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Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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FINANCIAL

Deposit Growth One of the significant developments of recent weeks is the resumption of the growth of total bank deposits at weekly reporting member banks. The expansion since the recent January 12 low has been in excess of six percent (to March 15), or slightly above the average for all weekly reporting banks.

The $293,000,000 increase in this district's weekly reporting banks' total deposits was made up as follows:

Changes in Deposits—January 12, 1944 to March 15, 1944

Type of Deposit	Increase	Decrease
U. S. Government	$279,000,000	
Time	21,000,000	
Domestic Bank	16,000,000	
Demand		$23,000,000
Net	$293,000,000	

The disproportionate rise in Government deposits is readily explainable as the result of the Fourth War Loan. Failure of demand deposits of individuals, partnerships, and corporations to grow during this interval is attributable not only to War Loan subscriptions, but also in part to internal revenue collections.

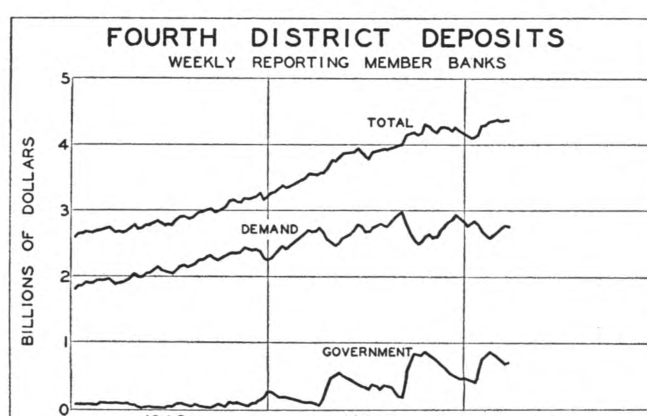
Ebb and Flow of Reserve Requirements Government deposits with fourth district weekly reporting member banks stood at $847 millions on February 16—virtually equal to the peak attained last October during the Third War Loan Drive. Over half of those deposits, exempt from reserve requirements, came into existence during the Fourth War Loan. Much of the increase represented merely a transfer from demand and time accounts to the credit of the Government. A sizable portion will be disbursed between now and the next War Loan Drive. By virtue of such disbursement, a large share of those deposits will become payable to individuals, corporations, etc., and will therefore become subject to reserve requirements.

The drop in demand deposits of individuals, partnerships, and corporations at the same banks was only $241 millions during the most active phase of the Fourth Drive. Among other reasons for this ostensible discrepancy is the fact that there was a concurrent expansion of over $60 millions in loans secured by Government obligations, creating an equivalent volume of deposits in the banking system. Ownership of most of this $60 million credit extension was undoubtedly conveyed to the Government by the borrowers as they took delivery of their subscriptions.

Another offsetting factor was the purchase of $185 millions of various types of Government obligations by the same banks. Direct subscriptions to securities offered in the drive by commercial banks were sharply restricted and could be entered only to the amount of $200,000, or ten percent of such banks' savings deposits, whichever was smaller. This limitation did not, however, prohibit the purchase of eligible securities, outstanding before the Drive began, from noncommercial-bank sellers, many of whom engaged in some security liquidation so as to be able to purchase larger amounts of the new offerings.

Even though total deposits of fourth district weekly reporting banks rose rather rapidly during the Drive, reserve requirements diminished because of the concurrent decline in non-Government deposits. For all fourth district member banks, such requirements declined from $871 millions as of the last half of December to $816 millions for the second half of February.

A reversal of that trend has set in. Withdrawals by the Treasury from War Loan accounts during the short period elapsed since the Fourth Loan have averaged about $40 millions per week from fourth district reporting banks, but reserve-requiring demand deposits have risen even



more rapidly. Proceeds of the Third Loan were withdrawn at a rate of $35 millions per week from October 20 to January 19 from the same banks. A continuation of that $40 millions-per-week transfer of Government deposits into privately-owned deposits would cause an increase of $45 to $50 millions in reserve requirements during the next two months or so, for all member banks of this district. Even though total deposits should not fluctuate noticeably, the substantial shift of deposits from an exempted category into one against which reserves are required may conceivably cause requirements to rise to new high levels before the next War Loan.

This ebb and flow of reserve requirements of the past twelve months is an inevitable consequence of the policy, made effective on April 13, 1943, of removing reserve requirements with respect to Treasury deposits.

Member Bank Credit There has been some increase in the volume of commercial loans outstanding at weekly reporting member banks of the fourth district in recent weeks, the total as of March 22 being at the highest level of the year to date and 13 percent above last year at that time. Loans to brokers and others for the purpose of carrying Government securities receded from their recent peak in mid-February, the decline amounting to about ten percent.

Considerable shifts in member banks' investment accounts resulted from the large exchange of maturing and redeemable issues of Government securities for the new 1½ percent note. Treasury bond holdings declined slightly, certificates of indebtedness showed little change, and Treasury note holdings increased rather sharply. Investments in guaranteed issues dropped appreciably. Treasury bill holdings, although down from the peak this year which occurred at the end of the War Loan Drive as member banks adjusted their investments to the easier reserve position, were still relatively large by comparison with last year and the beginning of 1944. Member banks' total investments in Government securities on March 22 were at a new all-time high level and were nearly 50 percent larger than a year ago at that time. Holdings of securities other than Governments continued to decline slowly and on the latest date were eleven percent smaller than a year ago.

Currency in Circulation To the extent that currency continues to flow from banks, the growth in bank deposits is slowed down, and reserves of member banks are reduced. Judging by the trend of note circulation of this bank, demand for currency so far this year has been greater than in the comparable period of 1943. Rising $50 millions between January 1 and March 15, to a record high of $1,554 millions, circulation was $380 millions, or 32 percent higher than a year ago. In more normal times there is a decrease in circulation in the early months of the year as currency to cover the fall marketing of crops and holiday business is returned to the banking system. Note circulation of the Cleveland bank did decline $5 millions in the week of March 22, reflecting in part the payment of March 15 income taxes by the surrender of cash.

UNEMPLOYMENT IN OHIO

Unemployment in Ohio reached its wartime low (to date) last November, judging by reports of the number of individuals receiving compensation from the Ohio Bureau of Unemployment Compensation. Since that time there has been a moderate increase in the number receiving benefits and the dollar amount of benefits paid out.

The first benefit check was paid out by the Bureau on January 31, 1939. At that time approximately 1,300,000 employees were covered by this insurance. By December 1941, coverage had increased to 1,850,000 employees, and the current figure probably is in excess of 2,000,000.

Employees who are without employment do not receive benefit payments unless their unemployment extends beyond two weeks. Meanwhile the United States Employment Service (USES) endeavors to find other gainful employment for applicants. In cases where such placements are found within the two-week waiting period, no benefit payments are forthcoming. The amounts shown below, therefore, were paid out presumably to those who were unemployed and unable to find work to which they were adapted.

The range of monthly benefit payments and number of recipients, from the high of 1940 to last November's low, has been as follows (including recent months):

	Net Benefit Payments	Average Weekly Number of Benefit Recipients
April, 1940	$2,800,000	65,800
November, 1943	51,000	814
December, 1943	81,000	1,130
January, 1944	121,000	2,020
February, 1944	159,000	2,620

Clearly the increase since November has been extremely moderate in relation to the preceding 3½-year shrinkage. Only about four points of the 98 percent decline since April 1940 have been retraced. Moreover, there is difference of opinion as to whether the real peak in employment has passed or whether this mild rise in unemployment compensation is of no cyclical significance.

Perhaps for the State as a whole, this latter conclusion is a valid one. On the other hand, it is quite within the realm of probabilities that certain communities have already passed the peak of employment. It is inconceivable that the war production crest will be reached in all localities simultaneously; some communities' post-war plans will be put to test months before the problem becomes real for others.

It so happens that out of the 2,620 persons receiving compensation in February from 51 Bureau offices in Ohio, nearly one half were concentrated in areas served by only eight offices. The following tabulation shows the number of such unemployed in February, as against the preceding month and in contrast to respective wartime lows to date:

Office	Number of Benefit Recipients During: Feb. 1944	Jan. 1944	1943 Low
Marion	207	148	1 (Nov.)
Cincinnati	200	221	65 (Nov.)
Canton	188	108	5 (Sept.)
East Liverpool	135	37	2 (Nov.)
Ironton	127	111	30 (June)
Zanesville	124	73	28 (Nov.)
Chillicothe	118	85	25 (June)
Portsmouth	108	95	66 (July)
	1,207	878	222

In comparison with the foregoing, the Akron and Dayton offices reported only sixteen and ten recipients, respectively, in February.

Relatively there is no unemployment problem in any of these eight localities. Perhaps through new or renewed Government contracts or other arrangements and developments, some re-employment of those receiving benefit payments has materialized since mid-February, although in only one out of the eight centers was there any improvement in February over the previous month. In all instances the increase in unemployment since the 1943 low has been quite noticeable. Apparently contract cancelations, raw material or fuel shortages, and other disruptions can bring about unemployment of more than nominal dimensions.

On former occasions when industrial activity reached its peak and then declined, many localities, even though aware of a change, found it rather difficult to measure the magnitude of the problem either current or prospective. In making basic decisions of policy, analysts were obliged to rely on opinion as to underlying conditions and existing trends. Moreover, it was almost impossible to assay the efficacy of any specific program undertaken to counteract unemployment.

Now that unemployment statistics are being made available promptly, month by month, on an almost county-by-county basis for Ohio, some light can be shed on a blind spot. The rate at which industrial dislocations and readjustments may be developing in each of the 51 reporting localities is now partly measurable statistically.

MANUFACTURING, MINING

Manpower Manpower is now the most acute of all war-time shortages, in spite of cutbacks and contract cancelations. Rumors of shifts in war production are reported as being a factor in increased labor turnover as workers, anticipating an early end to hostilities, tend to seek employment that promises security in the post-war period. Women also are reported leaving war industries in increasing numbers. The manpower problem is confused by the apparent contradictions and misunderstanding extant in the field. Further inroads by the draft into industry are almost certain to complicate the production problem if formerly-deferred employees are to be taken to supply military manpower requirements. These employees would logically be men in key positions in their respective industries, valuable, and extremely difficult to replace in the current labor market. Several of the basic industries such as transportation, coal, rubber, pulp, and lumber have clearly indicated that their operations have been limited by an inadequate labor force. In this district, areas of acute labor shortages as announced by the War Manpower Commission increased March 1 with the addition of Lima, Ohio, to Group I classification.

With large supplies now built up, the military authorities appear willing to accept a decline in production in some fields in order that draft quotas may be met. However, if a decline in total production results, any military needs would probably take precedence over civilian requirements in a market of diminished total supply. The difficulty that will be encountered then is that the more civilian needs unsatisfied, the less efficient may be the labor force. For example, if the production of tires is curtailed by a shortage of skilled workers, out of the total number of tires manufactured the military needs will of necessity be met and the decline in production will affect the number available for civilian use. A decline in the number of tires available for civilians may be reflected in increased absenteeism or labor turnover as a result of transportation difficulties. Out of all the confusion in the field, it appears certain that manpower will continue to be a major problem for industry and the nation in 1944.

Iron and Steel The steel market continues to be dominated by war requirements of sheets and plates. The period of uncertainty in January of this year, caused by adjustments in the requirements of the armed forces which entailed considerable cancelations and cutbacks of contracts, has been replaced by the crowded condition of mill orders characteristic of last year. February plate production totaled 1,122,000 tons, representing a decline of 51,000 tons from the January 1944 total of 1,173,000 tons. When considered on a daily basis (due to shorter month), February production of plates represents a slight increase over January. At present, mills offer little tonnage for delivery before the last of the third quarter of the year, at which time additional capacity will probably be in production.

February production of steel ingots totaled 7,188,000 tons, an increase of 365,000 tons over February 1943. Pig iron production for February totaled 5,083,000 tons, an increase over production for the same month last year of 317,000 tons. Raw materials are in sufficient supply and blast furnaces are not returned to service after repairs. This is in marked contrast to conditions in the same period last year when strict allocation of both scrap and pig iron prevailed and producers were pressed for capacity production.

Stocks of iron ore at furnaces and on Lake Erie docks totaled 28,910,000 tons on March 1, 1944. Consumption of ore has been averaging slightly more than 7,000,000 tons per month, and supplies are ample to tide the industry over until the 1944 movement of ore begins in April.

Lake shippers are anticipating an early start for a season expected to break all previous records of total tonnage moved. Ice conditions generally are much more favorable than last year and, with additional ship capacity available, shippers anticipate a traffic totaling 192 million net tons of ore, coal, grain, and limestone. The goal for iron ore has been set at 90 million tons. Chief among the problems of shippers is manpower. Slightly more than half the total force of officers and seamen of 33 companies are subject to the draft. These companies operate 367 ships and handle a major share of most of the traffic. The problem is further complicated by the fact that draft boards having jurisdiction over draft-eligible members of the lake shipping force are scattered over an estimated 28 to 30 states. Seamen of ocean-going vessels are exempt from call by local Selective Service Boards if they join the Maritime force before being classified 1-A.

Coal Coal production continued at high levels in the face of inroads by the draft, shifts to other occupations, and a rise in absenteeism. Increased mechanization of mines and a greater number of hours worked, as compared with last year, were responsible for the gains in production. One large company in this district, in its annual report for 1943, disclosed that, out of a total working force of 7,401 men, 249 entered the armed services, and ten times that number left to enter other industries during the year. Another operator in this district reports that absenteeism continues to run high and averaged between 15 and 22 percent during the latter part of February. A year ago this figure was around nine percent for the bituminous coal industry as a whole. The Bureau of Labor Statistics states that, in every month except one, for which data are available, absenteeism in the bituminous coal field led all other industries.

Bituminous coal production in the Fourth Federal Reserve District totaled 19,510,000 tons in February 1944. This represents an increase of approximately 1,200,000 tons over production for the same month last year. Coal production is expected to continue at high levels and lake shippers anticipate moving more than 53,500,000 tons in the coming season. Based on experience of previous years, approximately 9 percent of this total will originate in Ohio fields, 19 percent in Pennsylvania, 53 percent in West Virginia (principally the southern fields), and approximately 19 percent in Kentucky, Tennessee, and Virginia.

Production of coal in Ohio continues a well-defined trend toward increased output by strip mines. In 1939, of a total of 20,290,000 tons mined in the State, 20.6 percent originated in strip mines. In 1940, 22.2 percent of the total output of the State came from strip mines. In 1941, the percentage increased to 25 percent and in 1943, 28 percent of a total of 30,400,000 tons mined in the State came from strip mines. Harrison and Jefferson counties accounted for more than 60 percent of total output of all strip mines in the State. From the standpoint of total production, Belmont, Harrison, and Jefferson counties accounted for 19,600,000 tons, or 64 percent, of the total mined by all methods in the State for 1943.

Other Manufacturing Chinaware and pottery manufacturers report orders continue to exceed shipments. Currently, a backlog of from 12 to 18 months' orders are on file. Production is hampered by the tight manpower situation and, with the extension of the draft into previously deferred groups, all indications point toward an even more critical labor situation. After March 31, the industry will no longer be obliged to utilize stand-by equipment largely dependent upon fuel oil, as gas will be available.

The basic shortage of many other district manufacturers is manpower. Leather goods and shoes, textiles and clothing, paper and paperboard manufacturers report an increasingly critical labor situation. In addition to the manpower problem, paperboard mills report that operations are further restricted by the shortage of the necessary supplies of pulpboard, pulp, and waste paper. The requirements of the armed forces for paper and paperboard used in packaging for overseas shipments will probably continue to expand, and there is a growing feeling in the industry that strict allocation of production will be in force in the industry by late spring. The packaging problem is further complicated by the shortage of lumber and the enormous expansion in the use of lumber for crates. This shortage will place an added burden on the paper industry already beset by the same problem as the lumber industry: the acute manpower shortage prevailing at the source of supply—there are not enough men to get the timber out of the woods to supply both the saw mills and the pulp mills.

The best situated of all packaging materials in relation to raw materials has been glass. The production of glass containers has expanded enormously under pressure of wartime needs, and annual production totals have increased steadily from a total of 54,265,000 gross in 1940 to 92,709,000 gross in 1943. January 1944 production totaled 8,203,000 gross, almost a million gross more than in January 1943. Capacity output is expected throughout the coming year.

One of the few manufacturing groups not reporting a manpower shortage is the machine tool industry, where the steady decline in output continues. The preliminary estimate of output for February is $48,000,000 worth of machine tools, a decline of approximately 14 percent from the total for January 1944 and 58 percent under the total for February 1943.

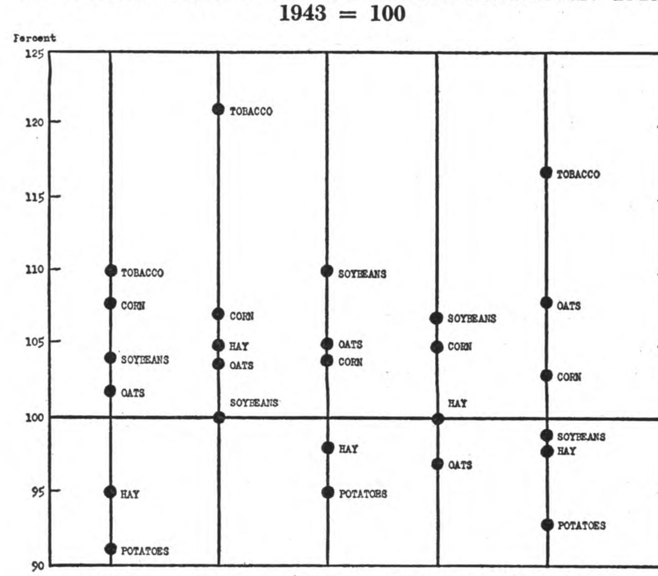
Construction Construction awards, as reported by the *F. W. Dodge Corporation* for the fourth district, continued to decline and totaled $5,814,000 in February. This was approximately $9,000,000 less than the total for January and $10,500,000 under the total for February 1943. Residential construction accounted for 49 percent of the awards for February.

AGRICULTURE

Farmers' Prospective Plantings Crop planting intentions of farmers are tempered to a considerable extent this year by uncertainty with regard to prospective supplies of labor, machinery, and livestock feed. This cautious attitude was clearly evident among the reports to the United States Department of Agriculture made by about 68,000 farmers as of March 1.

A summary of these reports indicates that a great many farmers realize they individually are faced both by a shortage of feed for the livestock and poultry on their farms and by a tight labor situation that may not be greatly relieved by the amount of new machinery that will be avail-

PROSPECTIVE 1944 PLANTINGS AS A PERCENTAGE OF ACREAGE PLANTED IN 1943 1943 = 100

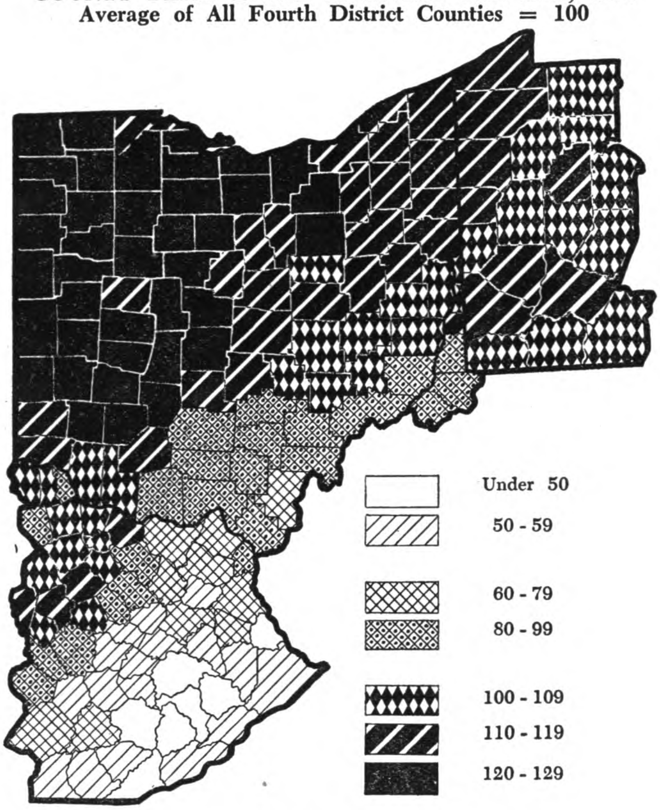


able in time for this season's crops. In consequence, farmers' plans show that, although they will do what they can to produce needed crops, they are compelled to give first attention to what they as individuals will be able to accomplish. Their planting intentions indicate a widespread shifting to crops for which adequate machinery and equipment is available and which will require a minimum dependence upon labor other than that which can be provided by their own families.

Reflecting the national picture, the prospective plantings of grains and tobacco in the States of the Fourth Federal Reserve District, in the main, exceed last year's actual planted acreage (see chart). On the other hand, this year's prospective acreage of hay and potatoes in most of the fourth district States is less than the plantings of a year ago. A condition not shown by the chart, but one which illustrates the attitude of caution mentioned above, is the fact that the prospective plantings of several crops do not meet Government acreage goals set up last fall. Intended hay acreages, for example, are below the goals established in Ohio, Kentucky, and West Virginia.

Levels of Living on Farms During the last two decades, rural level-of-living studies have developed from abstract discussions to technical investigations capable of providing useful information to agricultural science. As the methods of deriving level-of-living data have been improved, opportunities for the practical application of such data have become more evident. For example, research in soil conservation, farm tenancy, farm credit, rural taxation, land use, agricultural migration, and studies in rural social and educational institutions,

COUNTY FARM LEVEL-OF-LIVING INDEXES, 1940
Average of All Fourth District Counties = 100



Source: Bureau of Agricultural Economics

all provide fertile fields for use of level-of-living facts. Wartime and post-war planning in these areas should find level-of-living information a valuable asset.

Recently the Bureau of Agricultural Economics has completed a nation-wide study of this important component of rural welfare. Data from the 1940 Censuses of Population, Housing, and Agriculture have been combined into an index of average level of living for the farm families of each county in the United States. In computing the indexes, five census items were selected from the group of items which indicate rural levels of living. These were: (1) Percentage of farms with gross income of more than $600; (2) Median grade of school completed by persons 25 years of age and older; (3) Percentage of occupied dwelling units with fewer than 1.51 persons per room; (4) Percentage of dwelling units with radios; (5) Percentage of farms reporting autos of 1936 or later models.

According to the Bureau of Agricultural Economics, "the use of these items does not mean that the concept of level of living of farm families involves only these items. * * * The level of living measured by these indexes is a composite of many characteristics, some of them measurable, some perhaps not measurable, which tend to be present when the index items are present. For example, in a county where the median grade of school completed by farm people 25 years of age and older is relatively high, the proportion completing college will likely be high also, probably the proportion of time spent in reading will be high, and we should expect to find a greater than average degree of participation in the various organizations of the rural communities of the county. * * * The numerous associated characteristics will not be found invariably, but on the average, many other elements making for a higher level of living tend to occur in the same counties which have high values on the items included in the index."

The level-of-living indexes which were prepared by the Bureau of Agricultural Economics varied widely among the counties of the Fourth Federal Reserve District (see map). The range was from a low of 39 in Leslie County, Kentucky, to a high of 128 in Hancock County, Ohio. The average of the indexes for all counties in the fourth district was 100. The various sections of the district averaged: Ohio—114; Kentucky—75; Pennsylvania—108; West Virginia—96.

When examining the map it should be kept in mind that, strictly speaking, it does not indicate whether the various levels of living extant within the fourth district in 1940 were desirable or undesirable. It shows only the levels of living in different counties relative to one another. It is conceivable that, compared to other parts of the United States, all counties in the fourth district may have been relatively high or relatively low. As a matter of fact, however, the range of living levels in the fourth district was about the same as for the bulk of the counties in the entire United States, and the average of levels for the district approximated closely the United States average. Therefore, it would seem in line with both district and national standards to characterize the low index counties as relatively undesirable from the point of view of their farm level of living, and high index counties as relatively desirable.

The following tabulation affords a clearer picture of what the indexes of various heights involved. Leslie County, Kentucky, had the lowest farm level-of-living index in the fourth district; Hancock County, Ohio, had the highest; and Noble County, Ohio, had an index of 100.

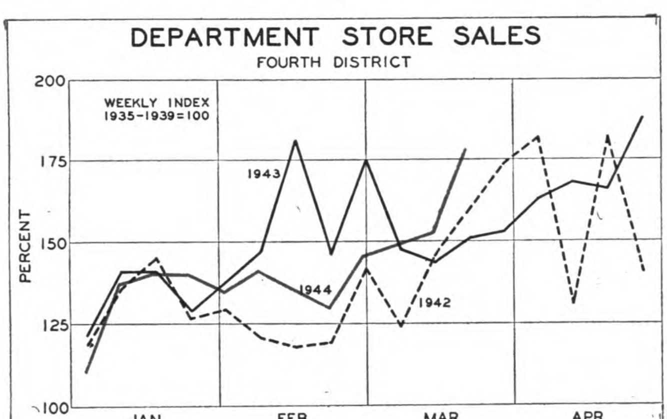
	Leslie County	Noble County	Hancock County
Percentage of farms with gross incomes of more than $600	8	42	86
Median grade of school completed by persons of 25 years of age and older	6	8	8.5
Percentage of farm dwellings with 1.5 or fewer persons per room	33	95	97
Percentage of farm dwellings with radios	21	64	88
Percentage of farms with automobiles of 1936 or later models	43	34	46

TRADE

Retail February sales at department stores in this district were at the level of those for the previous month. Since sales are usually somewhat larger than in January, this was contraseasonal; and, as a result, the adjusted index declined 13 points, but still was 165 percent of the 1935-39 daily average. Total sales last month were twelve percent less than those of February 1943, when the start of shoe rationing contributed to heavy purchases of all apparel items. Departments selling clothing reported sharp year-to-year decreases in their business. Sales of women's coats and suits were down 34 percent, dresses 15 percent, furs 37 percent, women's and children's shoes 25 percent, and men's and boys' wear 26 percent. These declines reflected the fact that sales in all these departments were substantially greater during February last year than they had been for some time.

Merchants in Columbus experienced a slight increase in their dollar volume last month compared with February a year ago, while sales in all other reporting cities of the district were smaller. These decreases ranged from 3 percent in Wheeling to 17 percent in Akron. Sales in Cleveland were down 15 percent, Pittsburgh 14 percent, and Cincinnati 7 percent.

As shown on the accompanying chart, sales during the first part of March showed improvement over the level of February and were considerably larger than March 1943 volume. During the two weeks ended March 18, 1944, department stores experienced a gain of eleven percent in their sales, compared with the corresponding period a year ago. This increase is partially explained by the earlier date of Easter this year than last. A considerable share of the apparel buying that occurred during April 1943 has been shifted to March this year. However, sales during early March were larger than those of the same period of 1942, when Easter occurred four days earlier than this year.



Fourth district retailers continued to experience these recent gains in their business, compared with the comparable periods a year and two years ago, despite reduced inventories of many types of merchandise that usually accounted for a large portion of total store business. Stocks of major household appliances were 66 percent smaller on last February 29 than they were at the close of the same month last year, and down 90 percent from 1942. Departments selling floor coverings had 41 percent less merchandise on hand this year than last, while furniture stocks were down 8 percent. These decreases were reflected in the eleven percent year-to-year decline in total housefurnishings sales during February.

The reduced inventories of articles for the home were more than offset by the enlarged stocks of women's wear, and it was the latter that enabled stores to transact a record-high volume of business during recent months. At the end of last month, stocks of women's apparel and accessories were 46 percent greater than they had been on February 28, 1943. Departments featuring coats, suits, dresses, millinery, leather goods, and infants', juniors', and girls' wear all had substantially greater amounts of merchandise on hand this year than last. Men's and boys' apparel stocks were only slightly larger.

Total store inventories were up 14 percent from a year ago and 8 percent from January 31, 1944. This month-to-month increase was seasonal and the adjusted stocks index for February remained at 158 percent of the 1935-39 base, after rising during the previous two months.

Wholesale Sales at 158 wholesale firms in the fourth district were nine percent larger during this February than last, according to *Department of Commerce* reports. Sales of paints and varnishes were up 43 percent, paper products 36 percent, drugs 17 percent, and hardware 8 percent. Firms selling electrical goods, lumber, and building materials experienced year-to-year declines in their business.

Wholesale inventories at the end of February were slightly larger than they were on the first of the month and up eight percent from February 28, 1943.

Fourth District Business Indexes

(1935-39=100)

	Feb. 1944	Feb. 1943	Feb. 1942	Feb. 1941	Feb. 1940
Bank Debits (24 cities)	200	157	138	111	97
Commercial Failures (Number)	9	40	61	100	79
Commercial Failures (Liabilities)	5	28	28	80	64
Sales—Life Insurance (O. and Pa.)	112	89	103	94	89
" —Department Stores (97 firms)	132	155	120	98	84
" —Wholesale Drugs (7 firms)	161	137	120	106	112
" — " Dry Goods (4 firms)	173	172	160	111	94
" — " Groceries (34 firms)	152	139	127	96	92
" — " Hardware (25 firms)	163	151	170	121	87
" — " All (70 firms)	161	147	141	106	93
" —Chain Drugs (5 firms)*	161	162	140	121	107
" —Chain Groceries (4 firms)	147	152	138	111	102
Building Contracts (Total)	24	67	135	115	76
" " (Residential)	37	114	238	133	108
Production—Coal (O., W. Pa., E. Ky.)	156	147	131	127	113
" —Cement (O., W. Pa., E. Ky.)**	60	121	119	73	79
" —Elec. Power (O., Pa., Ky.)**	206	186	167	143	130
" —Petroleum (O., Pa., Ky.)**	97	96	96	95	96
" —Shoes	90	83	88	114	111

* Per individual unit operated.
** January.

Wholesale and Retail Trade

(1944 compared with 1943)

Percentage Increase or Decrease

	SALES February 1944	SALES first 2 months	STOCKS February 1944
DEPARTMENT STORES (97)			
Akron	—17	—11	+ 7
Canton	—10	— 7	a
Cincinnati	— 7	— 4	+19
Cleveland	—15	—10	+10
Columbus	+ 1	+ 3	+33
Erie	— 9	— 5	+ 6
Pittsburgh	—14	— 8	+ 8
Springfield	—10	— 4	a
Toledo	— 4	+ 2	+18
Wheeling	— 3	+ 3	+40
Youngstown	—10	— 4	a
Other Cities	—18	—13	+23
District	—12	— 7	+14
WEARING APPAREL (16)			
Canton	— 4	+ 1	+33
Cincinnati	—32	—24	—12
Cleveland	a	a	+29
Pittsburgh	— 5	+ 5	+46
Other Cities	—28	—18	+40
District	—17	—10	+27
FURNITURE (75)			
Canton	+ 2	+11	—22
Cincinnati	—24	—15	—32
Cleveland	—16	—13	—36
Columbus	+ 9	+ 8	—25
Dayton	—29	—26	a
Pittsburgh	— 4	— 1	—37
Toledo	— 3	— 4	a
Other Cities	—11	—13	—31
District	— 9	— 7	—32
CHAIN STORES*			
Drugs—District (5)	—0—	—0—	a
Groceries—District (4)	+ 3	+ 2	a
WHOLESALE TRADE**			
Automotive Supplies (9)	+16	+23	— 3
Beer (4)	+ 1	+10	—48
Confectionery (4)	+10	+20	a
Drugs and Drug Sundries (7)	+17	+16	+17
Dry Goods (4)	+ 1	+ 3	—25
Electrical Goods (11)	—17	—16	—18
Fresh Fruits and Vegetables (5)	+ 1	+ 6	+ 7
Grocery Group (34)	+ 9	+10	+24
Total Hardware Group (25)	+ 8	— 2	+ 4
General Hardware (8)	+20	+11	+ 3
Industrial Supplies (10)	— 9	—12	+ 8
Plumbing & Heating Supplies (7)	+ 3	—10	+ 7
Jewelry (3)	+ 4	—32	a
Lumber and Building Materials (3)	— 5	a	a
Meats and Meat Products (5)	+35	+35	+31
Paints and Varnishes (5)	+43	+26	a
Paper and its Products (6)	+36	+31	a
Tobacco and its Products (13)	+ 2	— 2	+ 4
Miscellaneous (20)	+ 5	+ 8	+18
District—All Wholesale Trade (158)	+ 9	+ 8	+ 8

* 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 Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Feb. 1944	% change from 1943	Jan.-Feb. 1944	% change from 1943
Bank Debits—24 cities ....$	4,448,000	+27	9,189,000	+25
Savings Deposits—end of month: 39 Banks O. and W. Pa. ......$	964,108	+16		
Life Insurance Sales: Ohio and Pa. ......$	94,315	+25	180,745	+24
Retail Sales:				
Dept. Stores—97 firms ......$	31,236	—12	62,323	— 7
Wearing Apparel—16 firms...$	1,477	—17	2,997	—10
Furniture—75 firms ......$	1,999	— 9	3,749	— 7
Building Contracts—Total ....$	5,814	—65	20,612	—45
" " —Residential $	2,837	—68	6,360	—53
Commercial Failures—Liabilities ..$	68	—83	159	—78
Commercial Failures—Number.	6	—78	14	—72
Production:				
Pig Iron—U. S. ......Net Tons	5,083	+ 7	10,397	+ 4
Steel Ingot—U. S. ....Net Tons	7,188	+ 5	14,784	+ 4
Bituminous Coal—O., W. Pa., E. Ky. ....Net Tons	19,510	+ 6	39,161	+10
Cement—O., W. Pa., W. Va. ....Bbls.	498a	—50		
Elec. Power—O., Pa., Ky. ....Thous. K.W.H.	3,140a	+11		
Petroleum—O., Pa., Ky. .Bbls.	2,150a	+ 2		
Shoes .... Pairs	b	+ 8	b	+ 6

a January.
b Confidential.

Indexes of Department Store Sales and Stocks

Daily Average for 1935-1939=100

	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	Feb. 1944	Jan. 1944	Feb. 1943	Feb. 1944	Jan. 1944	Feb. 1943
SALES:						
Akron (6)	167	162	211	192	231	242
Canton (5)	168	162	194	230	211	266
Cincinnati (9)	131	138	147	181	186	204
Cleveland (10)	128	129	157	180	158	221
Columbus (5)	152	154	157	221	202	227
Erie (3)	157	153	179	184	206	211
Pittsburgh (8)	120	118	146	135	171	164
Springfield (3)	172	164	199	235	253	272
Toledo (6)	139	131	151	187	190	204
Wheeling (6)	116	108	121	142	180	148
Youngstown (3)	142	139	165	187	183	217
District (97)	132	131	155	165	178	194
STOCKS:						
District (51)	151	140*	133	158	158	139

*Revised.

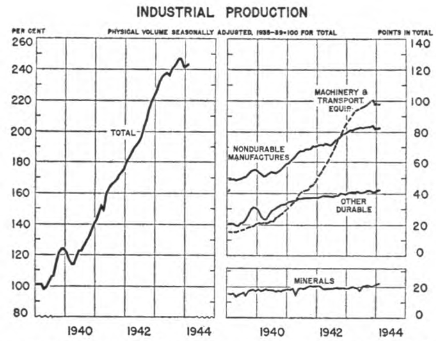
Debits to Individual Accounts

(Thousands of Dollars)

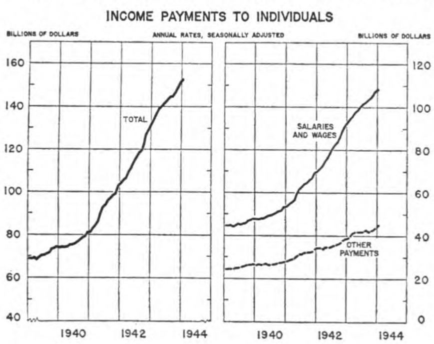
	February 1944	% change from 1943	Jan.-Feb. 1944	Jan.-Feb. 1943	% change from 1943
Akron	168,787	+14.7	347,947	297,350	+17.0
Butler	17,157	+44.0	35,103	24,385	+44.0
Canton	76,257	+25.9	151,243	125,401	+20.6
Cincinnati	565,530	+15.4	1,197,757	1,027,045	+16.6
Cleveland	1,211,646	+36.0	2,486,795	1,919,322	+29.6
Columbus	381,140	+62.5	688,096	470,963	+46.1
Covington-Newport	23,737	+22.9	49,285	40,906	+20.5
Dayton	139,126	+24.9	294,253	236,786	+24.3
Erie	58,217	+21.8	122,345	98,124	+24.7
Franklin	5,486	+33.5	11,727	8,685	+35.0
Greensburg	12,107	+42.8	24,422	18,459	+32.3
Hamilton	19,724	+16.0	39,066	35,965	+ 8.6
Homestead	4,832	+28.5	9,684	7,889	+22.8
Lexington	41,746	+31.8	121,385	102,671	+18.2
Lima	25,043	+16.1	51,137	45,934	+11.3
Lorain	8,467	+52.9	17,895	11,671	+53.3
Mansfield	17,765	+22.4	37,633	29,711	+26.7
Middletown	19,521	+12.1	40,327	35,003	+15.2
Oil City	14,839	+11.7	29,375	26,263	+11.8
Pittsburgh	1,233,712	+21.3	2,607,662	2,103,051	+24.0
Portsmouth	10,025	+18.6	21,333	17,007	+25.4
Sharon	15,590	+22.1	32,375	26,487	+22.2
Springfield	31,808	+23.4	65,243	53,792	+21.3
Steubenville	12,105	+ 6.4	25,163	22,678	+11.0
Toledo	260,111	+24.3	527,934	411,936	+28.2
Warren	23,365	+23.5	45,538	40,000	+13.8
Wheeling	36,399	+20.2	81,517	64,065	+27.2
Youngstown	80,017	+22.6	165,815	137,824	+20.3
Zanesville	12,910	+24.8	25,967	22,135	+17.3
Total	4,527,169	+27.2	9,354,022	7,461,508	+25.4

Summary of National Business Conditions

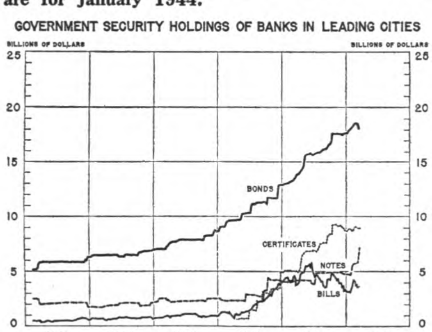
By the Board of Governors of the Federal Reserve System



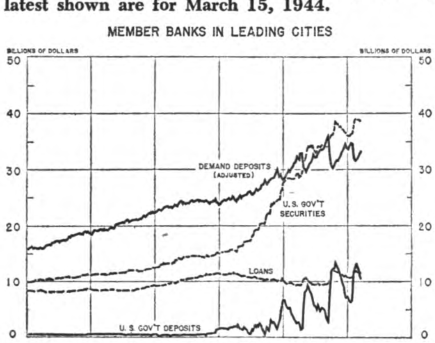
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for February 1944.



Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for January 1944.



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for March 15, 1944.



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 March 15, 1944.

Industrial activity was maintained at a high level in February and the early part of March. Commodity prices and retail sales showed little change.

Industrial production

Output at factories and mines was at about the same rate in February as in January and the Board's seasonally adjusted index advanced 1 point to 243 per cent of the 1935-39 average.

Steel production continued to advance in February and in the first three weeks of March. Output of nonferrous metals showed little change as curtailment of aluminum production offset increases in output of other metals. Magnesium production was ordered curtailed, beginning in March, by approximately 3,000,000 pounds per month or 7 per cent of January output. Activity in the machinery, transportation equipment and other durable goods industries showed little change from January to February.

Output of textile products was maintained at the January level and production of most manufactured food products declined less than is usual at this season. Butter and cheese production continued to increase seasonally in February. The volume of hogs slaughtered under Federal inspection declined 6 per cent from the exceptionally high January level; a much larger decline is usual in this month. Chemical production continued to decline as output of small arms ammunition and explosives was further curtailed.

Fuel production rose slightly in February to a level 10 per cent above the same month last year. Output of bituminous coal and crude petroleum was maintained at a high level, and anthracite coal production increased 19 per cent as a result of a seven-day work week in effect for the month of February.

Distribution

Total retail sales in February continued about as large as in January and exceeded somewhat the volume of a year ago. At department stores sales in February were about 10 per cent smaller than last year when there was a buying wave in clothing. During the first three weeks of March department store sales exceeded the volume of a year ago, reflecting in part the earlier date of Easter this year.

Freight carloadings, after allowance for seasonal changes, were maintained during February and the first two weeks in March in the unusually large volume reached in December and January.

Commodity prices

Prices of cotton and livestock increased somewhat from the middle of February to the middle of March while most other wholesale commodity prices showed little change.

Retail food prices declined 1 per cent from mid-January to mid-February owing chiefly to seasonal decreases in prices of eggs and citrus fruit. Retail prices of most other goods and services advanced slightly.

Bank credit

During the latter part of February and the first half of March the average level of excess reserves at all member banks fluctuated around one billion dollars. Member bank reserve requirements increased by about 400 million dollars as the result of private deposit expansion which, in turn, was the result of Treasury disbursements from war loan accounts which require no reserves. Money in circulation increased 400 millions and the gold stock declined by 130 millions. Funds to meet these demands were supplied by additions to Reserve Bank security holdings and a temporary decline in Treasury deposits at the Reserve Banks. In the four weeks ended March 15, Government security holdings of the Federal Reserve Banks rose by 720 million dollars, reflecting mainly substantial increases in bill holdings under repurchase option; note and certificate holdings also increased.

At reporting member banks in 101 leading cities Government security holdings declined by 540 million dollars during the four weeks ended March 15. Holdings of notes rose by 1.5 billion dollars while bonds and guaranteed obligations declined as the result of an exchange of maturing and redeemable issues for a new 1½ per cent note issue. Holdings of bills also declined, reflecting principally sales to the Reserve Banks. Loans to brokers, dealers, and others for purchasing or carrying Government securities, which had increased moderately during the Fourth War Loan Drive, fell by 340 million dollars in the following four weeks. Commercial loans also declined somewhat.

Adjusted demand deposits rose by 1.9 billion dollars during the four weeks ending March 15, representing a gain of more than half of the funds withdrawn from such accounts during the drive. Government deposits at these banks fell by 2.6 billion dollars in the month following the drive.