

# Monthly Business Review

A stylized map of the state of Ohio is centered behind the title. The word "OHIO" is printed across the middle of the map, and "KY." is visible at the bottom. The map is rendered in a dark, textured style.

Covering financial, industrial  
and agricultural conditions

Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

Vol. 26

Cleveland, Ohio, April 29, 1944

No. 4

## FINANCIAL

**Member Bank Credit** In recent weeks, fourth district member banks, especially those in larger centers, have had to give increasing consideration to the matter of maintaining their cash reserves at or above the legal minimum. Under present techniques of war finance, this problem subsides somewhat while war loan campaigns are in progress and becomes more acute in the ensuing intervals.

The origin of this delayed action can be traced to the Treasury's policy of not taking immediate delivery of the proceeds of each respective war loan. During drives, individuals, corporations, and other subscribers surrender deposits for the bulk of their subscriptions; the credits are merely transferred to the Treasury's account with depository banks—subject to withdrawal at a later date. This shift temporarily creates excess reserves by virtue of the fact that deposits payable to the Treasury are exempt (since April 1943) from the statutory reserve requirements applicable to the same deposits when payable to individuals, partnerships, and corporations. When the Treasury begins to withdraw its funds, the process is reversed.

On February 16, all fourth district depository banks owed the Treasury some \$1,100,000,000 in the form of credits in war loan accounts. In actual practice, those Government credit balances can be liquidated only by drafts on member bank balances at the reserve banks, which on that date were \$950,000,000.

Obviously, immediate delivery in full would have been quite impossible. A similar situation existed at the conclusion of each preceding war loan drive, and the procedure devised by the Treasury for averting sudden and sharp demands upon member bank reserves is perhaps the most satisfactory that can be devised. By spreading withdrawals over the interval between drives, and more or less in proportion to the Treasury's daily needs, the transfer of funds is accomplished without hardship on most banks.

By late April, through a series of calls, the Treasury had withdrawn nearly \$400,000,000 of its funds at depository banks in this district. These Federal deposits were redistributed with equal rapidity, but not at the

same rate in this district nor in proportion to withdrawals among the various depository banks.

This uneven redistribution accentuates the problem of maintaining reserves for certain banks, and was undoubtedly responsible, in part, for the increase in early April of over \$100,000,000 of Treasury bills held under repurchase option. The Federal Reserve Bank of Cleveland had \$175,000,000 of such bills on April 11. Fourth district member banks in need of reserves elected to replenish them by this method rather than by borrowing, which at no time during April exceeded \$630,000. Later in the month, the situation eased somewhat and member banks repurchased Treasury bills amounting to \$60,000,000.

Another factor which persistently affects reserves adversely is the net outflow of currency into circulation. From February 16 to the end of April, this drain is estimated at approximately \$50,000,000 for the fourth district. This is somewhat in excess of the rate prevailing a year ago, and is of such dimensions as to be a noticeable influence almost continuously.

## CHANGES IN OWNERSHIP OF DEMAND DEPOSITS\*

Several interesting and possibly significant changes in deposits were disclosed by the February 29 deposit ownership survey. During the period from July 31, 1943, to the end of February 1944, certain types of deposits ran sharply against the general trend and scored substantial increases. A few types decreased more rapidly than the average.

Salient characteristics of deposit behavior in the fourth district during the seven months under review were:

1. Large banks experienced a slight reduction in demand deposits; whereas smaller banks show a 5.4 percent increase. This increase at smaller banks can be attributed chiefly to the marked dollar growth of the under-\$3,000 accounts.

2. Demand deposits of public utilities (including railroads) increased noticeably—by as much as 32 percent at the smaller banks.

3. Farmers' accounts (above \$3,000) expanded by

\*The term "demand deposits" as used herein refers exclusively to such deposits payable to individuals, partnerships, and corporations.

nearly 30 percent during those seven months at the smaller banks.

4. Balances of insurance companies and other financial firms declined measurably (11 and 16 percent) at both large and smaller banks.

5. Demand deposits held to the credit of foreign individuals or foreign institutions, other than banks, decreased by nearly 42 percent.

6. Contrary to the general upward trend of recent years, balances of manufacturing and mining enterprises remained virtually unchanged.

**Large Banks** The relative size of the several classifications of demand deposits is indicated in the accompanying chart. At the large banks, manufacturing and mining accounts overshadow all the rest, comprising nearly one-half the aggregate. Ranking next in order of size are the under-\$10,000 accounts, which represent nearly one-fifth of total demand deposits.

Demand deposits of these 36 large banks stood at \$2,657,000,000 on July 31, 1943, and at \$2,626,000,000 on February 29, 1944, at the end of the Fourth War Loan Drive. The \$30,800,000 (1.2 percent) net shrinkage was the result of the following uneven movements:

Type of Deposit	Increases		Decreases	
	Dollars	Percent	Dollars	Percent
<b>Changes from July 31, 1943, to Feb. 29, 1944</b>				
<b>Accounts of \$10,000 and Over</b>				
Nonmetal Mining & Mfg.	\$10,700,000	3.2		
Public Utilities	7,700,000	4.8		
Nonprofit Organizations	1,200,000	2.5		
Retail & Wholesale			\$ 100,000	0
All Other Nonfinancial			100,000	0.1
Foreign			1,500,000	41.7
Trust Funds of Banks			4,100,000	4.3
Personal (includ. Farmers)			5,900,000	2.8
Insurance Companies			6,700,000	15.8
Metal Mining & Mfg.			9,600,000	1.1
All Other Financial			13,900,000	11.7
<b>All Accounts Below \$10,000</b>			<b>8,300,000</b>	<b>1.7</b>
<b>Net Change</b>			<b>\$30,800,000</b>	<b>1.2</b>

\*Less than 0.1 percent.

The influence of the Third and Fourth War Loan Drives conducted within this interval is rather clearly indicated. Those campaigns were an important factor operating on the downside and presumably caused some relative shrinkage in each of the twelve categories listed. Notwithstanding such reductions, three classes of deposits show a net gain for the period, tax payments and war loan subscriptions having been more than offset by funds accumulated through other activities.

The substantial sum involved in the moderate shrinkage, percentagewise, of small accounts suggests that basic fluctuations in the under-\$10,000 class should not be overlooked in estimating future deposit changes.

**Smaller Banks** The sample of 53 smaller banks was limited to institutions whose demand deposits, with a few exceptions, ranged from \$2,000,000 to \$6,000,000. The percentage distribution of their demand deposits (see accompanying chart) differed somewhat from the large banks. More prominent in these banks were the retail and wholesale, farmer and other personal, and the under-\$3,000 accounts.

Also in contrast to the large banks, total demand deposits of these smaller banks actually increased from \$212,-

100,000 on July 31, 1943, to \$223,500,000 on February 29. The \$11,400,000 expansion was the outcome of the following diverse changes:

Type of Deposit	Increases		Decreases	
	Dollars	Percent	Dollars	Percent
<b>Changes from July 31, 1943, to Feb. 29, 1944</b>				
All Accounts Below \$3,000	\$ 6,400,000	10.2		
<b>All Accounts of \$3,000 and Over</b>				
Nonfarm Personal	3,100,000	10.9		
Public Utilities	1,800,000	32.1		
Retail & Wholesale	1,100,000	3.8		
Farmers	1,100,000	29.8		
All Other Nonfinancial	200,000	2.3		
Nonprofit Organizations			\$ 17,000	0.3
All Mining & Manufacturing			600,000	1.3
All Financial			1,800,000	10.8
<b>Net Change</b>	<b>\$11,400,000</b>	<b>5.4</b>		

Deposits of these smaller banks are subject to the same influences as those of larger banks, namely, war loans, war expenditures, restrictions on civilian production, shortages of consumer goods, and other war-borne circumstances. However, there appears to be some variation in the degree of these influences upon the two size groups of banks. In the case of smaller banks, the net effect of these factors was a modest expansion of demand deposits, whereas during the same interval the large banks experienced a slight decrease of demand deposits.

The major problem of large banks seems to be one of estimating as carefully as possible the probable future trend of their manufacturing and mining accounts, which comprise nearly one-half of their total deposits. Changes in financial policy of large corporations, or future economic developments affecting cash holdings of manufacturing and mining concerns, are of especial significance to large banks.

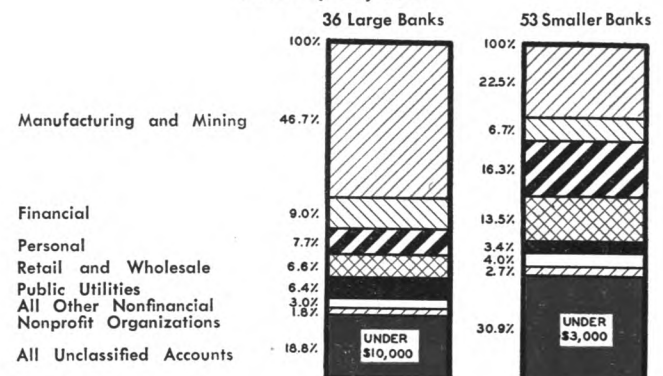
Smaller banks may justifiably devote more attention toward analyzing the trend in the below-\$3,000 accounts. Any development tending to reduce retail and wholesale, personal and small business balances, such as a large-scale resumption of civilian output, might have a disproportionately adverse effect upon total demand deposits of smaller banks.

**Wartime Trends** In the case of a limited number of large banks, quite comparable deposit data are available almost from Pearl Harbor to date. The following figures constitute a sample about one-half as large as the 36-bank group analyzed above.

Using December 31, 1941, as 100, the relative changes

#### COMPOSITION OF DEMAND DEPOSITS

Fourth District  
February 29, 1944



among several broad classes of demand deposits have been as follows:

**Demand Deposits of Twelve Fourth District Banks**

Type of Deposit	Dec. 31, 1941	Mar. 31, 1943	July 31, 1943	Feb. 29, 1944
<b>All Accounts of \$100,000 and Over*</b>				
Manufacturing & Mining . . . . .	100	189	197	196
Public Utilities . . . . .	100	141	129	134
Retail & Wholesale . . . . .	100	212	195	189
All Financial Accounts . . . . .	100	122	138	118
Nonprofit Organizations . . . . .	100	187	202	266
Personal . . . . .	100	81	73	71
<b>All Accounts Below \$100,000*</b>	100	130	138	141
<b>Total Demand Deposits . . . . .</b>	<b>100</b>	<b>148</b>	<b>154</b>	<b>153</b>

\*Three banks classified all accounts down to \$50,000, on the first two dates.

Only two types of accounts, nonprofit associations and the unclassified group, show uninterrupted increases.

The manufacturing accounts, which comprise the bulk of the demand deposits of many large banks, show no decided change for the past year, remaining close to 100 percent above the level at the outbreak of the war.

The large personal account category is the only one to record a consistently downward trend.

**New Member Bank**

Fidelity Deposit Bank of Derry, Derry, Pennsylvania

**MANUFACTURING, MINING**

**Manpower** The most critical of national economic trends at present is factory employment. From a high of 14,007,000 in November of 1943, the total num-

ber of wage earners in all manufacturing concerns has declined 500,000 in a period of four months, according to releases of the Department of Labor. Apparently a decrease both in supply and demand in the labor market has contributed to the decline in the total figure.

Some of the decline (as in canning of food products) was seasonal. Cutbacks and cancellations accounted for a drop of 100,000 in chemicals, small arms, and explosives. In the over-all picture of manpower, however, a decrease in supply was equally important as the decrease in demand. Steel, textiles, and lumber, all industries that still need additions to their working force, experienced a drop of 100,000 employees in the four-month period. A decrease in demand for women in canning and ordnance manufacturing does not increase the supply of labor for steel or lumber mills. The release of skilled toolmakers does not offset the acute shortage in common labor.

Effective April 1, the War Manpower Commission reclassified seven communities formerly included in group I as areas of acute labor shortage, to group II, areas anticipating labor shortage within six months. Over-all, areas of acute shortage declined from 72 in March to 67 in April. In the fourth district, the only change occurred in Marion, Ohio, which was moved from group III to group II indicating a tight labor situation in that city.

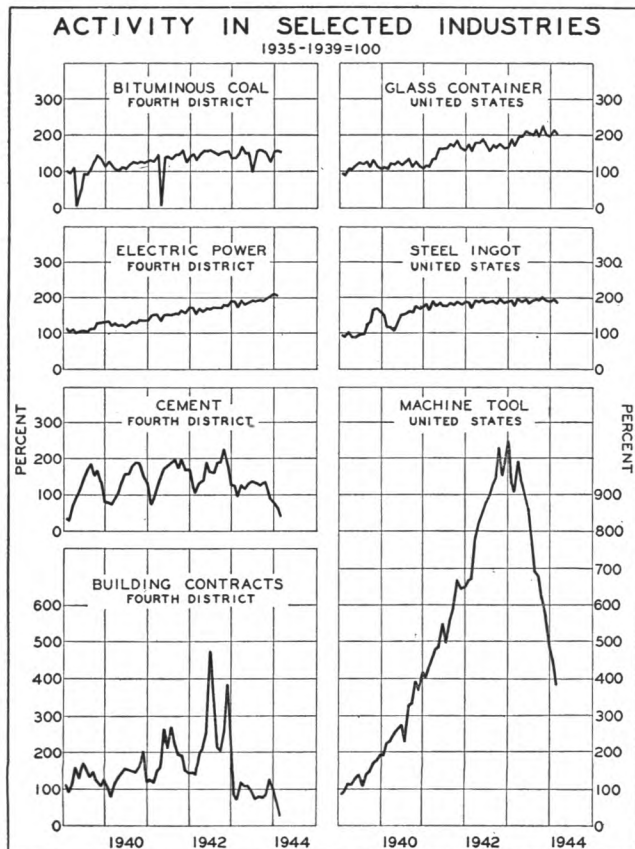
Because of contradictory trends in employment, the problem of reconversion is further complicated; it is encouraged in areas of labor surplus and discouraged in areas of acute labor shortage.

**Iron and Steel** Steel production continues to hold at high levels of operation and varied but little during the past month. In the latter part of April, 98.5 percent capacity operation obtained and no decline in production rate was anticipated. Steel ingot production for March totaled 7,804,704 net tons, an increase over March 1943 of 29,838 tons.

Pig iron production holds fairly steady and totaled 5,434,240 net tons in March. Due to a shortage of cast scrap, foundries are using more pig iron. Other grades of scrap are plentiful and, although stocks have declined approximately 600,000 tons since last June, there is no immediate shortage in sight. Since producers have increased the proportion of hot metal to scrap in melts, tonnage of scrap required has been lowered and consumers have been more selective in their purchases. Some of the less desirable grades have been selling at below ceiling prices.

Opening of navigation on the Great Lakes (which started about ten days earlier this year than last) is relied on to bring down considerable scrap accumulated during the winter on the Upper Lakes. Stocks of ore at furnaces and on Lake Erie docks totaled 21,000,000 gross tons on April 1. Consumption has totaled slightly more than 7,000,000 tons per month and no shortage is probable.

Sheets and plates continue to dominate steel schedules with no early easing of pressure in sight. In addition to heavy needs of war, steel is required for railroad equipment and agricultural machinery, both programs having been broadened to meet the needs of transportation and food production.



**Bituminous Coal** Bituminous coal production in the Fourth Federal Reserve District totaled 20,125,000 tons in March, approximately 775,000 tons less than production in March 1943. From a peak reached early in February of this year, coal production has declined at a fairly steady rate. The Solid Fuels Administration predicts a demand for approximately 620,000,000 tons of bituminous and 66,000,000 tons of anthracite coal for 1944. With the expectation of production totaling 600,000,000 tons of bituminous and 60,000,000 tons of anthracite in the coming year, it was expected that the shortage could be drawn from existing stockpiles which on March 1 totaled 52,738,000 tons, the lowest level since August 1941.

The system of distributing coal is based on production nearly equaling consumption. Continued drafting of young men seriously affects this balance. Coal operators expect mine production to continue its decline as average age of employees in the mines rises. The high absentee rate extant in coal mines is attributed to the fact that the older men cannot stand the increased hours of the work week now in force.

**Other Manufacturing** Developments in the rubber industry include inability of tire fabricating plants to process synthetic rubber in the quantities now being produced. Since it takes nearly twice as long to make tires and retread materials out of synthetic as it does out of crude or reclaimed rubber, the expansion in fabricating equipment and additions to working forces apparently have not kept pace with synthetic rubber output. Inventories are accumulating and many restrictions on use of synthetic rubber have been removed.

Paper and paperboard manufacturers continue operations restricted by a shortage of raw material and manpower. Under pressure of military requirements for packaging, the decline in production of paper and paperboard has resulted in an acute shortage of coarse paper items, both in the hands of dealers and in inventories at the mills. Behind the shortage of raw materials at the pulp mills is the manpower shortage in the timber-producing regions in the Northwest. Stocks of lumber are so low that 1944 requirements will have to be met from current production. Of the quota of 35.5 billion feet needed in 1944, 50 percent will be used by the military, 25 percent for indirect military needs, and the remainder for civilian use. There appears no early prospect of relief in either industry.

Ceramics and glass manufacturers continue to report but slight changes in levels of operation. Plate glass production in March rose to the highest total (8,702,000 square feet) in 25 months, but still was far below the peacetime production rate. Shoe production in the fourth district totaled 1,400,000 pairs in March, the highest level of operation attained since August 1942. The shoe industry continues to report a shortage of both men and materials.

## AGRICULTURE

Heavy rainfall during the last three months has ended the concern over the depleted water supply which had become so acute during the preceding six months. February rainfall in Ohio was 2.45 inches as compared with 1.68 inches for the same month last year. March was

said to be the wettest March since 1922 in the crop-producing areas. April rainfall has been much above normal in the fourth district States as well as in most of the important crop areas.

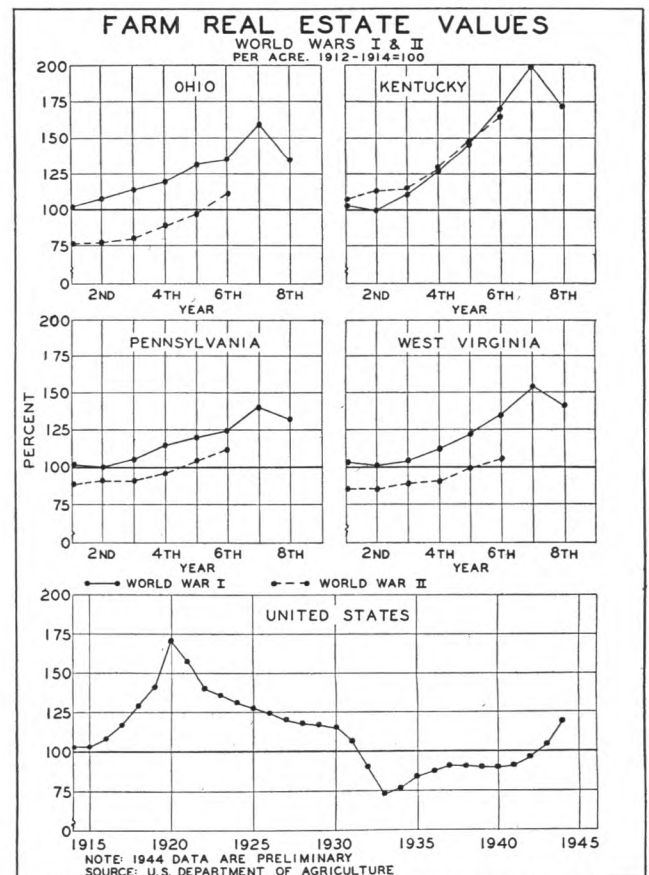
The crop that will suffer most if the excessive rainfall continues is oats. Prospective plantings as of March 1 this year indicated a two percent increase in acreage over last year in the fourth district States, as compared with an indicated eight percent increase for the United States. However, delayed plowing may affect the acreage that can be planted, and late seeding in most years seriously reduces the yield.

While pasture conditions are reported in as good as or slightly better than average condition for this time of year, cold weather has retarded spring growth.

**Changes in Farm Real Estate Values** Increases in farm real estate values in the States of the fourth district did not keep pace with the national increase last year.

Whereas the national increase during the year ended March 1 was 15 percent over the average value of the preceding year, in the fourth district increases were, by State: Ohio—14 percent; Kentucky—12 percent; Pennsylvania—7 percent; West Virginia—6 percent. In no other year of World War II have all of the increases in fourth district States been below the country-wide average.

These data, which were made available recently by the Bureau of Agricultural Economics, do not, however, provide bases for complacency with regard to the problem of rising land values in the fourth district. Land value increases during the first five years of World War I re-



sulted in sale prices out of line with long-run farm income possibilities, and many who bought farms at these inflated prices later lost possession through foreclosure. Significantly, value increases on a percentage basis in the fourth district States since 1939 parallel fairly closely the value movements during the 1914-1919 period. The following tabulation shows that percentage increases in Ohio and Pennsylvania since 1939 have actually exceeded the increases which occurred in comparable years of the first world war.

### Increases in Farm Land Values

Fourth District States		
	1914-1919	1939-1944
Ohio .....	32%	46%
Kentucky .....	65	54
Pennsylvania .....	22	26
West Virginia .....	31	24

Although percentage increases in land values since 1939 have about equaled those of the similar period during the first world war, a study of the accompanying chart shows that, with the exception of Kentucky, values were lower at the beginning of the current war and consequently actual dollar increases have been smaller. The chart also points out that farm land values in Ohio, Pennsylvania, and West Virginia are still considerably less than they were during World War I. The lower section of the chart shows that this is likewise true for the United States as a whole. On the other hand, current farm real estate values in Kentucky are at about the same height as they were during the last war, and they have experienced about the same increase as they did last time.

Recently the Federal Reserve Bank of Cleveland contacted representative country bankers in the major agricultural sections of the fourth district to obtain firsthand reports on the farm real estate situation. Probably the most outstanding condition uncovered was the almost unanimous agreement among the bankers that to date there has been little or no speculation in farm lands. Operating farmers were reported to be purchasing the majority of farms changing hands although considerable purchasing by non-farmers was noted in northwestern Ohio. About one-half of the bankers indicated active transferring of farm ownership in their communities. However, there were reports from some counties where the number of transfers was said to be only normal and some where the number was reported to be subnormal.

Increases in farm land prices reported by bankers representing western and northwestern Ohio were relatively large compared to reports from other parts of the district. Southeastern Ohio and southwestern Pennsylvania appeared to be areas of least increase. Reports of land price increases since 1939 varied among all reports from "none" to "60 percent." A few reports stated that there has been some leveling off of farm land prices in recent months.

In general, the reports indicated that although farm land prices have risen during the war, in the opinions of the respondent bankers prices have not yet reached "boom" levels and cannot now be characterized accurately as "inflationary."

### TRADE

Retail Department store sales in the fourth district showed a steady increase during the past several years and reached a record high during the year ended

January 31, 1944. This growth, however, was far from uniform throughout the various departments. The effect of war upon department store business may be seen by examining some of these variations. The improvement in main store sales since 1939 was greater than that of the basement store, several factors contributing to this larger increase. With salary and wage payments at the highest level on record last year, many customers had more money to spend than ever before and, as a result, were able to buy more expensive merchandise than they did previously. Still another contributing factor was the absence and shortages of many types of popular-priced merchandise usually sold in basement stores. Manufacturers have curtailed production of many of these items.

The increases that occurred among the main store departments since 1939 showed considerable variation, as shown on the accompanying chart. Sales of women's ready-to-wear and accessories rose quite steadily during this period, and piece goods sales during fiscal 1943 were nearly twice as large as they were in 1939. In contrast to these gains, the dollar sales of men's and boys' wear increased only slightly since 1941 and housefurnishings sales declined somewhat. The decrease in sales of articles for the home resulted largely from reduced inventories of these items. Stores reported that they generally had more difficulty in obtaining housefurnishings than textile products. This was especially true of major household appliances; sales of these during 1943 were only

### Department Store Sales—Annual Indexes

	1939 = 100			
	Fiscal years ended 1940	1941	1942	January 31: 1943
MAIN STORE, TOTAL.....	108	132	145	164
PIECE GOODS, TOTAL.....	98	115	144	196
Silks, Velvets, Woolen Dress Goods.....	96	111	134	188
Cotton Wash Goods.....	100	119	159	213
SMALL WARES, TOTAL.....	108	131	149	182
Laces, Trimmings, Flowers, etc.....	94	104	129	210
Notions.....	108	130	153	174
Toilet Articles, Drug Sundries.....	108	133	146	180
Silverware and Jewelry.....	109	137	158	185
Art Needlework, Art Goods.....	111	130	142	165
Books, Stationery.....	107	125	150	194
READY-TO-WEAR ACCESSORIES, TOTAL.....	105	124	148	176
Neckwear and Scarfs.....	110	149	200	288
Handkerchiefs.....	102	118	136	173
Millinery.....	102	111	118	145
Gloves.....	101	103	115	147
Corsets and Brassieres.....	105	131	138	160
Hosiery (Women's and Children's).....	103	116	135	156
Women's Underwear.....	105	126	147	190
Infants' Wear.....	110	140	192	253
Leather Goods (small).....	105	125	153	194
Shoes (Women's and Children's).....	106	126	154	163
WOMEN'S AND MISSES' READY-TO-WEAR, TOTAL.....	108	130	150	189
Coats and Suits.....	103	129	155	195
Dresses.....	107	122	131	162
Blouses, Skirts, Knitgoods, Sportswear.....	110	143	174	219
Juniors' and Girls' Wear.....	110	133	161	213
Aprons, House Dresses, and Uniforms.....	107	125	138	157
Furs.....	121	137	142	179
TOTAL WOMEN'S WEARING APPAREL & ACCESSORIES.....	106	126	147	179
MEN'S AND BOYS' WEAR, TOTAL.....	107	127	132	140
Men's Clothing.....	109	132	121	116
Men's Furnishings (Including Hats & Caps).....	105	122	132	143
Boys' Clothing and Furnishings.....	107	128	151	186
Men's and Boys' Shoes.....	105	123	137	126
HOUSEFURNISHINGS, TOTAL.....	111	143	139	135
Furniture.....	110	141	134	127
Domestic Floor Coverings.....	116	151	154	162
Draperies, Curtains, Upholstery.....	112	137	153	174
Lamps, Shades.....	110	131	135	147
China, Glassware.....	109	132	128	142
Appliances.....	110	155	101	34
Housewares.....	111	143	153	136
Domestics.....	112	146	146	168
MISCELLANEOUS.....				
Toys and Games.....	104	125	153	155
Sport Goods (Including Cameras).....	109	138	127	95
Luggage.....	108	138	170	211
Restaurants.....	106	119	139	175
Beauty Salon.....	103	116	143	177
Photographic Studio.....	118	150	228	351
BASEMENT STORE, TOTAL.....	108	127	142	149

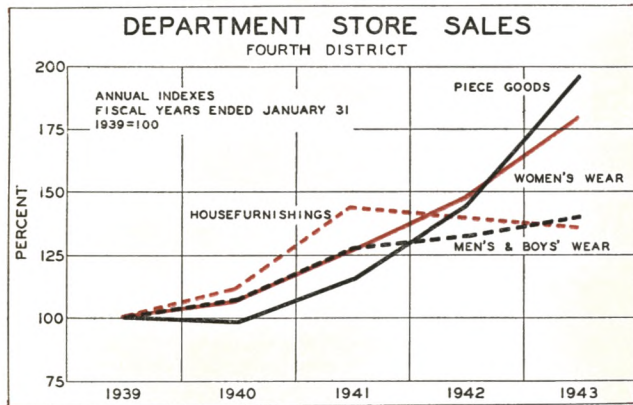
one-third the 1939 volume and down 78 percent from the peak of 1941. Whereas sales of appliances accounted for over eight percent of all housefurnishings sold during 1939, the ratio dropped to three percent last year.

The annual indexes for sales by departments at all reporting fourth district stores are shown in the table on page 5.

Department store sales during March 1944 were up 15 percent from those of the same month a year ago and were the largest for any similar period on record. Two factors contributed to this record-high volume. One was the fact that Easter occurred two weeks earlier this year than last, which caused much of the pre-Easter buy-

ing to fall in March. The second factor was the large amount of purchases that took place in order to avoid the Federal excise taxes that became effective April 1. Sales of toilet articles were up 81 percent, leather goods 75 percent, silverware and jewelry 51 percent, and luggage 28 percent. Total March sales advanced more than seasonally from those of February, and, as a result, the adjusted index rose from 165 percent to 185 percent of the 1935-39 daily average. During the three months ended March 31, total sales were one percent larger this year than last.

At the end of last month, total department store stocks were up two percent from the previous month-end and 13 percent from March 31, 1943. The seasonally adjusted stocks index declined eight points to 149 percent of the 1935-39 base, as the increase in inventories that occurred during March was less than usual for that month.



**Wholesale** The *Department of Commerce* reports that sales at 181 wholesale firms in this district were six percent larger this March than last. Firms selling dry goods, fresh fruits and vegetables, hardware, lumber, and building materials reported that their sales were smaller, while sales of confectionery were up 34 percent, automotive supplies 30 percent, jewelry 22 percent, groceries 14 percent, and paints and varnishes 4 percent. During the first three months of this year, the increase in total sales over the same period last year was seven percent.

**Fourth District Business Indexes**

(1935-39=100)

	Mar. 1944	Mar. 1943	Mar. 1942	Mar. 1941	Mar. 1940
Bank Debts (24 cities)	208	189	161	134	107
Commercial Failures (Number)	10	25	86	120	116
" " (Liabilities)	5	15	56	69	98
Sales—Life Insurance (O. and Pa.)	121	112	88	106	97
" —Department Stores (97 firms)	165	144	147	113	100
" —Wholesale Drugs (7 firms)	148	137	130	112	109
" —Dry Goods (6 firms)	171	180	157	122	95
" —Groceries (38 firms)	159	140	122	108	90
" —Hardware (27 firms)	156	166	201	152	96
" —All (78 firms)	155	146	149	124	95
" —Chain Drugs (5 firms)*	167	152	128	116	96
" —Chain Groceries (4 firms)	147	145	133	119	107
Building Contracts (Total)	60	116	199	144	115
" (Residential)	45	127	267	202	160
Production—Coal (O. W. Pa., E. Ky.)	160	167	147	145	107
" —Cement (O., W. Pa., E. Ky.)**	42	95	103	87	73
" —Elec. Power (O., Pa., Ky.)*	192	169	150	144	117
" —Petroleum (O., Pa., Ky.)*	92	92	87	84	98
" —Shoes	97	95	115	117	103

\* Per individual unit operated.  
\*\* February.

**Fourth District Business Statistics**

(000 omitted)

	March 1944	% change from 1943	Jan.-Mar. 1944	% change from 1943
Fourth District Unless Otherwise Specified				
Bank Debts—24 cities	\$4,619,000	+10	13,808,000	+20
Savings Deposits—end of month: 39 Banks O. and W. Pa.	\$ 975,657	+16		
Life Insurance Sales: Ohio and Pa.	\$ 101,726	+ 8	282,471	+17
Retail Sales:				
Dept. Stores—97 firms	\$ 42,409	+15	104,732	+ 1
Wearing Apparel—16 firms	\$ 2,204	+22	5,201	+ 7
Furniture—76 firms	\$ 2,417	- 8	6,394	- 7
Building Contracts—Total	\$ 14,549	-48	35,289	-46
" —Residential	\$ 3,473	-65	9,841	-58
Commercial Failures—Liabilities	\$ 69	-69	228	-76
" —Number	7	-59	21	-69
Production:				
Pig Iron—U. S. . . . . Net Tons	5,434	+ 2	15,839	+ 4
Steel Ingot—U. S. . . . . Net Tons	7,805	+ 2	22,588	+ 3
Bituminous Coal—O., W. Pa., E. Ky. . . . . Net Tons	20,125	- 4	59,286	+ 5
Cement—O., W. Pa., W. Va. . . . . Bbls.	345a	-56	843b	-53
Elec. Power—O., Pa., Ky. . . . . Thous. K.W.H.	2,930a	+14	6,069b	+12
Petroleum—O., Pa., Ky. . . . . Bbls.	2,044a	-0	4,194b	+ 1
Shoes . . . . . pairs	c	+ 3	c	+ 5
Bituminous Coal Shipments: L. E. Ports. . . . . Net Tons	1,015	+15	1,234	+30

a February  
b January-February  
c Confidential

**Wholesale and Retail Trade**

(1944 compared with 1943)

	Percentage Increase or Decrease		
	SALES March 1944	SALES first 3 months 1944	STOCKS March 1944
DEPARTMENT STORES (97)			
Akron	+ 3	- 6	+ 3
Canton	+ 5	- 3	a
Cincinnati	+18	+ 4	+19
Cleveland	+ 9	+ 6	+ 6
Columbus	+16	+ 9	+35
Erie	+16	+ 2	+ 5
Pittsburgh	+21	+ 3	+ 9
Springfield	+10	+ 1	a
Toledo	+19	+ 8	+16
Wheeling	+26	+11	+32
Youngstown	+27	+ 7	a
Other Cities	+ 3	- 7	+13
District	+15	+ 1	+12
WEARING APPAREL (16)			
Canton	+18	+ 7	+19
Cincinnati	+ 8	-13	-12
Cleveland	+25	+ 7	+19
Pittsburgh	+63	+26	+45
Other Cities	+ 9	- 9	+20
District	+22	+ 2	+19
FURNITURE (76)			
Canton	+ 8	+17	-33
Cincinnati	-12	-14	-32
Cleveland	- 5	-10	-48
Columbus	- 1	+ 4	-39
Dayton	-32	-29	a
Pittsburgh	-12	- 8	-36
Toledo	+ 4	- 1	-19
Other Cities	-12	-11	-37
District	- 8	- 7	-38
CHAIN STORES*			
Drugs—District (5)	+10	+ 3	a
Groceries—District (4)	+ 3	+ 3	a
WHOLESALE TRADE**			
Automotive Supplies (9)	+30	+26	- 1
Beer (5)	+14	+12	-47
Clothing and Furnishings (4)	+15	a	a
Confectionery (4)	+34	+25	a
Drugs and Drug Sundries (7)	+ 8	+13	+12
Dry Goods (6)	- 5	- 0	-11
Electrical Goods (9)	+10	- 9	+56
Fresh Fruits and Vegetables (9)	- 5	- 0	+ 5
Grocery Group (38)	+14	+11	+35
Total Hardware Group (27)	- 6	- 4	+13
General Hardware (8)	+ 3	+ 8	+11
Industrial Supplies (11)	- 6	-10	+20
Plumbing & Heating Supplies (8)	-16	-13	+36
Jewelry (6)	+22	+ 2	- 9
Lumber and Building Materials (4)	- 7	a	a
Machinery, Equip. & Sup. (exc. Elect.) (4)	+29	a	a
Meats and Meat Products (4)	+ 4	+23	+72
Paints and Varnishes (3)	+ 4	+17	a
Paper and its Products (5)	+ 6	+24	a
Tobacco and its Products (23)	+ 4	+ 1	+ 7
Miscellaneous (14)	+ 3	+ 6	+13
District—All Wholesale Trade (181)	+ 6	+ 7	+15

\* 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.

**Indexes of Department Store Sales and Stocks**

Daily Average for 1935-1939=100

	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	Mar. 1944	Feb. 1944	Mar. 1943	Mar. 1944	Feb. 1944	Mar. 1943
SALES:						
Akron (6)	191	167	181	213	192	213
Canton (5)	197	168	190	229	230	229
Cincinnati (9)	169	131	143	177	181	157
Cleveland (10)	163	128	150	176	180	168
Columbus (5)	181	152	151	177	221	156
Erie (3)	190	157	163	224	184	199
Pittsburgh (8)	156	120	129	173	135	153
Toledo (6)	206	172	187	221	235	210
Wheeling (6)	167	139	141	174	187	152
Youngstown (3)	144	116	111	160	142	133
District (96)	185	142	145	196	187	163
District (51)	165	132	144	185	165	169
STOCKS:						
District (51)	154	151	137	149	157*	133

\*Revised.

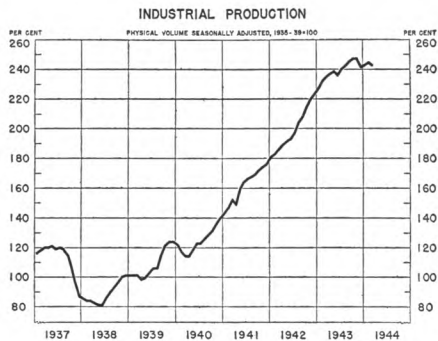
**Debits to Individual Accounts**

(Thousands of Dollars)

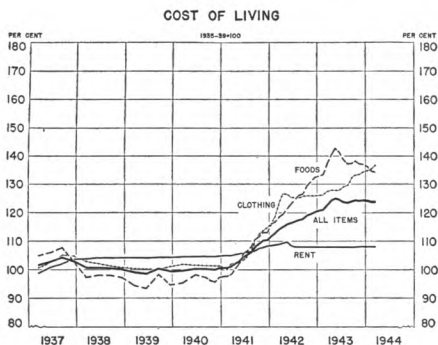
	March 1944	% change from 1943	Jan.-Mar. 1944	Jan.-Mar. 1943	% change from 1943
Akron	191,408	+16.6	539,355	461,557	+16.9
Butler	16,465	+17.1	51,568	38,440	+34.2
Canton	81,472	+ 8.2	232,715	200,720	+15.9
Cincinnati	628,786	+ 5.7	1,826,543	1,622,033	+12.6
Cleveland	1,233,176	+11.7	3,719,971	3,022,898	+23.1
Columbus	303,748	+11.0	991,844	744,654	+33.2
Covington-Newport	24,564	+ 7.7	73,849	63,705	+15.9
Dayton	146,537	- 2.3	440,790	386,816	+14.0
Erie	68,817	+14.0	191,162	158,488	+20.6
Franklin	6,138	+19.9	17,865	13,804	+29.4
Greensburg	12,233	+17.2	36,655	28,901	+26.8
Hamilton	20,492	- 0.9	59,558	56,647	+ 5.1
Homestead	4,842	- 0	14,526	12,733	+14.1
Lexington	33,454	+25.1	154,839	129,422	+19.6
Lima	27,663	+10.3	78,800	71,007	+11.0
Lorain	8,828	+31.4	26,273	18,388	+45.3
Mansfield	21,015	+17.9	58,648	47,539	+23.4
Middletown	21,285	+12.4	61,612	53,947	+14.2
Oil City	16,182	+ 4.3	45,557	43,173	+ 5.5
Pittsburgh	1,337,253	+11.6	3,944,915	3,301,356	+19.5
Portsmouth	11,636	+16.2	32,969	27,018	+22.0
Sharon	16,988	+15.6	49,363	41,182	+19.9
Springfield	34,526	+ 6.5	99,769	86,206	+15.7
Steubenville	14,287	+14.3	39,450	35,176	+12.2
Toledo	264,365	+ 8.2	792,299	656,344	+20.7
Warren	23,461	- 1.0	68,999	63,707	+ 8.3
Wheeling	39,939	+13.0	121,456	99,421	+22.2
Youngstown	82,966	+ 4.7	248,781	217,099	+14.6
Zanesville	12,617	- 5.9	38,584	35,444	+ 8.6
Total	4,705,143	+10.0	14,059,165	11,737,925	+19.8

## Summary of National Business Conditions

By the Board of Governors of the Federal Reserve System



Federal Reserve index. Monthly figures, latest shown is for March 1944.



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September 1940, monthly thereafter. Mid-month figures, latest shown are for March 1944.



Wednesday figures, latest shown are for April 19, 1944.



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for April 19, 1944.

Industrial activity declined slightly in March. Retail sales were maintained at an exceptionally high level and commodity prices were relatively stable.

### Industrial production

Output of manufactures and minerals was slightly smaller in March than in the previous two months and the Board's index of total industrial production declined 2 points to 242 per cent of the 1935-39 average.

Steel production advanced somewhat further in March and the first three weeks of April. Output of lumber was maintained at the level of the first two months of the year and production in the first quarter is indicated to be 3 per cent larger than in the first quarter of 1943.

The number of aircraft delivered increased about 4 per cent above the level of the preceding 4 months to a new high of 9,118 planes. Deliveries of merchant ships continued to rise from the low January rate and in March were at approximately the level of a year ago. Output of other products in the machinery and transportation equipment industries declined somewhat in March.

Output of nondurable manufactures, as measured by the Board's index, declined about 1 per cent in March. This decline was due largely to the continued drop in small arms ammunition production. Manufactured food production was 11 per cent greater than in March of last year.

Coal production declined 6 per cent in March from the exceptionally high rate in February due partly to the return to a six-day work week in anthracite mines and partly to a continuation of manpower shortages in both hard and soft coal mines. Output of crude petroleum and metals was maintained in large volume.

The value of construction contracts awarded in March, according to reports of the F. W. Dodge Corporation, was slightly greater than in January and February, but was still lower than in any corresponding month since 1935.

### Distribution

Department store sales increased more than seasonally in March and continued at a high level in the first half of April. Sales in March were about 18 per cent larger than in the corresponding month last year, reflecting in part the earlier date of Easter this year and the heavy buying of jewelry, cosmetics, furs, and other items before higher tax rates became effective on April 1.

Freight carloadings declined slightly in March from the high level of earlier months, owing chiefly to a drop in the movement of coal and grain products. Total loadings were maintained in the first half of April.

### Commodity prices

The general level of wholesale commodity prices advanced slightly from the middle of March to the middle of April. Federal maximum prices for cement, lumber, and various other industrial commodities were increased.

Retail food prices showed little change from February to March, while retail prices of most other commodities continued to advance slightly.

### Bank credit

Continued growth in currency and the transfers from Treasury war-loan deposits to deposits subject to reserve requirements resulted in a decline in excess reserves of member banks and in substantial purchases of Government securities by the Reserve Banks during March and the first three weeks of April. Owing to special factors, excess reserves declined to a low point of 600 million dollars at the end of March but increased in April and on April 19 were about 900 million dollars, somewhat less than had generally been held in recent months.

Federal Reserve Bank holdings of U. S. Government securities were at a new high level of 12.7 billion dollars on April 19, after increasing by half a billion in the preceding four weeks. Most of the growth was in holdings of Treasury bills.

Reporting member banks in 101 leading cities reduced their holdings of Treasury bills by 325 million dollars in the four weeks ending April 12, while holdings of other Government securities showed little change. The greater part of the decline in bill holdings in the four-week period occurred at banks outside New York and Chicago, but there were wide fluctuations within the period reflecting transactions at Chicago banks associated with the April 1 personal property tax assessment date in Illinois. Loans for purchasing or carrying Government securities continued to decline, as repayments were made on funds advanced during the Fourth War Loan Drive; these loans to brokers and dealers have fallen by 450 million dollars since the end of the drive and are now less than at any time in recent months; loans to others, which rose by 600 million during the drive have subsequently declined by 400 million. Commercial loans declined by 210 million over the month.

Adjusted demand deposits, which declined somewhat in the latter half of March, increased during the first half of April, bringing the total outstanding to about a billion less than the level prior to the opening of the drive. Government deposits at these same banks fell by 1.5 billion dollars during the four weeks ended April 12.