Monthly Business Review

Covering financial, industrial and agricultural conditions

Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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REVIEW OF 1943

In practically every field of fourth district industry, agriculture, and finance, the record made in 1943 has been an enviable one. New peaks have been established in the production of articles needed for the prosecution of the war, and the quantities of certain goods turned out have so surpassed expectations that resulting contract revisions and cancelations have disturbed those who do not have all the facts. As the war strategy has changed, industrial revisions have reflected this altered course, but, as the year ended, the over-all program still remained very large. Even where modification of limitation orders and a less restrictive policy with respect to the use of some raw materials were evident, a scarcity of other materials, productive capacity, and, above all, manpower still retarded the resumption of civilian goods output.

The relative scarcity of labor was the predominant economic factor with which industry and trade had to cope during 1943, notwithstanding the fact that women, under- and over-age boys and men responded to fill ranks left vacant by those entering military life and to staff the new and expanded plants. Even industrial employment in this area, which had increased at the expense of other types, has tapered off recently.

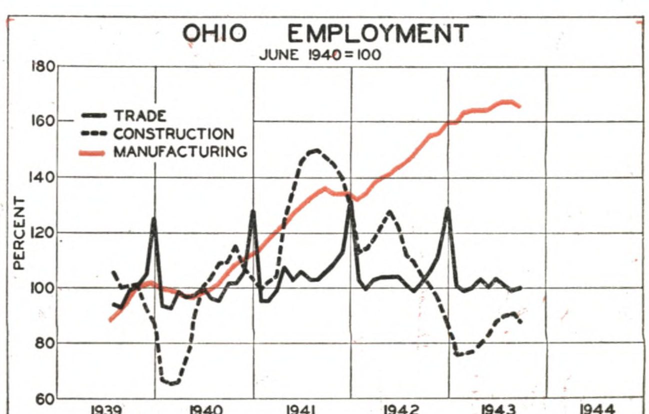
Two major industries had less trouble with manpower problems than the majority—not because of any inherent advantages, but solely as a consequence of declining labor requirements. One of these was the machine tool industry whose shipments receded steadily after March (which had nearly equaled the December 1942 all-time high of $132 millions) to a volume barely half that of the record month. Because orders and backlogs were shrinking even more rapidly by late 1943, some producers in this field were reviving the practice of shortening the work week, while others were operating as subcontractors on war orders.

An index of the Monthly Business Review for the year 1943 has been prepared. Copies may be obtained by directing a request to the Department of Research and Statistics.

The other major activity which was scarcely aware of the tightness of the labor market was the construction industry. Being restricted chiefly to the alleviation of housing shortages in the most crowded industrial centers, residential construction in the fourth district during the first eleven months of 1943 was 39 percent below the same period in 1942. Nonresidential building, with particular emphasis on war plant and facility construction which reached its peak in December 1942, receded by 70 percent during that eleven-month interval from the recent record level of 1942. Many of the workers released by these curtailments found their way into the war equipment and munitions industries whose output expanded nearly 50 percent during 1943.

Most measures designed to maintain or to increase war goods output impinged upon labor engaged in other industries and in the distribution and service trades. Despite labor shortages, some of these so-called less essential industries were able to establish new records by lengthening the work week and altering customary policies.

By discontinuing many hitherto conventional services in wrapping and delivery, department stores handled a physical volume of sales which compared favorably with the preceding year. Dollar sales were actually larger notwithstanding shorter credit terms and a reduction in the range and selectivity of merchandise offered. Sales tax receipts in Ohio were five percent larger in 1943 than in 1942,



despite sharp declines in sales of bulk items such as furniture and automobiles.

The glass container industry is another example of a non-war goods industry making an exceptional showing in the face of labor shortages. In each of the first ten months of 1943 a new record high was established with no prospects of early curtailment since stocks on hand on October 31 were lowest for the month since 1925. Substitution of glass for metal containers in many lines and increased interest in home food preservation were partially responsible for this development.

On the other hand, producers of shoes, clothing, etc., were unable to maintain full working forces. Price ceilings tended to discourage the paying of overtime rates which attracted workers into other industries. Short supplies of leather and wool also contributed to the decline. In recent months the wool supply situation has improved perceptibly; but the manpower limits remain. Chinaware and other similar establishments were able to replace labor losses by hiring a much larger proportion of women. Currently output is threatened by a potential shortage of gas for kiln use.

Scarcity of labor was also interfering with the synthetic tire program. Many experienced tire builders apparently have acquired valuable seniority rights elsewhere during the two-year virtual recess in civilian tire manufacturing and it is proving difficult to recruit a new labor force with the required skills. Moreover, the manpower situation in the cotton textile industry has raised doubts regarding an adequate supply of tire fabric.

Output of bituminous coal was also impeded by the lack of a sufficient labor force; in this instance the shortage was aggravated by mass absenteeism at irregular intervals. If total employment had been maintained, production of soft coal should have risen substantially during 1943 since the work week was lengthened early in the year from 35 hours (five days) to 42 hours (six days), entailing overtime rates of pay for the additional seven hours, and again in November by a shortening of the lunch hour. Bituminous coal production in the fourth district for the first eleven months of 1943 actually was 5,000,000 tons short of the eleven-month total for 1942, with the result that by December 1, coal stocks above ground at byproduct coke ovens, steel and rolling mills, railroads, and retail dealers were at uncomfortably low levels.

One other development which threatened to impede industrial operations in this region was the late opening of the lake shipping season and unseasonable weather generally. Although the original War Production Board goal of 100,000,000 gross tons of iron ore shipments was successively revised down to 91,000,000 gross tons by the end of May, time lost by the late opening of the season and as a result of bad fog conditions around the Soo was never made up. The season's shipments were 84,400,000 gross tons, as against 92,000,000 in 1942.

Sixteen new ore carriers were added to the fleet during the season; except for this addition the year-to-year comparison would have been even more disturbing. Another factor which served to mitigate this chain of unfavorable circumstances was the delay which gradually overtook the steel expansion program. According to official time tables, ingot capacity was scheduled to expand from 90,300,000 net tons to 96,000,000 during 1943. If that expansion had materialized as planned, the 4,000,000 ton year-to-year drop in ore stocks at the furnaces and docks on December 1 would have more serious implications. Steel ingot production during 1943 was approximately 89,000,000 net tons as against 86,000,000 in 1942. The industry operated at slightly better than 98 percent of capacity throughout 1943.

FINANCIAL

Although there have been no recent changes of importance in financial factors growing out of the war, the underlying trends remain a cause for concern.

National Income and Its Implications National income is continuing to rise month by month, with the result that during December people were drawing wages, salaries, dividends, interest, profits, etc., at the rate of approximately $150 billions per year, as against an annual average of only $67 billions during the last five pre-war years. Against this growth, the value of goods and services available to consumers has risen much less rapidly and a part of this increase reflects rising prices. The total now amounts to about $90 billions and may decrease somewhat, at least in physical volume, during coming months.

This basic circumstance should and must weigh heavily upon all considerations of price control, taxation, money rates, and kindred problems confronting the nation today. Whereas military leaders are primarily concerned with the size of the armed forces and physical volume of industrial production, especially of war material, those responsible for our civilian economy must base their decisions of policy to a large extent upon the prospective behavior of national money income in relation to goods and services available to private purchasers.

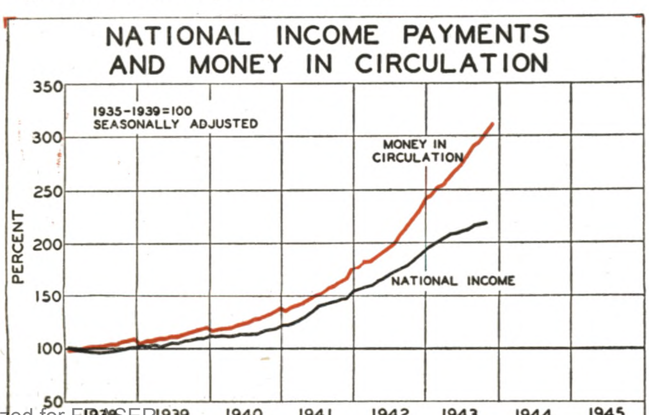
Currency in Circulation Along with the tremendous increase in industrial activity and in the national income, there has been a large growth in the amount of currency in circulation. (See accompanying chart). Within a space of roughly two years the banking system has been called upon to pay out to depositors $10 billions in hand-to-hand currency, thereby more than doubling the amount of money in circulation. A substantial part of this increase has been the natural result of a situation in which payrolls are large, people are inclined to carry more pocket money to meet greater day-to-day needs, frequent movements from one locality to another lead workers to keep savings in cash rather than in the form of bank deposits, greatly increased income is flowing to the lower income groups which do not customarily use banks, and a number of similar circumstances. A general feeling of uncertainty has also apparently led to some holding of accumulated savings in the form of currency.

To meet this demand for currency, member banks have seen fit to sell Treasury obligations to their Federal reserve banks, withdrawing the proceeds, in effect, in the form of Federal reserve notes. Since the end of 1941, the Federal reserve banks have expanded their credit to member banks by more than $9 billions through open market operations and acquisition of Treasury bills under repurchase option. So long as national income continues to rise, currency requirements may show a similar trend. It remains to be seen whether member banks will continue to dispose of earning assets to maintain reserves, or whether rediscounting will again be used.

Demand and Savings Deposits Not only have currency and Government security holdings of individuals and businesses increased unprecedentedly over the past few years, but holdings of demand deposits have also soared and are now more than double pre-war levels. Recent surveys made by the Federal Reserve System indicate that the bulk of these demand deposits are held by businesses, although the amount held by individuals is substantial in view of pre-war holdings. Savings deposits have shown a much less rapid increase since the beginning of the war, although recently there has been an accelerated growth. Such deposits belong primarily to individual savers, and apparently, contrary to earlier fears, purchases of war bonds have not been financed to any large extent by drawing down accumulated savings deposits, either in the fourth district, or in the country as a whole. Purchases of savings bonds, however, may be in part responsible for the smaller growth in savings deposits than in demand deposits. This phenomenon presumably reflects in part the substantial share of new deposits which are being held by businesses and in part the substitution of war savings bonds and currency for bank savings deposits as a medium for individual savings.

Public Debt The gross direct Federal debt as a consequence of recent extensive security flotations has risen to $166 billions. During a war such as the present one, it is probably inevitable that the public debt should rise sharply. Vast expenditures must be made in a relatively short period of time, and it would be practically impossible to obtain the necessary funds by any system of taxation. The way in which the increased public debt is sold, however, is a critical matter, both for current and post-war developments. Purchases of Government securities by the banking system of the country mean that cash and bank deposits of individuals and businesses rise as Government expenditures expand. The consequences of such a rise in funds available for private expenditure could be extremely serious. For this reason, it is necessary that every effort be made to sell as many securities as possible to individuals as an alternative to their buying goods and services. To the extent that this can be accomplished, excess purchasing power is removed from the market currently and is, in a sense, stored up for use after the war.

Of the $166 billions of Government debt outstanding, approximately $27 billions is in the form of war savings bonds. This block of war bonds especially represents a backlog of purchasing power which may make itself felt in the post-war period, since these securities are predominantly owned by individuals, a large number of whom are in the lower or middle income groups. The expenditure of any substantial portion of these war savings bonds and of securities of other types that are being heavily accumulated by businesses and individuals in upper-income groups could go far to offset any possible drop in the level of post-war income and employment. On the other hand, in the immediate post-war period goods and services will continue to be scarce until the productive system is again in full peace-time operation. Should any substantial portion of these accumulated Government securities be liquidated during this period and the proceeds spent, the impact could easily lead to drastic inflation of the price level. Redemptions on a wholesale scale might also necessitate revival of the practice of selling large amounts of Government obligations to commercial banks—an inflationary operation which in recent months has seemed to be receding in importance as a source of Federal funds.



Taxes There is considerable discussion at the moment as to whether additional taxes are to be levied for the purpose of diverting some of the $150 billions of individual incomes before they go into action against a diminishing supply of goods and for the purpose of impounding war profits of corporations before they are made available to consumers. Along with the discussion of the need for additional taxes, there is the question of the type of taxes that would be most proper under the circumstances.

It seems evident that, by and large, individuals could sustain a much heavier burden of taxation than is the case at present. Greater taxes would mean, of course, a reduction in present standards of living for many persons. But it must be recognized that the nation's standard of living can be no higher than is permitted by the volume of goods and services available, regardless of the tax policies adopted. Under present circumstances, with the limited supplies available, we do not raise our standard of living by failure to tax; we only raise prices. The real issue is how the burden of war shortages shall be distributed—how some groups shall be kept from getting an inequitable share of the goods available at the cost of unfairly limiting others. In such a situation a progressive system of taxation yields a closer approach to real equality of sacrifice among persons of different income levels than any other system. In any case, a fair distribution of goods available depends on the control of spending power as well as on rationing and price control. Black markets will threaten under any system of rationing and price control if huge funds to support such markets are available to would-be buyers.

Higher taxes intended to lessen the danger of further price inflation of consumers' goods must be levied primarily upon individuals, not corporations. The withholding tax, although it did not change existing tax rates, was a step in the right direction in that it required current payment of taxes and, because incomes were rising, it increased the amount of taxes paid currently by most individuals. Under present tax rates, however, source collections from individuals have been running at the rate of only $9 billions per year, which represents but a small part of the increase since 1939 in the incomes of the people most affected by this tax. But the principles of this tax—a broad coverage with exemptions for the lowest income groups—offer a sound basis for taxation under present circumstances.

It is doubtful that the buying power of industrial corporations is a potent pressure on prices today. Many critical raw materials are allocated, rationed, or controlled by some means. Moreover, excessive corporate buying power cannot be used for purposes of plant expansion owing to shortages of material and equipment. Therefore, still higher corporate taxes probably would not be particularly effective in narrowing the inflationary gap, although there would be some indirect effect.

Price Control

It is inconceivable that the problem of price control should become simpler so long as buyers are entering the market place with greater and greater purchasing power, while the sellers are finding less and less to put on the shelves. According to the latest estimates, only about 30 percent of current total industrial output is destined for civilian use; such production for civilians is only seven-tenths of the 1935-39 average. Most of this decline has occurred in durable goods—automobiles, household equipment, and the like. The dollar volume of consumer services and of agricultural products available to consumers has increased during recent years, reflecting in large part rising prices. In physical quantities, the supplies of such goods and services are limited and are not likely to increase appreciably for some time. Against these restricted supplies, individuals are currently receiving incomes far greater in the aggregate than ever before in the history of this country. With such a disparity between the amount of consumers' goods and services available and the funds which could be used to bid for them, there is an ever-present threat of a disastrous rise in prices. The avoidance of this depends in part upon the degree of rationing and price control maintained until the time when national income and available goods stand in more normal relation to each other. It depends in the last analysis on the extent to which people will curtail their expenditures on goods and services and place their remaining surplus funds at the disposal of the Government either through payment of higher taxes or through the purchase of Government securities.

Fourth War Loan

The fourth nation-wide campaign for the purpose of raising war funds is scheduled to take place during the four weeks beginning on Wednesday, January 18. This next drive will differ from its predecessors in the following important respects:

1. The offering will contain one new type of security, namely, a 13 to 16 year 2¼ percent bond, in place of the 10 year 2's which led the list in total sales during September.

2. During the first two weeks daily sales reports will be confined exclusively to purchases by individuals. The four-week goal for such sales has been set at $5,500,000,000 as against a slightly smaller total achieved during the best previous showing.

3. Commercial banks with savings deposits (as defined in Regulation Q) may participate in the Fourth Drive, but their subscriptions are limited to $200,000, or ten percent of such deposits, whichever is less. Moreover, such sales will not be credited toward state or national goals.

The Fourth Drive will be similar to preceding campaigns in that sales of war savings bonds and Treasury savings notes from January 1 to February 29 will be considered as having been made during the Drive. A somewhat comparable but less extensive allowance was made in September. Commercial banks are not eligible to own the 2¼'s and 2½'s purchased by others, until 1946 and 1954, respectively. Likewise, commercial banks are requested not to buy any of the ⅞ percent certificates of indebtedness offered to all other investors during the Drive. Speculative loans for the purpose of carrying Government securities are frowned upon as being inconsistent with one of the objectives of the Drive.

The goal, which has been set at $14 billions, is nearly double the sum obtained from all sources during the First Drive, and compares with $13,500,000,000 raised during the second campaign. The Third Drive netted nearly $19 billions. As a measure for combatting inflationary forces, the coming campaign promises to be more effective than any preceding war loan. The inter-drive period has been shortened to about 15 weeks, as against about 20 weeks between the Second and Third Drives.

New Member Banks

The Hardy Banking Company, North Baltimore, Ohio

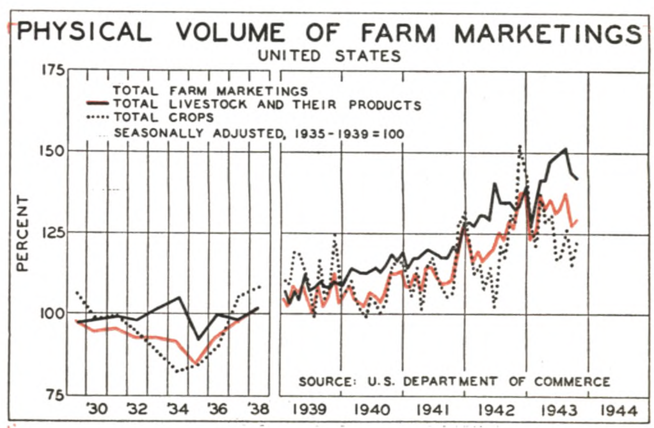
The Commercial Bank and Savings Company, Fostoria, Ohio

AGRICULTURE

Physical Volume of Farm Marketings

When final 1943 data are available they will show unquestionably that United States farmers marketed a greater physical volume of production than in any other year in their history. When viewed against the vast wartime demand for food and fibre this fact ceases to be just another statistic and becomes instead an indication of an extremely fortuitous situation which may have much to do with the successful prosecution of the war.

The war has placed new and increased emphasis on the physical volume of farm marketings. In pre-war years physical volume was studied to a considerable extent only as a means of computing cash farm income from marketings. The primary concern was not how many people could be fed and clothed with the annual production of the nation's farms but rather what income would the production bring forth at the prevailing prices. The fact that studies of physical volume are now being carried on



for their own sake is distinct evidence of far-reaching changes in supply and demand conditions.

Based on information for the first three quarters of the year it appears that the actual total physical volume of farm marketings in 1943 would exceed the 1942 record by about six percent. Despite unfavorable weather in the late spring and early summer, 1943 crop marketings are expected to be about two percent over 1942. Preliminary estimations place the 1943 marketings of livestock and their products at about eight percent above 1942.

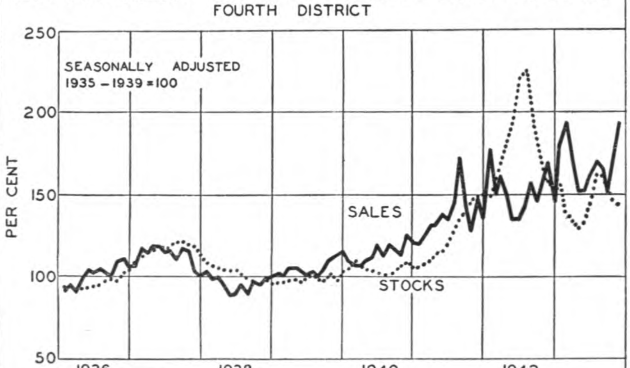
The yearly volume of agricultural marketings has increased since 1935 (see chart). The consistency and amount of this increase, especially during the war years, is probably unique in agricultural history. Coupled with the increase in prices of agricultural commodities the rising physical volume of marketings in recent years has produced phenomenal changes in cash farm income. As soon as data for all months of 1943 are available, the volume-price-income relationship will be discussed in these columns.

Burley Tobacco Kentucky burley markets opened early in December with the highest leaf prices since 1919. The 2,279,000 pounds which sold on the Lexington market the first day of this year's selling season averaged $48.31—$11.12 higher than the average of the opening day last year. The average price for the first two weeks at Lexington was $47.14—for all markets in Kentucky, $46.14. Prices have held generally to the ceiling levels for the different grades and buyers have appeared eager to get their share of the product.

According to observers in the central Kentucky region, the marketings this year have been of exceptionally high quality with the lighter cigarette grades showing up particularly well. Whether or not the best quality leaf has been brought to market so far and whether the leaf already marketed is fairly representative of the entire crop seem to be debatable questions. Many who saw the crop growing last summer are much in doubt as to whether the marketings thus far constitute a representative sample. Others believe that because of the exceptionally good weather at harvest time and during the curing period all tobacco, even that which was very immature, has cured well. Yields are also said to be good considering the relatively small growth of much of the crop.

Because of the dry weather in Kentucky during the fall, farmers were unable to prepare their tobacco for market and the receipts on the auction floors have been relatively small. However, the rains and damp weather which came early in December enabled many farmers to bulk down much of their tobacco and get stripping operations under way by the middle of the month. Severe cold weather has interfered to some extent with delivery to the selling floors. The small quantity of leaf marketed is evidenced by the fact that for several days buyers on the Lexington market were able to make a complete round of the 21 selling houses, a situation almost unprecedented in the history of the loose leaf market there.

DEPARTMENT STORE SALES AND STOCKS
FOURTH DISTRICT



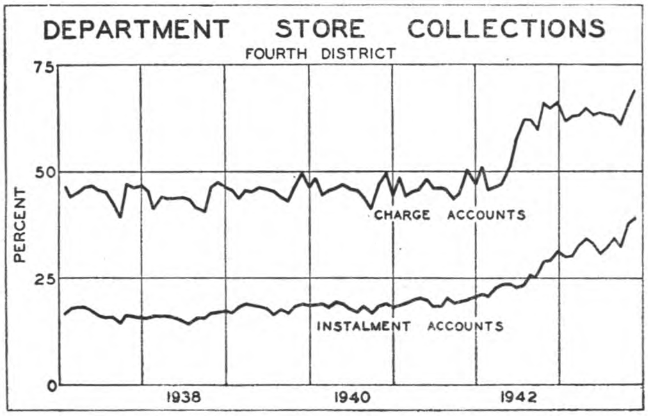
TRADE

Retail Sales Reflecting the unusually early start of pre-holiday buying, the seasonally adjusted index of fourth district department store sales advanced sharply during November to 193 percent of the 1935-39 daily average. This was the second highest on record and only one point less than the peak of last February. Total dollar volume during November was 18 percent greater than that of the same month a year ago, with stores in all principal centers of the district experiencing substantial gains in their business. Sales in Columbus were up 27 percent, Toledo 24 percent, Youngstown 21 percent, Cleveland 19 percent, and Pittsburgh and Cincinnati 17 percent. During the first eleven months of this year sales were ten percent greater compared with those of the same period of 1942. Despite the difficulties that retailers encountered this year in obtaining many types of merchandise, department store dollar sales during 1943 were at an all-time high level.

Sales last month were dominated by a large volume of holiday buying, which started in October and gained momentum throughout November. Purchases of many gift items, such as jewelry, toilet goods, handkerchiefs, books, stationery, women's underwear, and furs were considerably larger this November than last. Toy sales were 21 percent greater. Retailers sold a substantially larger volume of not only gift merchandise but also clothing. Sales of women's and misses' coats and suits were up 22 percent, dresses 26 percent, juniors' and girls' wear 31 percent, and men's clothing 12 percent. Basement stores sold only nine percent more merchandise this November than last, compared with an increase of 23 percent for the upstairs departments, reflecting a tendency to purchase better quality merchandise.

The large year-to-year gains that stores experienced in November failed to carry over into December. During the two weeks ended December 18, 1943, sales at reporting stores were three percent smaller than those of the corresponding period last year. Several factors contributed to this decline in pre-holiday business. The large amount of advance buying for Christmas that occurred during October and November and the complete disappearance of many items along with shortages of others were probably the principal reasons for this decrease in sales. Others included the influenza epidemic, with the warnings that people avoid crowds, and purchases of war bonds and stamps as gifts.

A larger portion of pre-holiday buying was on a cash basis during November this year than in previous years. Last month cash sales accounted for 54 percent of total business. The ratio was 50 percent for November last year and 42 percent in 1941. Cash sales last month were up 30 percent from those of the same period a year ago, compared with increases of only 13 percent for 30-day charge and five percent for instalment sales. Not only did customers pay cash for a larger share of merchandise at the time it was purchased but also there was considerable improvement in payments for goods that had been charged. During November 68 percent of the regular accounts receivable the first of the month were collected, while instalment collections amounted to 39 percent of such receivables as of November 1. These ratios are the highest on record and reflect the enlarged earnings of many workers as well as the increased amount of money in the hands of individuals.



Stocks Despite the unusually high level of November sales, department stores in this district received delivery of almost as much merchandise as they sold in the month. Inventories on November 30 were three percent smaller than they had been the previous month-end and ten percent less than those of a year ago. This was the smallest year-to-year decline in stocks that stores reported for several months. Since retailers usually have as much merchandise on hand at the end of November as they have the first of the month, the decline that occurred during November this year was contraseasonal. As a result, the seasonally adjusted index dropped slightly to 142 percent of the 1935-39 average.

Inventories carried by Columbus stores were six percent larger this November 30 than last, while merchants in all other principal cities reported decreases. These ranged from one percent in Akron to 17 percent in Pittsburgh. For the district as a whole, stocks of housefurnishings were down 32 percent and men's and boys' wear 22 percent. In contrast to these decreases, stores had considerably larger amounts of women's coats, suits, dresses, furs, neckwear, scarfs, and leather goods on hand at the end of last month than they did the same date a year ago. Stocks of gloves, corsets, shoes, and piece goods were smaller.

Wholesale and Retail Trade

(1943 compared with 1942)

	SALES November 1943	SALES first 11 months	STOCKS November 1943
	Percentage Increase or Decrease		
DEPARTMENT STORES (97)			
Akron	+16	+15	— 1
Canton	+12	+13	a
Cincinnati	+17	+11	— 3
Cleveland	+19	+ 6	—14
Columbus	+27	+27	+ 6
Erie	+16	+12	—13
Pittsburgh	+17	+ 5	—17
Springfield	+25	+27	a
Toledo	+24	+15	— 5
Wheeling	+26	+15	— 3
Youngstown	+21	+14	a
Other Cities	+ 2	+ 1	— 4
District	+18	+10	—10
WEARING APPAREL (16)			
Canton	+32	+28	+ 8
Cincinnati	+17	+15	—19
Cleveland	+36	+22	+ 2
Pittsburgh	+51	+35	+ 4
Other Cities	+23	+30	+21
District	+31	+25	+ 3
FURNITURE (78)			
Canton	+11	— 2	—30
Cincinnati	+ 8	+ 2	—36
Cleveland	+ 4	+ 1	—36
Columbus	+ 7	+10	—19
Dayton	—16	—17	a
Pittsburgh	+ 9	— 5	—38
Toledo	+18	+11	—25
Other Cities	— 6	— 3	—32
District	+ 3	— 1	—33
CHAIN STORES*			
Drugs—District (5)	+11	+14	a
Groceries—District (4)	+13	+15	a
WHOLESALE TRADE**			
Automotive Supplies (7)	+29	+ 4	— 9
Beer (5)	+35	+23	—62
Clothing and Furnishings (3)	+43	a	a
Drugs and Drug Sundries (5)	+29	+19	+15
Dry Goods (4)	+ 8	+12	—49
Electrical Goods (13)	—30	—36	—22
Fresh Fruits and Vegetables (6)	+18	+19	+17
Furniture & House Furnishings (3)	+14	a	a
Grocery Group (30)	+13	+10	+ 9
Total Hardware Group (30)	+ 8	— 8	—18
General Hardware (8)	+25	— 9	—21
Industrial Supplies (11)	—17	— 7	— 7
Plumbing & Heating Supplies (11)	+14	— 6	— 3
Jewelry (4)	+26	a	a
Meats and Meat Products (3)	+29	— 5	+79
Metals (3)	+34	a	a
Paints and Varnishes (4)	+ 8	— 5	a
Paper and its Products (6)	+40	+ 2	a
Tobacco and its Products (15)	+12	+ 6	—12
Miscellaneous (18)	+ 6	-0-	+38
District—All Wholesale Trade (159)	+11	+ 1	+ 2

* 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)

	Nov. 1943	Nov. 1942	Nov. 1941	Nov. 1940	Nov. 1939
Bank Debits (24 cities)	191	167	147	120	108
Commercial Failures (Number)	18	52	67	85	70
" " (Liabilities)	14	15	22	65	49
Sales—Life Insurance (O. and Pa.)	107	77	103	88	93
" —Department Stores (97 firms)	212	187	163	137	122
" —Wholesale Drugs (5 firms)	189	147	136	126	124
" — " Dry Goods (4 firms)	168	155	154	124	133
" — " Groceries (30 firms)	155	137	109	101	98
" — " Hardware (30 firms)	137	127	173	118	102
" — " All (69 firms)	164	147	137	110	105
" —Chain Drugs (5 firms)*	173	156	131	108	105
" — " Groceries (4 firms)	150	150	137	116	101
Building Contracts (Total)	119	381	149	200	108
" " (Residential)	145	136	211	249	157
Production—Coal (O., W. Pa., E. Ky.)	126	154	124	121	134
" —Cement (O., W. Pa., E. Ky.)**	129	222	196	183	164
" —Electric Power (O., Pa., Ky.)**	a	176	160	134	123
" —Petroleum (O., Pa., Ky.)**	105	100	99	98	103
" —Shoes	a	82	89	65	79

* Per individual unit operated.

** October.

a Not available.

Debits to Individual Accounts

(Thousands of Dollars)

	November 1943	% change from 1942	Jan.-Nov. 1943	Jan.-Nov. 1942	% change from 1942
Akron	168,146	+22.2	1,920,480	1,399,069	+37.3
Butler	17,167	+37.5	170,979	144,946	+18.0
Canton	70,354	+12.4	803,200	701,921	+14.4
Cincinnati	561,696	+ 5.8	6,356,089	5,638,717	+12.7
Cleveland	1,198,422	+23.6	12,847,240	10,567,349	+21.6
Columbus	284,985	+12.2	3,167,100	2,672,130	+18.5
Covington-Newport	23,137	+10.5	a	a	a
Dayton	135,793	+18.2	1,534,757	1,237,625	+24.0
Erie	57,403	+12.4	659,403	532,710	+23.8
Franklin	5,393	+30.0	57,125	51,198	+11.6
Greensburg	10,730	+17.3	116,525	113,866	+ 2.3
Hamilton	19,436	— 1.1	221,418	197,329	+12.2
Homestead	4,991	+18.8	51,948	51,373	+ 1.1
Lexington	24,798	— 5.1	341,809	300,000	+13.9
Lima	24,050	— 5.1	263,961	238,024	+10.9
Lorain	7,355	+17.5	79,368	74,112	+ 7.1
Mansfield	18,333	+20.3	a	a	a
Middletown	19,035	+10.8	218,426	204,902	+ 6.6
Oil City	14,529	+16.0	172,132	145,686	+18.2
Pittsburgh	1,211,064	+12.4	13,573,577	11,705,764	+16.0
Portsmouth	9,914	+ 5.6	a	a	a
Sharon	15,630	+ 8.1	166,038	153,761	+ 8.0
Springfield	36,428	+45.1	347,081	278,285	+24.7
Steubenville	12,337	+ 7.9	138,947	128,848	+ 7.8
Toledo	227,297	+13.8	2,548,699	2,227,235	+14.4
Warren	22,180	+ 5.1	261,788	226,659	+15.5
Wheeling	37,452	+13.2	430,224	351,660	+22.3
Youngstown	77,797	+11.0	905,293	801,243	+13.0
Zanesville	11,736	— 0.3	140,622	125,392	+12.1
Total	4,327,588	+14.9	47,494,229	40,269,804	+17.9

a Not available.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Nov. 1943	% change from 1942	Jan.-Nov. 1943	% change from 1942
Bank Debits—24 cities $	4,250,000	+15	47,212,000	+18
Savings Deposits—end of month: 39 banks O. and W. Pa. $	922,236	+15	....	....
Life Insurance Sales: Ohio and Pa. $	90,029	+38	923,454	+12
Retail Sales:				
Dept. Stores—97 firms $	50,248	+18	418,076	+10
Wearing Apparel—16 firms $	2,273	+31	18,882	+25
Furniture—78 firms $	2,779	+ 3	30,138	— 1
Building Contracts—Total $	28,984	—69	245,235	—64
" " —Residential $	11,198	+ 7	94,466	—39
Commercial Failures—Liabilities $	210	— 1	2,755	—44
Commercial Failures—Number	12	—66	152	—66
Production:				
Pig Iron—U. S. Net tons	5,096	-0-	56,564	+ 3
Steel Ingot—U. S. Net tons	7,357	+ 2	81,589*	+ 4
Bituminous Coal—O., W. Pa., E. Ky. Net tons	15,802	—18	199,419	— 3
Cement—O., W. Pa., W. Va. Bbls.	1,064a	—42	10,078b	—23
Elec. Power—O., Pa., Ky. Thous. k.w.h.	3,036a	+13	28,249b	+13
Petroleum—O., Pa., Ky. Bbls.	2,314a	+ 4	22,551b	+ 4

a October

b January-October

* Revised

Indexes of Department Store Sales

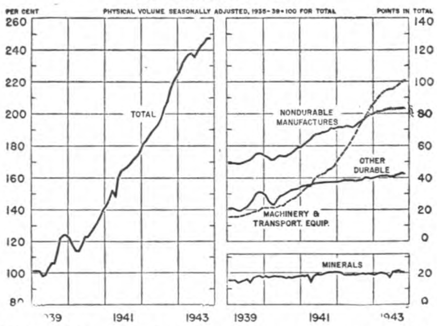
Daily Average for 1935-1939=100

	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	Nov. 1943	Oct. 1943	Nov. 1942	Nov. 1943	Oct. 1943	Nov. 1942
SALES:						
Akron (6)	262	226	234	232	213	207
Canton (5)	273	236	252	241	214	223
Cincinnati (9)	215	179	192	179	162	160
Cleveland (10)	213	177	187	205	183	179
Columbus (5)	242	201	198	212	194	173
Erie (3)	262	215	236	245	199	221
Pittsburgh (8)	188	162	168	176	149	157
Springfield (3)	272	229	213	254	208	199
Toledo (6)	221	189	186	203	166	171
Wheeling (6)	174	150	143	166	153	137
Youngstown (3)	226	189	195	209	178	180
District (97)	212	180	187	193	172	170
STOCKS:						
District (51)	163	168	181	142	146	158

Summary of National Business Conditions

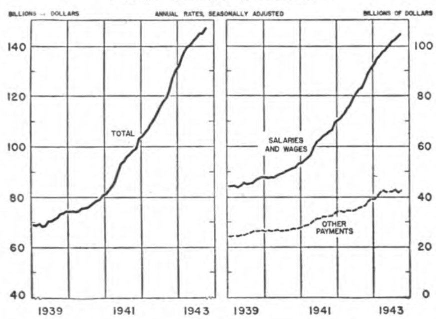
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



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

INCOME PAYMENTS TO INDIVIDUALS

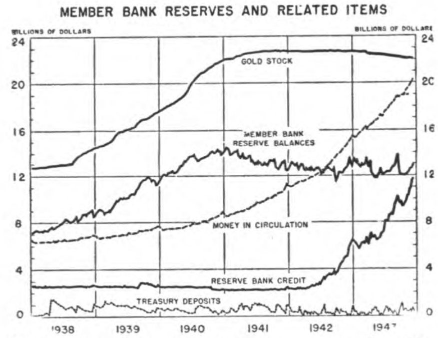


Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for October 1943.

MEMBER BANKS IN LEADING CITIES

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 December 15, 1943

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for December 15, 1943.

Industrial activity was maintained at a high level in November and the early part of December. Value of retail sales during the Christmas buying season has been larger than last year's record sales.

Industrial production

Industrial production in November was at 247 per cent of the 1935-39 average, the same as in October and 2 points higher than in September, according to the Board's seasonally adjusted index. Further increases in munitions production in November were offset in the total index by smaller output of coal and steel.

The reduction in steel output from the high October rate was small and reflected partly a decline in war orders for some types of steel products. Activity in the machinery and transportation equipment industries continued to rise in November. The Board's machinery index, which had been stable from April to August, advanced 5 per cent in the past 3 months as a result of increases in output of electrical equipment and other machinery, which includes aircraft engines.

Total output of nondurable goods in November continued at the level of recent months. Activity in woolen mills showed little change as increased production of civilian fabrics, resulting from the lifting of restrictions on the use of wool, offset reduced output of military fabrics. Production of manufactured food products continued at a high level. Federally inspected meat production in November was one-fourth larger than a year ago. Newsprint consumption in November declined to a level 15 per cent below the same month last year. Output in the rubber products and petroleum refining industries continued to increase.

Coal production increased sharply in the latter part of November but for the month as a whole bituminous coal output was down 9 per cent from October and anthracite 19 per cent. In the early part of December output of bituminous coal was at the highest rate in many years.

Distribution

Notwithstanding a reduced selection of merchandise, department store sales in November were about 10 per cent greater than the large volume of sales in November 1942, and in the first three weeks of December sales were about the same as a year ago. Value of department store stocks at the end of October was reported to be 9 per cent smaller than a year ago and it is estimated that, contrary to the usual seasonal movement, stocks declined in November.

Freight carloadings were maintained in large volume in November and in the first half of December. Loadings of coal during the four weeks ending December 11 were at the highest rate in many years, following a sharp drop in the first half of November. Shipments of grain and livestock were in unusually large volume for this time of year.

Commodity prices

Grain prices continued to advance from mid-November to mid-December and reached levels more than one-fourth higher than a year ago. Wholesale prices of other farm and food products showed little change, while prices of various industrial commodities, including coal, were increased somewhat.

The cost of living, which had increased .4 per cent in October, declined .2 per cent in November, according to the Bureau of Labor Statistics index.

Bank credit

Excess reserves at all member banks fluctuated around one billion dollars in November and December, maintaining an average level slightly below that which prevailed during the previous month. During the five weeks ending December 22, reserve funds were absorbed by a pre-holiday rise in money in circulation of about 800 million dollars, and required reserves continued to increase as Treasury expenditures transferred funds from Government accounts to private deposits. Needed reserves were supplied to member banks through an increase of 1.7 billion dollars in Government security holdings at the Reserve Banks. Additions to Treasury bill holdings accounted for the larger part of the increase, but certificate holdings also rose substantially.

During November and the first half of December, loans and investments at reporting member banks in 101 leading cities declined by around 2½ billion dollars, after increasing by 6¼ billion in September and October. Holdings of all types of Government securities decreased. Bill holdings, mainly because of sales to the Reserve Banks, showed the largest decline. Loans for purchasing or carrying securities continued to decline over the period.