarce labor where needed, (4) utilize manpower resources to the maximum. These stabilization programs encourage local initiative and provide for local variations by creating Management-Labor War Manpower Committees authorized to consider questions of policy, standards and safeguards. Certain minimum standards are provided for the United States in general upon which local programs may be built.

Workers are not allowed to change from one essential occupation to another essential occupation without a certificate of availability. This may be obtained either from the last employer, or from the United States Employment Service Office. Without this, a worker may change from an essential to a non-essential job or he may change from one essential job to another only if he remains unemployed for a period of 60 days. He may leave a new job without certification up to the seventh day of employment.

Workers, critical because of occupation, now flow through USES offices. These facilities try to refer adequate and suitable personnel to the employer, and to place workers where their skills will be utilized fully at a fair wage not substandard for the area.

Essential employers agree not to hire workers last employed in an essential industry who cannot present a statement of availability and not to recruit more manpower than they need. In-migrant workers can only be hired through the consent of USES offices.

As labor stringency increases in some areas it has been found necessary to supplement these minimum employment stabilization programs by allocating labor according to the urgency of the production job. This is the essence of the so-called West Coast plan now being considered for Cleveland, Akron, and other stringent labor areas. The pattern, briefly, is this:

1. A Labor Priorities Committee determines priorities for labor in critical areas.
2. Hiring is predominantly controlled by referral through USES offices which allocate critical workers according to the employer's priority. Employers are not obligated to hire workers referred to them, and employees are not compelled to accept any particular job.
3. A Production Urgency Committee reviews prime contracts and proposals for new productive facilities. By consulting a labor budget for the critical area, the Committee determines whether labor is available to carry out the contract on time. If, in spite of the recommendation of the committee, new contracts still flow into the critical area, the Production Urgency Committee may recommend that some existing work be withdrawn to relieve pressure on the labor supply. This committee may also review and recommend against plans for constructing additional manufacturing facilities.
4. These committees attempt to harmonize national production requirements with local conditions.

Though employment problems in the fourth district have been quite serious to date, current estimates indicate such problems have not yet reached a peak. Within the next six months, 16 labor market areas appear to be faced with the necessity of rationalizing employment conditions.

According to present WMC estimates, twelve Group III and IV production areas in this district face no threatened labor shortage in the next six months. Shifting war production from the 16 tight labor areas would not be easy because the nature of the war production effort at this time emphasizes more production from existing plants rather than relocating or building new plants in areas of adequate labor supply.

Moving workers from areas where there is a shortage of labor might make additional numbers of workers available where needed, but this probably would raise other correlated problems of housing, transportation and service for the community to which they would migrate.

Iron and Steel

September production of steel ingots and steel for castings was the highest for any thirty-day month in history, reaching 7,488,978 net tons. Operations were at 100.4 percent of capacity. Average weekly production was 1,749,761 tons, also an all-time record. This was slightly greater than the previous peak of 1,731,419 tons for March of this year. Weekly average production for September a year ago was 1,648,953 tons. September pig iron production was 5,225,516 net tons compared with 5,315,633 tons in August, representing 99.7 percent of capacity. For the first nine months this year, production totaled 45,907,337 tons which was greater than the 44,428,555 tons for a like period last year.

Mills are booked ahead well into next year with most

emphasis on plates and sheets. Shipbuilding continues as the largest consumer of steel plates. There still remains the problem of scheduling fourth quarter tonnage in addition to present bookings. This may have to be done by directive, though the situation will be aided because some consumers have relinquished tonnage already on the books and some new plate and sheet capacity is coming into production.

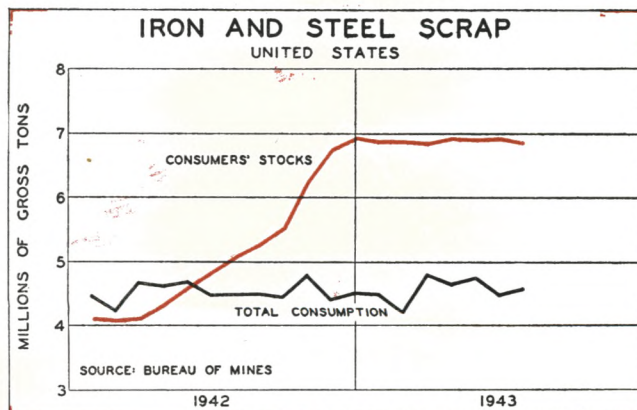
At the moment, current supplies of scrap appear to be sufficient to meet needs. The accompanying chart shows that improvement began as far back as April 1942. By June of that year consumers' stocks had been built up in excess of total consumption, and this condition prevailed through the winter months to August of 1943, the period of latest figures. Total consumption of scrap thus far in 1943 has been slightly greater than 1942, reflecting steel production at higher levels.

Figures for August indicate that consumers' stocks exceeded total consumption by 2,092,000 gross tons, or about 45 percent. While consumers' stocks have held fairly steady at a level close to 6,900,000 gross tons, total consumption has varied between a low of 4,200,000 gross tons and a high of 4,800,000 gross tons, showing a tendency to increase recently. Another salvage campaign has been launched to avert a narrowing of the margin between stocks and consumption.

The current drive, starting slowly, has not yet reached expected goals. A successful campaign is needed to assure adequate reserves for the winter and early spring months. Alloy scrap, hard to move, is piling up in dealers' yards. Good grades of industrial scrap are growing scarce necessitating withdrawals against reserves. The growing manpower shortage which affects scrap processing has slowed the movement of metals into the hands of consumers.

Coal Events now taking place and those that may develop in the last quarter of 1943 promise to hold much interest for fourth district coal circles. On October 12 the Federal Coal Mines Administrator returned 1700 remaining, out of 3300, Government-operated coal mines to their owners. Thus ended a period of about 5½ months of Government possession and control brought about by Presidential order and terminated according to the War Labor Disputes Act of June 1943.

On October 13, about 25,000 Alabama coal miners went on strike presumably in response to their oft-repeated threat of "no contract, no work." Later, wild-cat strikes spread to other areas including the fourth district,



even though workers had been admonished by their leaders to stay at work.

From January through September 1943, mines in this district produced 164,713,000 tons of bituminous coal. In a like period last year, 166,444,000 tons were mined. The deficit so far this year is about 1¾ million tons. September production was 19,559,000 tons, slightly less than in August, but the third best monthly record so far this year. Third quarter 1943 bituminous coal production surpassed any other quarterly record as far back as the first quarter of 1927. With quarterly soft coal output at a 16-year high, with railroads and boats doing an excellent job of shipping, coal problems in this area are not primarily production problems.

Throughout the nation, bituminous coal output ran about two percent ahead of 1942 up to November 1. However consumption demands are estimated to be five percent above last year, thus necessitating further increases in production and careful consumption of coal throughout the winter.

Coke production, both by-product and beehive, is greater than last year for the same period January to September. Supplies of coking coal on hand in August were sufficient to take care of needs for 27.2 days compared to 42.3 days a year ago. Steel mills are feeling the slow down in mine operation in certain areas.

General Manufacturing Manufacturing concerns throughout the fourth district, with few exceptions, are facing the same general war-born problems. Materials are scarce, output is sold on a quota basis, new business is easy to get, manpower is short, and orders have piled up.

Limitation orders are being relaxed for some critical raw materials. However, in many cases, this means that the outlook for such materials is brighter only for essential war production and does not necessarily mean an increase in the production of civilian goods where severe restrictions still remain. Stocks of civilian goods are expected to grow smaller instead of larger, and the consumer is warned repeatedly not to expect more goods for consumption next year than were available this year.

The machine tool industry is one exception. Among the first to experience the expansion caused by war as far back as 1939, the machine tool industry is now the first to experience the effects of gradually completed production schedules. Work shifts are being reduced, employees going into service are not being replaced, some capacity is being shifted over to more direct war

production, and new lines of activity are being considered for postwar activity.

Peak month for output in the machine tool industry was December 1942 when the value of tools produced amounted to \$131,960,000. With the exception of March of this year, when \$125,445,000 in orders were filled, the trend has been downward to a September output of about \$85,000,000. The volume of business for 1944 is estimated at about \$325,000,000 worth of machine tools. On the basis of output in 1942 equal to \$1,320,000,000, this is not quite one fourth of present capacity, but is still 50 percent greater than any peacetime year. Looking ahead to the postwar period, the industry is much concerned with renegotiation and re-conversion reserves.

Some shoe manufacturers report that they are "getting by" under present employment conditions, but materials are hard to obtain because production of hides as a by-product of beef slaughter is off at home and imports are lower from abroad (Argentina) where an increasing percentage of hides is going to Britain. Shoe production for September was about twelve percent less than a year ago and about nine percent less than August 1943.

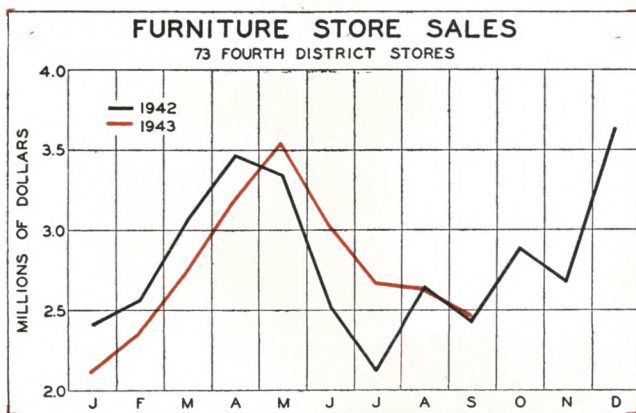
Manufacturers of packing cartons are having difficulties because of waste paper and pulp shortages. Stocks of raw materials are reduced to a point where another collection drive is necessary. However, the first collection brought in more waste paper than could be consumed immediately, and it may be difficult to convince the general public of the need for another salvage campaign. Orders in the industry are limited to war business with much paperboard going into shell packing cartons. Even these orders are not being filled in needed volume.

Ceramic industry back orders are extremely large and continue to rise. One pottery concern will quote for delivery only in late 1944 or early 1945. A threatened shortage of gas may bring an order to cut consumption about 50 percent at the first sign of cold weather. Oil or gas from individual converters are supplementary means to be used for firing kilns when commercial service is reduced. Severe cold this winter may force some consumers off the line entirely. The dinnerware branch of the industry reports production at about 80 percent of capacity because of manpower shortages. Women have been utilized wherever the job will permit.

Although a marvelous job has been done in producing synthetic rubber, passenger car owners should not be misled into believing that tires will soon be available for all. Demand for new tires and tubes is rapidly out-running the ability of the industry to produce, and it is doubtful whether synthetic passenger tires can be expected on an unrationed basis for some time to come.

TRADE

Retail Sales at reporting furniture stores in the fourth district were maintained at 1942 levels during the first nine months of this year despite the fact that retailers had reduced amounts of goods on hand throughout most of this period. Inventories at the end of September were 35 percent smaller than those of the same date last year. The year-to-year declines were substantial at all reporting centers of the district. Although there was not as much merchandise available, consumers made large



purchases of those articles that furniture stores still had for sale. As shown on the accompanying chart, sales during the early part of 1943 were somewhat smaller than those of last year. However, this decline was offset by a year-to-year increase for the following three months. During August and September sales were at the 1942 level.

The year-to-year changes for the nine-month period varied widely among the reporting cities of the district, ranging from a gain of 12 percent in Columbus and Toledo to a 17 percent decline at Dayton stores. Units in Cincinnati and Cleveland reported that their dollar volume was only slightly larger this year than last. Sales in Canton and the Pittsburgh area were somewhat smaller.

Although the largest portion of furniture store business is still done on a credit basis, cash transactions now account for a greater percentage of total sales than they did last year. During the nine months ended September 30, 1943, cash sales were up 35 percent from those of the previous year, while credit sales were three percent smaller. The enlarged incomes of many consumers undoubtedly contributed to this increased importance in cash business.

The experience of the housefurnishings departments of fourth district department stores paralleled quite closely that of the furniture stores from January through September 1943. Despite the fact that sales of major household appliances were down 68 percent, department stores sold only five percent less merchandise for the home this year than last. Sales of floor coverings were larger, while furniture and housewares sales were somewhat smaller.

Because of the increasing shortages of many types of goods and the desire to minimize unnecessary consumer purchases, department stores in Cleveland did not hold special sales events this year that occurred during September of previous years. As a result, sales were down 12 percent compared with those of a year ago. Stores in all other principal cities of the district experienced increases in their dollar volume this September compared with last. Sales in Columbus were up 24 percent, Cincinnati 15 percent, Toledo 11 percent, Pittsburgh eight percent, and Akron six percent. For the district as a whole the increase was three percent. September dollar volume was the largest for any September on record. However, the increase from the previous month was less than seasonal, and the adjusted index declined 14 points to 151 percent of the 1935-39 average. During the three weeks ended October 23 sales were 11 percent greater than those of the corresponding period of 1942.

Departments selling women's coats, suits, and dresses and juniors' and girls' wear did considerably more business this September than last. Sales of infants' wear were up 27 percent, women's underwear 26 percent, leather goods 18 percent, and millinery 13 percent. Women's shoe departments sold slightly less merchandise, and hosiery sales were 16 percent smaller. Almost twenty percent more boys' clothing and furnishings were purchased last month than during the same month a year ago, while sales of men's wear were only slightly larger. Total dollar volume of basement stores was four percent less than that of September 1942. A sharp decline in sales of lower-priced shoes contributed to this decrease.

Department store inventories at the end of last month were 15 percent smaller than they were the same date

last year. The unadjusted index advanced 6 percent during September, but the increase was less than usual, and the seasonally adjusted index dropped to 156 percent of the 1935-39 average. Stocks carried by Akron stores were somewhat larger this September 30 than last. Retailers in all other centers reported decreases, ranging from two percent in Toledo to 26 percent for Pittsburgh stores.

Wholesale Sales by 186 wholesale dealers in the fourth district during September were four percent larger than they were the same month a year ago, according to the *Department of Commerce* reports. Firms selling paper, clothing, dry goods, and drugs did considerably more business this year than last. Sales of meats and hardware were down eight percent, furniture 20 percent, and electrical goods 36 percent.

Wholesale inventories were reduced slightly during September and at month-end were nine percent smaller than those of a year ago. Hardware stocks were down 21 percent, automobile supplies 15 percent, and meats three percent. Grocery dealers had slightly more goods on hand this year than last.

AGRICULTURE

District Conditions Farmers in the fourth district are harvesting a better acreage and production of crops than seemed possible in May and June when weather conditions presented a gloomy outlook.

In Ohio the effect of recent warm dry weather has been somewhat mixed with the benefits probably outweighing the damages. Very late corn and soybean crops have matured in excellent condition. Soybeans are coming to

PRODUCTION CREDIT ASSOCIATIONS— DISTRICT ORGANIZATION (Fourth Federal Reserve District)

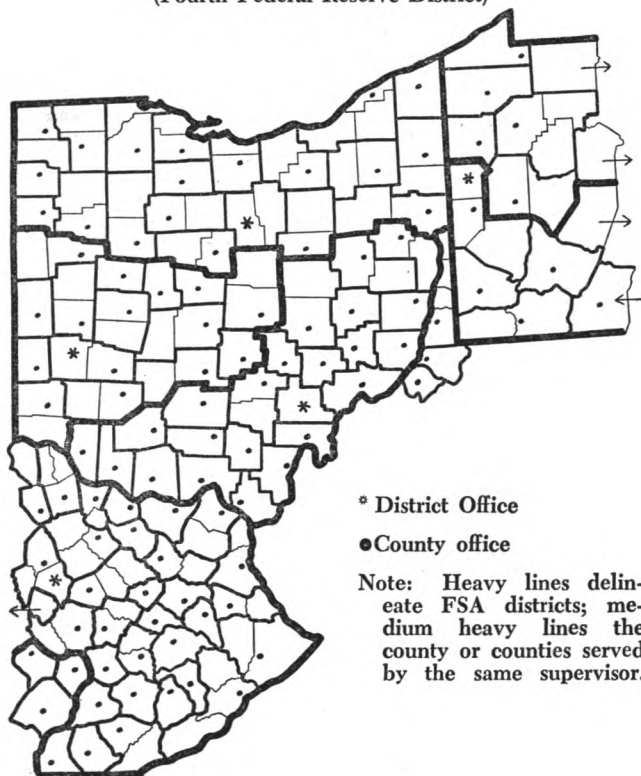


the elevators grading No. 1 with 10 to 12 percent moisture as compared to 18 to 20 percent last fall. It appears that during 1943-44 Ohio livestock will have about 10 percent less feed grain per animal unit than last year and five percent less than the 1937-41 average. The dairy section of northeastern Ohio had a severe frost on September 12 which will cut feed grain supplies in that area. It may become necessary for dairymen in Ashtabula, Trumbull, and parts of Portage, Geauga and Mahoning Counties to purchase twice as much feed as they did in 1942-43.

In Kentucky all crops with the exception of the small grains made excellent recoveries from a late start. Pastures have been good most of the year but have deteriorated as a result of the dry weather late in the season. Stock water has been very short in many areas. Farmers are now making much larger ponds to help relieve the rather unsatisfactory watering facilities available for Kentucky livestock. Weather for tobacco curing has been almost perfect and it is likely that some excellent quality leaf will be marketed. Total production of burley in all states is expected to be about 371,000,000 pounds or eight percent more than last year. However, some authorities in the Burley Belt believe that the estimate for this year's crop is too high.

Prospects for grape production declined in the Erie Belt of Pennsylvania during September. As of October 1, the total Pennsylvania grape crop was indicated to be 15,800 tons which is 26 percent under last year's production and 12 percent under the 1932-41 average. This situation is in line with conditions in other central and eastern grape-producing areas but in contrast to the national report which indicated a 16 percent increase over last year. In

**FARM SECURITY ADMINISTRATION—
DISTRICT ORGANIZATION
(Fourth Federal Reserve District)**



the Pennsylvania vineyards berry moth was more prevalent than usual and there was some leaf-hopper damage.

Farm Credit Agencies Recent observations throughout the fourth district indicate that considerable confusion exists concerning the purposes and authorized functions of production credit associations and the Farm Security Administration. In order to help clarify this situation the following discussion and the accompanying maps have been prepared.

Production Credit Associations The establishment of production credit associations as permanent sources of short term farm credit was authorized by the Farm Credit Act of 1933. Under the provisions of the Act such associations may be organized by 10 or more farmers who desire to borrow money through the lending facilities thus provided.

Each association is authorized to make loans to farmers and stockmen for general agricultural purposes, and for refinancing indebtedness incurred in the first instance for agricultural purposes. Loans may include funds for the purchase of association stock required to be held by borrowers in connection with their loans.

To be eligible for a loan, an applicant must be an individual, partnership or corporation engaged in farming. Contrary to an impression which appears to be widespread, an applicant need not present evidence that he is unable to secure financing through private sources of credit.

Associations are authorized to borrow from, and rediscount paper with, the Federal Intermediate Credit Banks. Except with the approval of the Governor of the Farm Credit Administration, associations do not have the power to borrow or rediscount paper with any other bank or agency.

The interest rate charged the production credit association borrower is now set at three percent above the discount rate of the Federal Intermediate Credit Bank. At the present time the FICB discount rate is 1½ percent which effects a 4½ percent interest rate to the association borrower. The three percent spread may be raised or lowered by authorization of the appropriate Production Credit Corporation with the approval of the Production Credit Commissioner. In addition to the interest rate, the borrower usually pays service and legal charges in connection with the drawing and filing of a chattel mortgage. However, unsecured loans may be made.

The capital stock of production credit associations is of two kinds: class A and class B. Class A stock is issued for sale to the Production Credit Corporations and to investors. It is nonvoting but is preferred in the event losses exceed surplus and reserves. That is, class A stock cannot be impaired unless the impairment exceeds the amount of class B stock outstanding. Both A and B stock share equally in dividend payments which may not exceed seven percent per annum. The proceeds from the sale of class A stock are usually invested in Government bonds and other high-grade securities. Class B stock may be held only by borrowers or individuals eligible to borrow. Class B stock carries the voting privilege but in line with cooperative principles a shareholder is entitled to only one vote regardless of the number of shares he holds.

Borrowers are required to own association stock equal to \$5 for each \$100, or fraction thereof, which is borrowed.

Farm Security Administration The Farm Security Administration was created as such on September 1, 1937. Previously it had been known as the Resettlement Administration which came into being by Executive Order in 1935 and was taken into the Department of Agriculture in 1936. The Resettlement Administration in turn was an outgrowth of several governmental activities started in 1933 and designed to aid low-income farm families.

In general, the purpose of the Farm Security Administration is to help needy farm families to escape from the relief rolls and become permanently self-supporting. In attempting to fulfill this aim, the Farm Security Administration first assists the individual farm family in analyzing its own problems. On the basis of this analysis, the FSA then offers assistance in the form of credit, guidance in management problems, debt adjustment, help in establishing cooperative activities, promotion of greater tenure security and similar functions.

The FSA farm credit extensions which are sometimes confused with the production credit association loans are known as standard rehabilitation loans. These loans are made to farmers who cannot get adequate credit elsewhere for the purchase of seed, tools, livestock, and other equipment necessary to carry on farming operations. The fact that the loan applicant must show that he lacks other sources of adequate credit is one of the important differences between rehabilitation loans and disbursements of production credit associations. Every FSA applicant must either own or rent enough land to support his family and produce in addition enough income to repay the loan. If he does not own the farm he must have a satisfactory lease or purchase contract.

Standard loans are repayable over a period of from one to five years, at five percent interest. The borrower signs a note for the amount of the loan, which is secured by a chattel mortgage on livestock, machinery, and crops. Each borrower agrees to keep businesslike records and to follow a sound farm- and home-management plan, which he works out with the FSA rehabilitation supervisor for his county. This plan usually calls for the production of enough vegetables, milk, eggs, and meat to feed the family and for enough feed and forage crops to take care of the livestock. Ordinarily it also provides for at least two cash crops.

The Farm Security Administration is dependent for lending and operating funds upon annual congressional appropriations.

FINANCIAL

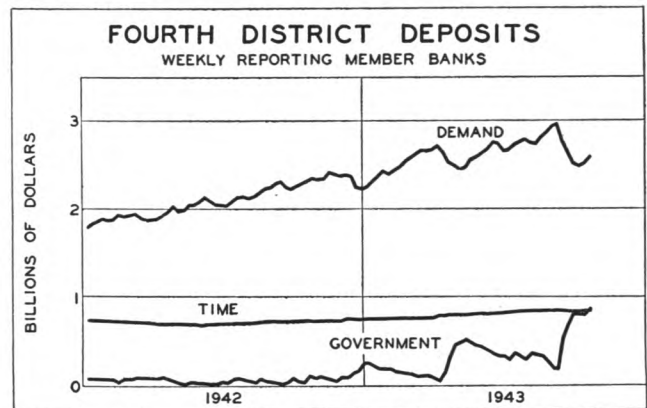
Savings Deposits One of the more encouraging recent developments is the attitude of most savings depositors toward their accumulated balances. Contrary to earlier fears, payments for war bonds have been made chiefly out of current (and some borrowed) funds, without noticeable encroachment upon

reserves previously set aside. The accompanying chart depicts the fluctuations in deposits at fourth district weekly reporting member banks. The major feature is the three successively higher peaks reached in U. S. Government deposits at the conclusion of each War Loan Drive. The latest campaign did succeed in absorbing a record-breaking quantity of demand deposits. More salutary, however, is the fact that time or savings deposits were barely affected by this prodigious draft upon the liquid resources of this district. The same immunity was shown for the country as a whole. It is somewhat disappointing that savings deposits have responded so very modestly to the enormous expansion in national income, and that the inflationary gap has attained formidable proportions. On the other hand there would be cause for much greater alarm if savings deposits were being consumed, not merely for the purchase of war bonds which should be paid for out of current income, but also for the purpose of acquiring tangible goods and articles in anticipation of still higher prices.

Member Bank Credit From September 8 to October 6, total loans of weekly reporting member banks of this district rose from \$733,000,000 to \$967,000,000—an increase in excess of 30 percent, to the highest level in over a decade. This sharp expansion can be ascribed almost exclusively to the influence of the Third War Loan Drive. Of the \$234,000,000 increase, \$136,000,000 represents borrowings by brokers and dealers covering securities to be sold at a later date, in part to commercial banks. Apparently there was also considerable borrowing on behalf of other subscribers, for “all other” loans expanded by nearly 40 percent (or \$54,000,000) during this four-week interval, in the widest move on record in recent years. Contrary to the borrowing by brokers and dealers, some of this miscellaneous indebtedness may have been incurred by individuals in anticipation of future earnings thus conforming more closely to the objectives of the Drive.

New Member Bank

Barclay-Westmoreland Trust Company
Greensburg, Pennsylvania



Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Sept. 1943	% change from 1942	Jan.-Sept. 1943	% change from 1942
Bank Debits—24 cities.....	\$5,117,000	+34	38,470,000	+20
Savings Deposits—end of month: 39 Banks O. and W. Pa.....	\$ 246,968	+ 2		
Life Insurance Sales: Ohio and Pa.....	\$ 83,133	+38	745,243	+ 7
Retail Sales: Dept. Stores—97 firms.....	\$ 39,396	+ 3	323,404	+ 9
Wearing Apparel—16 firms.....	\$ 1,875	+20	14,504	+26
Furniture—79 firms.....	\$ 2,488	+ 1	24,801	- 0
Building Contracts—Total.....	\$ 18,462	-63	196,465	-63
" —Residential.....	\$ 7,380	-13	74,583	-44
Commercial Failures—Liabilities.....	\$ 30	-92	2,462	-44
Commercial Failures—Number.....	2	-94	133	-64
Production: Pig Iron—U. S..... Net Tons	5,226	+ 6	45,907	+ 3
Steel Ingot—U. S..... Net Tons	7,489	+ 6	66,294	+ 4
Bituminous Coal—O., W. Pa., E. Ky..... Net Tons	19,559	+ 5	164,713	- 1
Cement—O., W. Pa., W. Va. Bbls.....	995a	-34	7,957b	-18
Elec. Power—O., Pa., Ky. Thous. k.w.h.	2,923a	+16	22,356b	+13
Petroleum—O., Pa., Ky. Bbls.	2,365a	+10	17,929b	+ 4
Shoes..... Pairs	c	-12	c	-16
Bituminous Coal Shipments: L. E. Ports..... Net Tons	6,821	+11	34,042	- 8

a August
c Confidential
b January-August

Indexes of Department Store Sales

Daily Average for 1935-1939 = 100

SALES:	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	Sept. 1943	Aug. 1943	Sept. 1942	Sept. 1943	Aug. 1943	Sept. 1942
Akron (6).....	207	173	195	203	214	191
Canton (5).....	215	189	200	221	228	207
Cincinnati (9).....	168	135	146	165	171	143
Cleveland (10).....	163	146	185	136	169	154
Columbus (5).....	185	157	150	187	194	151
Erie (3).....	197	165	176	199	204	178
Pittsburgh (8).....	152	127	141	150	153	139
Springfield (3).....	213	183	183	211	241	181
Toledo (6).....	169	141	152	148	183	133
Wheeling (6).....	136	112	116	123	140	105
Youngstown (3).....	171	152	162	158	187	150
District (97).....	166	142	161	151	165	146
STOCKS: District (51).....	165	156	195*	156	161	184*

* Revised
Figures in parentheses indicate number of firms reporting.

Debts to Individual Accounts

(Thousands of Dollars)

	September 1943	% change from 1942	Jan.-Sept. 1943	% change from 1942
Akron.....	209,283	+53.0	1,556,456	+42.4
Butler.....	21,246	+64.6	135,229	+14.0
Canton.....	83,054	+24.4	660,494	+15.8
Cincinnati.....	692,203	+26.4	5,206,212	+15.1
Cleveland.....	1,433,183	+39.6	10,381,402	+22.2
Columbus.....	347,963	+53.4	2,589,541	+20.1
Cov.-Newport.....	25,825	+14.5	a	a
Dayton.....	158,823	+31.9	1,256,863	+26.2
Erie.....	76,809	+49.5	542,435	+26.6
Franklin.....	6,408	+36.3	46,386	+ 9.3
Greensburg.....	11,734	+13.6	94,833	+ 0.4
Hamilton.....	24,827	+38.4	180,581	+14.5
Homestead.....	5,634	+25.5	41,942	- 0.8
Lexington.....	28,775	+ 9.6	291,640	+19.0
Lima.....	27,064	+21.3	214,911	+14.4
Lorain.....	8,967	+40.6	64,250	+ 6.4
Mansfield.....	20,875	+27.5	a	a
Middletown.....	22,740	+24.2	180,065	+ 6.5
Oil City.....	17,314	+36.3	141,514	+18.3
Pittsburgh.....	1,462,061	+29.6	11,092,328	+17.4
Portsmouth.....	11,775	+24.3	a	a
Sharon.....	17,563	+28.1	133,536	+ 8.5
Springfield.....	35,176	+36.5	279,557	+25.1
Stuebenville.....	13,601	+15.8	112,992	+ 8.2
Toledo.....	259,188	+18.6	2,078,021	+15.4
Warren.....	25,321	+ 8.4	212,703	+19.0
Wheeling.....	48,675	+58.0	354,027	+24.3
Youngstown.....	95,452	+28.2	734,253	+14.1
Zanesville.....	13,364	+16.5	116,394	+14.3
Total.....	5,204,903	+33.5	38,698,565	+19.4

a not available

Wholesale and Retail Trade

(1943 compared with 1942)

	SALES September 1943	Percentage Increase or Decrease	
		SALES first 9 months	STOCKS September 1943
DEPARTMENT STORES (97)			
Akron.....	+ 6	+17	+ 6
Canton.....	+ 7	+14	+ 6
Cincinnati.....	+15	+11	-12
Cleveland.....	-12	+ 5	-17
Columbus.....	+24	+28	- 5
Erie.....	+12	+12	-15
Pittsburgh.....	+ 8	+ 4	-26
Springfield.....	+20	+31	a
Toledo.....	+11	+16	- 2
Wheeling.....	+18	+12	- 7
Youngstown.....	+ 6	+14	a
Other Cities.....	- 7	+ 3	- 7
District.....	+ 3	+ 9	-15
WEARING APPAREL (16)			
Canton.....	+21	+28	+21
Cincinnati.....	+11	+15	-16
Cleveland.....	+18	+21	- 0
Pittsburgh.....	+47	+32	+ 7
Other Cities.....	+14	+34	+20
District.....	+20	+26	+ 6
FURNITURE (79)			
Canton.....	- 2	- 1	-27
Cincinnati.....	- 1	+ 3	-38
Cleveland.....	- 0	+ 2	-34
Columbus.....	- 6	+12	-25
Dayton.....	-22	-17	a
Pittsburgh.....	+12	- 6	-38
Toledo.....	+10	+12	-30
Other Cities.....	- 1	- 1	- 7
District.....	+ 1	- 0	-35
CHAIN STORES*			
Drugs—District (5).....	+11	+15	a
Groceries—District (4).....	+18	+16	a
WHOLESALE TRADE**			
Automotive Supplies (8).....	+22	- 1	-15
Beer (5).....	+15	+21	-45
Clothing and Furnishings (3).....	+50	a	a
Confectionery (4).....	+ 2	+15	-45
Drugs and Drug Sundries (6).....	+23	+21	+ 3
Dry Goods (6).....	+27	+13	-50
Electrical Goods (19).....	-36	-36	-26
Fresh Fruits and Vegetables (6).....	+16	+18	+ 9
Furniture & House Furnishings (5).....	-20	a	a
Grocery Group (40).....	+ 9	+11	+ 1
Total Hardware Group (29).....	- 8	- 9	-21
General Hardware (8).....	- 5	-13	-25
Industrial Supplies (10).....	-13	- 4	-17
Plumbing & Heating Supplies (11).....	- 8	- 6	+17
Jewelry (4).....	-22	a	a
Machinery, Equip. & Sup. (exc. Elect.) (3).....	+36	- 4	a
Meats and Meat Products (6).....	- 8	- 4	- 3
Metals (3).....	+21	a	a
Paints and Varnishes (4).....	+ 1	- 8	a
Paper and its Products (6).....	+52	- 5	- 5
Tobacco and its Products (15).....	+ 7	+ 6	- 2
Miscellaneous (14).....	+ 1	- 0	+17
District—All Wholesale Trade (186).....	+ 4	- 0	- 9

* Per individual unit operated.
** Wholesale data compiled by U. S. Department of Commerce, Bureau of the Census.

a Not available.

Figures in parentheses indicate number of firms reporting sales.

Fourth District Business Indexes

(1935-39 = 100)

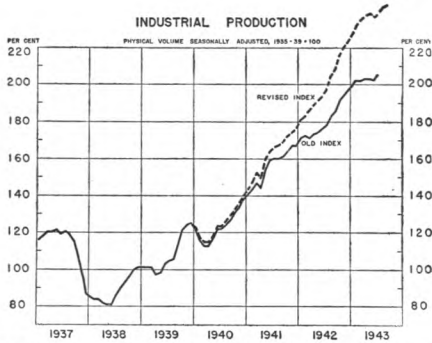
	Sept. 1943	Sept. 1942	Sept. 1941	Sept. 1940	Sept. 1939
Bank Debits (24 cities).....	230	172	148	117	104
Commercial Failures (Number).....	3	51	61	53	56
" (Liabilities).....	2	26	34	72	53
Sales—Life Insurance (O. and Pa.).....	99	71	102	85	75
" —Department Stores (97 firms).....	166	161	155	126	113
" —Wholesale Drugs (6 firms).....	181	147	143	118	117
" " Dry Goods (6 firms).....	231	182	199	147	163
" " Groceries (40 firms).....	164	151	133	104	125
" " Hardware (29 firms).....	136	147	188	110	105
" " All (81 firms).....	174	161	162	114	125
" —Chain Drugs (5 firms)*.....	164	148	127	114	102
" " Groceries (4 firms)*.....	152	143	121	104	112
Building Contracts (Total).....	76	204	192	142	140
" (Residential).....	95	109	282	217	161
Production—Coal (O., W. Pa., E. Ky.).....	156	149	144	120	117
" —Cement (O., W. Pa., E. Ky.)**	121	184	193	178	181
" —Elec. Power (O., Pa., Ky.)**	192	166	151	125	109
" —Petroleum (O., Pa., Ky.)**	107	97	92	96	103
" —Shoes.....	85	96	119	85	125

* Per individual unit operated.

** August.

Summary of National Business Conditions

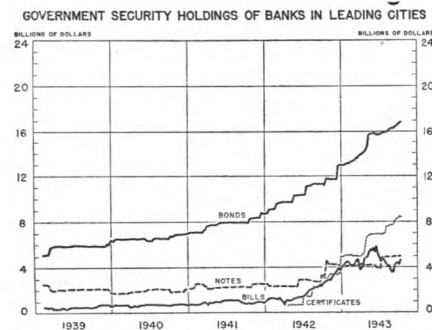
By the Board of Governors of the Federal Reserve System



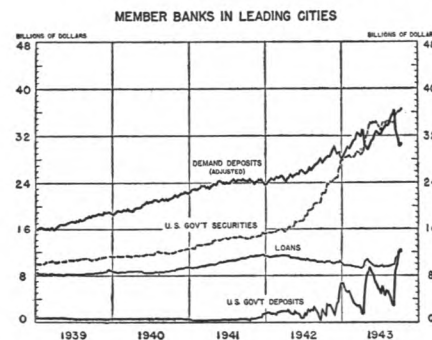
Federal Reserve index. Monthly figures, latest shown is for September 1943.



Federal Reserve indexes. Monthly figures, latest shown are for September—for sales, and August—for stocks.



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for October 13, 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 October 13, 1943.

Industrial activity showed little change in September and in the first half of October. Distribution of commodities continued in large volume and prices remained steady.

Industrial production

Physical volume of industrial production as measured by the Board's seasonally adjusted index, as recently revised, was 243 per cent of the 1935-39 average in September, compared with 242 in August and 239 in July.

There were increases in output in the iron and steel and transportation equipment industries while activity in other durable goods industries showed little change or declined slightly. Open hearth and Bessemer steel production exceeded its previous peak level, reached in March of this year, and output of pig iron likewise established a new record. In the machinery industry as a whole activity was maintained at the level of recent months although there was some further curtailment of output of machine tools and machine tool accessories.

Total output of nondurable manufactures continued at the August level. Cotton consumption, which had been declining since May, rose 6 per cent from August to September, but was 9 per cent below the high level of a year ago. Shoe production was maintained at the level of recent months and was slightly larger than a year ago. The output of manufactured food products rose seasonally.

Petroleum refining continued to rise in September and was at a rate about double the 1935-39 average. The Board's index of this industry is substantially higher than the old index because greater weight is given to aviation gasoline and other special war products. Output in the chemical industry as a whole declined in August, as some further expansion in industrial chemicals was more than offset in the total by reductions elsewhere, reflecting readjustment of the war program. Newsprint consumption rose less than is usual at this season, in the face of increasing supply difficulties, and a further 5 per cent cut in permitted consumption of newsprint was ordered, beginning October 1.

Crude petroleum production continued to rise in September, reflecting further improvement of transportation facilities for petroleum products. Output of crude petroleum in August and September exceeded the earlier peak levels reached in December 1941 and January 1942. Coal production continued at a high level.

In September the value of construction contracts awarded in 37 Eastern states was at about the same low level as in July, according to reports of the F. W. Dodge Corporation, and was considerably smaller than in August when there was a temporary increase because one exceptionally large contract was placed in that month.

Distribution

Department store sales increased less than seasonally in September, following an unusually large volume of sales in July and August, and the Board's seasonally adjusted index declined from 142 to 131. During the first half of October sales showed a gain over September although usually there is some decline at this season.

Railroad freight traffic in September and the first part of October was maintained at the high level of previous months. Coal shipments exceeded the record movement of last July and loadings of grain and livestock were 10 per cent higher than a year ago.

Commodity prices

Prices of grains advanced from the middle of September to the middle of October. Livestock prices were slightly lower, reflecting partly the establishment of Federal maximum prices for live hogs and sharply increased marketings of cattle. Wholesale prices of most other commodities continued to show little change.

Agriculture

Crop prospects showed little change during September, according to official reports. There was a further small improvement in prospects for the corn and potato crops, while the previous forecast for cotton production was lowered slightly. Aggregate crop production is expected to be 7 per cent below the peak volume of last season but higher than in any other previous year.

Bank credit

During the five weeks ending October 13, Government security holdings at reporting banks in 101 leading cities increased by about 2.5 billion dollars reflecting substantial open-market purchases during the Drive, and also, some purchases of bills on subscription from the Treasury. Loans showed a net increase of 2.2 billion dollars over the same period. Over two-thirds of the total amount represented loans to brokers, dealers, and customers for purchasing or carrying securities; in the last week of the period there were some declines, however, as repayments were made on the liquidation of the securities. Commercial loans, which have been increasing steadily since June, rose further by 540 million over the five weeks.

Holdings of Government securities by the Federal Reserve System showed little change from the end of September to the third statement date of October, but there were some shifts among the kinds of securities held. Treasury bills held under option declined by 200 million dollars between September 30 and October 20, while holdings of certificates of indebtedness and of Treasury bills outside of the option accounts increased by about 200 million. Total holdings of United States Government securities by the Reserve System on October 20 were 8.9 billion dollars.