

# Monthly Business Review

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Fourth Federal Reserve District  
Federal Reserve Bank of Cleveland

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No. 5

## FIFTH WAR LOAN DRIVE

Within a few days the nation will embark on its fifth campaign to raise funds necessary for the successful prosecution of the war. Although the over-all objective of \$16,000,000,000 is slightly short of the total amounts obtained in several preceding drives, the sum to be secured through individual (as against corporate) subscriptions has been set at the unprecedented total of \$6,000,000,000. The extent to which the new goal for personal subscriptions exceeds previous achievements is shown in the accompanying table:

War Loans	Total Sales to all Investors	Sales to Individuals, Partnerships & Personal Trust Accounts	National Income Payments (Current Annual Rate)
		(In billions of dollars)	
1st—Dec. 1942	\$13	\$1.6	\$130
2nd—Apr.-May 1943	18.5	3.3	140
3rd—Sept.-Oct. 1943	19	5.4	146
4th—Jan.-Feb. 1944	17	5.3	153
5th—June-July 1944	16 (goal)	6.0 (goal)	156.8 (est.)

It is estimated that, during June and July, income payments to individuals will be running approximately \$10,000,000,000 per year higher than during the Third War Loan when subscriptions by individuals amounted to \$5,400,000,000, or ten percent less than the amount being sought from the same sources in the coming Drive. Some allowance must be made for the tax increases, including new excises, which were enacted by the Revenue Act of February 25, 1944, but those new and added taxes fall far short of absorbing the continuing gain in salaries, wages, and other forms of personal incomes in the aggregate. By virtue of this net gain in national income payments, funds currently available for investment by individuals should compare favorably with the amount in existence last autumn.

The problem of reducing the potentialities of wartime and post-war credit inflation depends in large measure upon the extent to which excessive purchasing power is diverted from civilian markets for goods and services and held in the form of war bonds at least for the duration. It is true that, when individuals refrain from spending and accumulate funds in the form of inactive demand deposits or idle currency holdings, the upward pressure on prices is relieved accordingly at the time. Keeping

current prices under reasonably satisfactory control, however, represents only the shorter-term aspects of the general problem of curbing inflationary tendencies, and measures designed solely for this purpose may be futile unless deposit and currency expansion is likewise kept within bounds.

The fact remains that, in addition to taxes and money raised in other ways, \$16,000,000,000 is needed to finance the war for another few months. Unless at least \$6,000,000,000 of that goal is obtained from individuals, the banking system may have to extend credit to make up the deficiency. To the extent that more bank credit is created, more deposits will also come into existence. While that would answer the Treasury's urgent need for funds, it also would tend to dilute the purchasing power of all dollars now in existence—in hand or due from banks. Such adverse consequences would bear special significance to all who are planning postwar expenditures. The more deposits that are created during the war, the less purchasing power total funds existing when peace arrives may command, dollar by dollar, as restrictions on demand for civilian goods and services are removed and any general effort is made to spend such funds.

As shown by Chart I, deposit expansion has slowed down somewhat during recent months, but the outflow of currency continues unabated. Currency holdings of individuals are estimated to be nearly \$3,000,000,000 larger today than at the beginning of the Third Drive. A 17 percent increase in hand-to-hand money seems rather excessive, when such uses for currency as payrolls and retail sales show much smaller gains for the same nine months and prices have changed only slightly.

This growing reservoir of superfluous cash is one of the logical targets within the range of the Fifth Drive. Its reduction to more reasonable dimensions, not attained in previous campaigns, would serve a dual purpose. The need for commercial bank credit expansion as a potential source of funds would be minimized, and legal reserves of member banks would be replenished without recourse to reserve bank credit. The success of the Fifth War Loan will depend in part upon the volume of idle currency that will be dislodged and brought back into the banking system.

**Effect on Fourth District Banks** These recurring war loan drives have been an important factor in recent fourth district banking developments.

Their respective effects on weekly reporting member banks are shown on the accompanying charts.

The most conspicuous phenomenon is the sharp drop of adjusted demand deposits during drives, and the subsequent recovery after the close of the campaigns. The declines in demand deposits owned by individuals, partnerships, and corporations are the result of conversion into deposits payable to the U. S. Government, as indicated by the lowest curve on Chart I. In the months intervening between drives, when Treasury expenditures exceed receipts by a wide margin, Government deposits are withdrawn from commercial banks and the funds transferred to the reserve banks upon which all Government checks are drawn. As rapidly as such checks, issued in payment for goods and services, are presented to commercial banks for deposit credit by individuals, corporations, etc., a corresponding rise takes place in adjusted demand deposits.

Notwithstanding the periodic depletions, adjusted demand deposits have shown an over-all tendency to expand. The rate of growth would have been faster except for the fact that \$500,000,000 of Federal reserve notes have been paid out (net) by fourth district banks since the First War Loan. The trend in time deposits is also steadily upward, and Government balances are generally larger than a year ago.

While some small fraction of this huge expansion of deposits may represent an inflow of funds from other reserve districts, the major factor appears on Chart II.

Some deposits have been created through bank loans, but this expansion has been both modest and short-lived, except for the Third War Loan and in the weeks immediately following. Borrowing during the Fourth Drive was more moderate again, with the result that loans for the purpose of carrying Government securities are now the lowest since early last September.

In the main, the increase in deposits was caused by the substantial purchases of Government securities by banks for their own account. Treasury bills resold to the reserve bank under repurchase option should be included in measuring this expansion because their subsequent resale to the reserve bank left commercial deposits outstanding unchanged.

The period of greatest expansion in holdings of Government securities by weekly reporting member banks (including bills sold under option) occurred between the opening of the First War Loan and shortly after the close of the Third. From December 2, 1942, to October 20, 1943, weekly reporting member banks of this district increased their holdings of direct or guaranteed Government obligations by about 66 percent. Beginning with the September-October 1943 campaign, direct participation by commercial banks has been limited rather sharply, with the result that inflationary credit expansion proceeded at a slower pace. The net increase since that date has been less than five percent.

It will be noted that, during the earlier phase, adjusted demand deposits recovered quickly from the temporary lows reached at the conclusion of each drive and moved rapidly into new high ground in the intervening months. However, the peak of adjusted demand deposits estab-

lished on September 8, 1943, has not been exceeded to date, reflecting both the less rapid increase in Government security holdings and the continuous net outflow of currency. Accumulations of currency outside the banking system intensify the problem of credit regulation.

### Recent Banking Trends

The recovery of adjusted demand deposits since the Fourth War Loan has failed to reflect in full the concurrent contraction in U. S. Government deposits. From February 16, at the end of the Fourth War Loan Drive when Government deposits stood at \$847,000,000, to May 17, the several types of deposits payable at weekly reporting banks of this district have fluctuated as follows:

#### Changes in Deposits—February 16, 1944, to May 24, 1944

Type of Deposit	Increase	Decrease
Adjusted Demand Deposits	\$366,000,000	
Time Deposits	40,000,000	
Due to Banks		\$ 47,000,000
U. S. Government Deposits		455,000,000

During this interval, a contraction of \$78,000,000 in loans, made by weekly reporting member banks for the purpose of carrying Government securities, was partly responsible for the lag in the rise of adjusted demand deposits. In those instances where the borrowers drew upon balances carried with lending banks, an equivalent sum of demand deposits was thereby extinguished.

However, fully as important in retarding demand deposit growth was the further rise of \$96,000,000 in fourth district notes in circulation. It is estimated that at least \$60,000,000 of that withdrawal was paid out by weekly reporting banks, causing a corresponding reduction of deposits. It is chiefly this continuous drain on the reserve position that has reduced excess reserves of member banks of this district to a new low level for recent years.

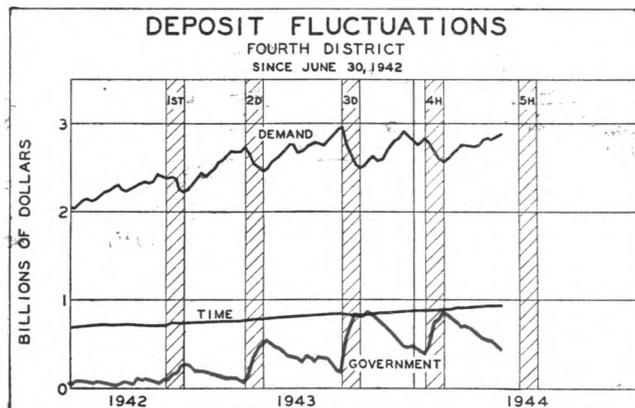
During the first half of May, excess reserves of all fourth district member banks were down to approximately \$110,000,000, as against \$312,000,000 a year earlier, and \$168,000,000 during the first half of February.

Member banks have shown an increasing inclination in recent weeks to borrow at the reserve bank for the purpose of replenishing reserves. While the current volume of such discounts is quite nominal in comparison with the general level in effect during the 1920's, it is higher than in approximately a decade.

### New Member Bank

The Oakwood Deposit Bank Company, Oakwood, Ohio

CHART I



## MANUFACTURING AND MINING

**Manpower** Indexes of employment, payrolls, and man hours worked continue to reflect a "topping off" in manufacturing fields in the fourth district. Some reports of a lessening of pressure for delivery and more concern for special qualities indicate an easing in a few lines. In others, new orders received in April were in much larger volume than in the same month last year. Unfilled orders are still very large.

Declines in the number employed should not be taken as an indication that need for workers has decreased. Shifts of workers from war industries or essential civilian activities to those where post-war employment possibilities appear to be brighter, even at reduced income, are reported to be increasing.

**Iron and Steel** Steel operations continue at high levels and late in May stood at 98.5 percent of rated capacity. In the Cleveland district, steel production for week ended May 20 dropped from 97.5 percent capacity to 77.5 percent, as labor difficulties with harbor tugmen interfered with mill operation. Steel ingot production for April totaled 7,568,500 tons, approximately 200,000 tons more than was produced in April last year. Orders for plates and sheets are off slightly, but this is likely to be a temporary lull because of the new landing craft and merchant ship programs scheduled for early placement. The War Production Board announced that estimates of demand for war and essential civilian needs for steel exceeded prospective supplies by 26 percent for the third quarter of this year. Steel employment has dropped four percent since last November and further curtailment of steel for civilian use is anticipated.

April loadings of Lake Superior iron ore totaled 5,288,079 gross tons. Shipments to May 1 amounted to 8,581,740 tons, compared with 1,954,817 tons in 1943, when the opening of the Lake shipping season was unusually late. The Great Lakes fleet this year consists of 317 ships, compared with 309 at the same time last year. Trip capacity this year is 2,960,590 gross tons, compared with 2,816,690 tons a year ago.

**Coal** Bituminous coal production in the fourth district declined from 20,125,000 tons in March to 18,835,000 tons in April. Stocks of bituminous coal in hands of consumers totaled approximately 52,000,000 tons. This is 30,000,000 tons less than inventories at this time last

year and is an indication of the extent to which consumption of coal is exceeding mine output. Coal operators in this district continue to report a tight labor situation and high absentee rates for miners. Coal shipments on the Great Lakes to May 1 totaled 6,443,000 tons, compared with 4,678,000 tons in 1943.

**Synthetic Rubber**

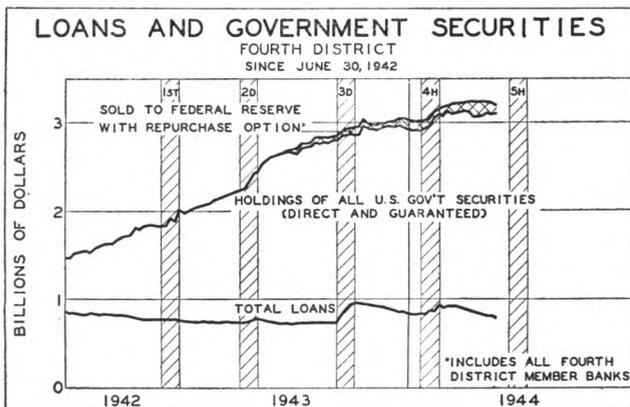
Within a period of two years, the \$750,000,000 synthetic rubber industry has been conceived and carried out during the worst period of critical material shortages in the history of the country. Although experimentation with synthetic rubber began about 20 years ago, production was largely confined to specialty items where products of natural rubber were inferior to those of synthetics. Under the necessity of supplying both military and essential civilian needs when the source of natural rubber was cut off, the rubber industry can view with pride its development of the former small specialty line into a major industry in such a short period of time.

Neoprene, Thiokol, and Buna N synthetics were in production in this country prior to the fall of the East Indies. There had also been some experimentation with Buna S and Butyl types. All of these synthetics differ from natural rubber and, so far, a precise chemical duplication of the hydrocarbon of natural crude rubber has not been made. One of the chief problems of the industry has been to select the synthetic which, because of its properties, is best suited for a particular need. In the main, Buna S and Butyl are rated as best for electrical applications, Butyl for impermeability to gases, Neoprene for resilience and tensile strength, Buna S and Neoprene for resistance to abrasion. Because of its suitability for tires, relative cost, and plentiful supply of raw materials, emphasis of the great synthetic expansion in the war program has been on Buna S. Production for 1944 is estimated at 765,000 long tons.

The primary raw material for the synthetic rubber industry is Butadiene, a gaseous hydrocarbon that may be made from coal, alcohol, oil, or natural gas. This hydrocarbon can be directly polymerized to a more complex structure resulting in one of the synthetics. A great percentage of the plants manufacturing Butadiene from oil has been concentrated near the great oil-producing areas of Texas and California. A major portion of the new processing equipment for synthetics is located in Akron, long the world's largest rubber manufacturing center.

Of primary interest in the synthetic industry currently is the civilian tire program. According to the Office of Rubber Director, only slightly more than 1,000,000 passenger car tires will be built each month until July of this year. The present production plan contemplates the manufacture of 15,000,000 passenger car tires in the last half of this year, making a total output of approximately 22,000,000 for the year. With extreme economy on the part of the driving public, this program should be adequate for essential driving. Original estimates of normal attrition called for the production of 30,000,000 new passenger car tires. With the uncertainties of future military needs, plus difficulties that yet may be encountered in the manufacturing and processing of synthetics, attaining the minimum of 22,000,000 necessary tires will not be an easy goal for this year.

CHART II



**Miscellaneous Manufacturing** The machine tool industry has experienced an increase in new orders during the last six weeks. Due to concentration on heavy artillery and large shells, bigger aircraft engines and tools for Russia, combined with the substantial but dwindling backlog of orders for the war program, orders for April will exceed shipments by approximately \$14,000,000. Estimates of production for the industry for 1944 have been revised upward and output now is expected to total approximately \$600,000,000, according to WPB, in contrast with earlier estimates of \$335,000,000.

Crude petroleum production in the fourth district has held fairly steady at slightly over 2,100,000 barrels monthly for the last year. In comparison with national production totals, the output of the district is small, but due to the quality, Pennsylvania oil is valued highly in the manufacturing of special lubricants. New interest is developing in the old oil fields of Pennsylvania with the application of unique methods of drilling. In Franklin, Pennsylvania, a mine shaft has been drilled to the oil sands and then, from the bottom of the shaft, holes have been drilled horizontally. Oil collected in pools is pumped to the surface. In spite of 80 years of production, some oil men feel that 75 percent of the original oil content in this section of the country is still in the sand. With the application of mining techniques to the oil industry, it is expected that many wells in the oldest oil field in the country may increase volume of production.

Manufacturing potters continue to report production at levels which have prevailed for the last half year. Operations are curtailed by lack of manpower and most potteries have on hand sufficient orders to take care of present production for at least one year. Production is estimated at 80 percent capacity.

Paper and paperboard manufacturers report operations continue at approximately 90 percent of productive capacity, limited by shortages of both raw materials and manpower. Inventories in merchants' and manufacturers' hands are low, and present indications are that the next three to six months are going to be most critical. Employment in the paper industry has shown a steady decline in the face of continued pressure for maximum production. Requirements of the armed forces for packaging materials continue in volume. Unfilled orders in mid-May in the paperboard industry exceeded the unfilled orders for the same period last year. Lumber production continues to be restricted by a shortage of manpower. Boxing and crating lumber remains critical, supply being entirely inadequate.

Construction contracts awarded in the fourth district totaled \$13,601,000 in April, according to the *F. W. Dodge Corporation*. This represents a decline of six percent from the previous month. Residential construction accounted for \$3,244,000 of the total.

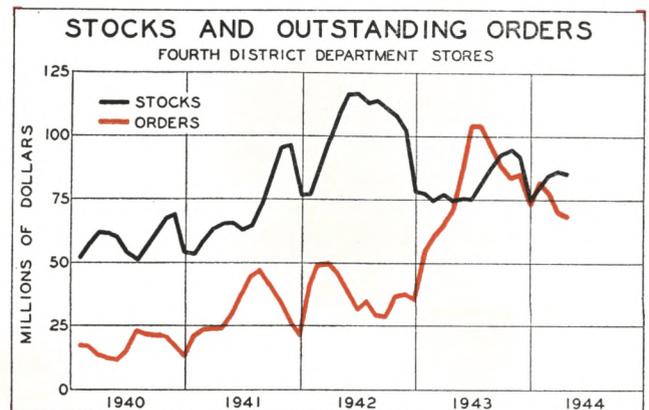
## TRADE

**Retail** Orders outstanding at reporting fourth district department stores declined quite steadily during the past several months, as shown on the accompanying chart. At the end of last month, total orders were down 34 percent from the peak of last June and five percent from April 30, 1943. This year-to-year change is in sharp contrast to the gains of 200 percent and over that

retailers reported during 1943. Whereas orders exceeded inventories by 38 percent on June 30 of last year, the relationship changed considerably by April 29 this year, when commitments at the same stores were 21 percent less than their total volume of merchandise on hand.

Merchants reported that there were several factors contributing to this decrease in the tendency to place orders for future delivery. One was the improvement in shipments of merchandise, with the result that it was not necessary for retailers to carry the same unfilled orders for quite so long a period of time as was necessary last year. Moreover, there was neither the need for placing orders so far in advance nor for duplicate ordering, which was the practice among many stores a year ago. Still another contributing cause was the fact that buyers, probably anticipating increased production of civilian goods in the near future, canceled some commitments they made last year. Some of these orders were placed for substitute goods, which in many cases have not proved satisfactory and on which stores are reluctant to stock heavily, especially where there is a possibility that better merchandise might be available soon.

Accompanying the decline in orders outstanding was an increase of 15 percent in inventories from January 1 to May 1. Stores were able to obtain more merchandise than they sold during these four months, despite the fact that dollar sales were at a record high throughout most of the period. Merchants reported that obtaining merchandise for their housefurnishings departments continued to be more of a problem than the purchase of apparel items. Stocks of major household appliances were considerably smaller at the end of April this year than last. Other articles for the home were generally available, but many of these were substitutes or of inferior quality. This was especially true in the carpet departments. Stocks of all housefurnishings at the end of last month were six percent smaller than those of the same date a year ago, compared with the year-to-year increases of 13 percent for men's and boys' wear and 29 percent for women's apparel. Retailers also experienced difficulty in obtaining items made of cotton as well as cotton piece goods. This scarcity is reflected in the 23 percent drop in stocks of cotton wash goods, while inventories of silks, velvets, and woolen dress goods were somewhat larger. Total store inventories on the first of this month were up 14 percent from last year; but the slight decrease during April was contraseasonal, and the adjusted



stocks index declined two points to 147 percent of the 1935-39 base.

Despite the fact that a large portion of the pre-Easter buying that was done in April last year occurred in March this year, sales at fourth district wearing apparel and department stores last month were slightly larger than those of the same month a year ago. Wearing apparel shops sold six percent more merchandise this April than last. Department store sales, at a level one percent greater than during April 1943, were the largest for any April on record. The year-to-year increases experienced by stores in Cincinnati, Columbus, Pittsburgh, Toledo, Wheeling, and Youngstown slightly more than offset the decreases in Akron, Cleveland, Erie, and Springfield. Sales at all reporting stores during the first three weeks of May this year were up 18 percent, compared with the three weeks ended May 22, 1943.

Sales of housefurnishings and men's and boys' wear last month showed no change from those of the same month a year ago. Women's apparel departments sold slightly more merchandise, while piece goods sales were up considerably from last year. The increase in Federal excise taxes, effective last April 1, is reflected in the 82 percent decrease in fur sales this April over last. Sales of other taxable items—cosmetics and drugs, silverware and jewelry, small leather goods, and luggage—were also smaller, but the decreases were not nearly so sharp as that experienced by the fur departments.

**Wholesale** The *Department of Commerce* reports that sales at 174 wholesale firms in this district last month were down four percent from those of April 1943. This was the first time in many months that fourth district wholesalers experienced a year-to-year decline in their business. Sales of dry goods, electrical goods, housefurnishings, hardware products, metals, paper, and tobacco were smaller this April than last, while firms selling automotive supplies, paints, drugs, and meats reported increases in their dollar sales.

Wholesale inventories at the close of last month were up two percent from the previous month-end and 14 percent from April 30, 1943.

## AGRICULTURE

**May 1 Conditions** For the country as a whole, farmers appeared to have finished less of their spring work on May 1 than in any season in many years, and weather during May in many sections was not conducive to planting. In *Ohio* spring work was behind generally. Few oats were planted before May 1. Observers in central *Kentucky* said that farmers are about caught up with their work in that section of the State. Most of the corn is planted, tobacco land is ready for setting, and the tobacco plants are doing nicely. For the second year in succession, the crop season was unusually late in *Pennsylvania*. Crop correspondents reported only 38 percent of the plowing done by the first of May, as compared with 60 percent in 1943, and 74 percent in 1942, when spring was favorable for farm operations. Weather conditions during April have delayed farm work in most areas in *West Virginia*. Considerable spring plowing is yet to be done and some oats acreage has not yet been planted.

**Wheat** The 1944 winter wheat crop indications improved 60 million bushels in April, according to reports released by the Bureau of Agricultural Economics. The total United States crop is estimated at 662 million bushels, one-fourth larger than the 1943 crop and 16 percent larger than the average for 1933-42. With the exception of Pennsylvania, indications in all States of the Fourth Federal Reserve District point to 1944 crops from one-half to two-thirds larger than last year's very poor harvest, although unevenness is evident. The Pennsylvania crop is estimated at one-third greater than 1943. These indications represent about five percent increases over the 1933-42 average for Ohio and Kentucky, a four percent decrease for Pennsylvania, and a 15 percent decrease for West Virginia.

**Hay and Pasture** The recent heavy rains have been favorable for hay crops. Prospects point to a good growth when the weather warms up. A good hay crop is important this year, because the record number of cattle on the farms and the late start of new grass in most states have exhausted reserves of hay on many farms. On May 1, hay stocks were the lowest since the drought period ending in the spring of 1937.

Pasture conditions on May 1 were above 80 percent of normal in all States of the Fourth Federal Reserve District. A condition of 80 percent or above is considered as good to excellent.

**Oats** Instead of the eight percent increase in oats acreage planned by farmers two months ago, the acreage planted seems likely to be smaller than that of last year, and, where planting was late, yield prospects have been reduced. In many areas where oats acreage planted had to be below intentions, other crops that can be planted in May and June will be substituted. In this area, corn and soybeans are most likely to take the place of unplanted oats.

**Eggs** Since the beginning of the year, egg prices received by farmers have continued to drop below last year's levels in all States of the Fourth Federal Reserve District and in the United States. By the middle of March, prices received by farmers in all fourth district States except Pennsylvania had fallen below the 30-cent support price announced in January 1944. By April 15, egg prices in all fourth district States and in the United States were below the War Food Administration support price. This support price does not mean that all eggs should bring 30 cents, but rather, that prices received by United States farmers should average 30 cents a dozen for the spring and early summer months.

If adequate packing materials, storage and shipping facilities, and manpower had been available, private handlers of eggs probably would have been able to absorb the seasonal surplus, and prices would have been maintained above the support levels without much help from the Government. Since this is not the case, the only way in which the WFA can carry out its commitment to support the price of eggs is to buy up all supplies in excess of the quantity which will move through private channels at the support price. Under the new Government program for supporting egg prices, buying agents were instructed to purchase eggs from producers and other

dealers at specified levels. The WFA stands ready to acquire such eggs from the buying agents at higher levels to allow for handling charges.

The question of what to do with the purchased commodities naturally arises. Placing eggs in storage, to be released later when current egg receipts are seasonally reduced and prices recovered, requires egg cases suitable for storage operations and adequate cold-storage space. The short supply of wooden egg cases was being used largely to meet the requirements of the armed forces for shell eggs, and this shortage promises to continue. Cold-storage facilities suitable for eggs have been available in New England and some other sections of the country, but eggs could be moved to these distant facilities only by diverting large numbers of refrigerator cars from the hauling of other perishable commodities.

Another outlet for the surplus eggs purchased by the Government is dried eggs. The egg drying plants, however, were being operated at capacity except where shortages of labor prevented. The price situation was already such as to offer inducement to egg dryers to purchase eggs for this purpose, but drying plants already had more mechanical breakers than persons to man them. For egg drying plants to obtain more labor is difficult in competition with other war industries.

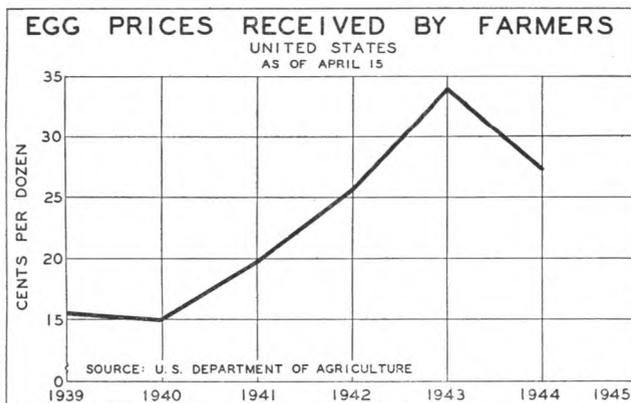
To attempt to stimulate current civilian egg consumption through retail price reductions would have required a narrowing of marketing margins all the way up to the consumer, which is very difficult because eggs are marketed in so many ways. Reductions in retail prices based on lower return to producers would not have contributed to the maintenance of support prices, and it is doubtful

whether lower prices would have led to any great increase in consumption, with national income at its present high level and with the removal of ration points from many meats.

Although April is the low-price month seasonally, egg prices were about seven cents a dozen less this year than last in all fourth district States, and only from one to two cents a dozen above 1942 prices. As shown by the chart, this is the first year since 1940 that April prices have not been higher than in the preceding year. April egg prices varied among the four States from a high of 28.4 cents a dozen in Pennsylvania to 24.0 cents in Kentucky. However, all fourth district States have followed the same trend as the United States since the war began.

Lowered egg prices resulted from heavy production, caused by recent records in hen population and a seasonally high laying rate, unusually large storage stocks, and a shortage of storage space generally. In April, for example, there were 414 million layers on United States farms as compared with 394 in 1943, and 300 during the 1933-42 average. The number of eggs laid per hen was 16.8 in April, about one percent below last year but two percent above the average. This record number of layers for April and the seasonally high egg-laying rate resulted in a production of 582 million dozen eggs in April, an increase of four percent over last year and about 40 percent over the ten-year average. Similarly, Ohio and Pennsylvania hens produced seven to eight percent more eggs in April this year than last.

Farmers usually make final plans for chicken raising operations during the main hatching season, March through May. These plans are influenced greatly by the price relationships existing in that period. Thus, the decline in egg prices this spring, together with high feed costs and labor shortages, has caused some poultrymen to go out of business and others to lessen their demand for baby chicks. On May 1, there were 1.4 percent fewer chicks and chickens of this year's hatching on farms than a year ago. Pullet chicks are expected to make up a greater percentage of the total purchases this year than last, and the total rate of purchase now appears to be in line with farmers' intentions of February 1 to buy 17 percent fewer chicks in 1944 than in 1943. The weakening in demand for chicks was reflected in cancellations of orders for chicks to be delivered later and in lower chick prices. This situation has left hatcheries with surplus chicks, resulting in the heaviest destruction of day-old chicks in the last three years.



**Wholesale and Retail Trade**

(1944 compared with 1943)

	Percentage Increase or Decrease		
	SALES April 1944	SALES first 4 months	STOCKS April 1944
<b>DEPARTMENT STORES (97)</b>			
Akron.....	-4	-5	+3
Canton.....	-0-	-2	a
Cincinnati.....	+6	+4	+20
Cleveland.....	-4	-3	+7
Columbus.....	+8	+9	+30
Erie.....	-3	+1	+4
Pittsburgh.....	+4	+3	+15
Springfield.....	-1	+1	a
Toledo.....	+3	+7	+27
Wheeling.....	+11	+11	+34
Youngstown.....	+6	+8	+14
Other Cities.....	-10	+1	+14
District.....	+1	+1	+14
<b>WEARING APPAREL (16)</b>			
Canton.....	+6	+7	+15
Cincinnati.....	-2	-10	-2
Cleveland.....	+13	+8	+18
Pittsburgh.....	+20	+24	+42
Other Cities.....	+4	-8	+11
District.....	+6	+3	+17
<b>FURNITURE (76)</b>			
Canton.....	-6	+10	-22
Cincinnati.....	-10	-13	-26
Cleveland.....	-14	-13	-28
Columbus.....	-5	+2	-37
Dayton.....	-37	-31	a
Pittsburgh.....	-4	-5	-48
Toledo.....	-13	-5	-20
Other Cities.....	-14	-12	-30
District.....	-11	-8	-35
<b>CHAIN STORES*</b>			
Drugs—District (5).....	-1	+2	a
Groceries—District (4).....	+11	+5	a
<b>WHOLESALE TRADE**</b>			
Automotive Supplies (10).....	+2	+21	-4
Beer (5).....	-9	+5	-50
Clothing and Furnishings (3).....	-4	a	a
Confectionery (3).....	-13	+17	+5
Drugs and Drug Sundries (7).....	+1	+2	+2
Dry Goods (7).....	-7	-2	+4
Electrical Goods (13).....	-7	-8	+4
Fresh Fruits and Vegetables (5).....	-12	-3	+13
Furniture & House Furnishings (3).....	-31	a	a
Grocery Group (41).....	-0-	+8	+19
Total Hardware Group (27).....	-8	-5	+17
General Hardware (7).....	+3	+7	+18
Industrial Supplies (11).....	-14	-11	+12
Plumbing & Heating Supplies (9).....	-13	-13	+40
Jewelry (3).....	-13	-1	-15
Lumber and Building Materials (4).....	-13	-1	-23
Meats and Meat Products (5).....	+9	+18	+39
Metals (3).....	-22	a	a
Paints and Varnishes (4).....	+12	+16	a
Paper and its Products (4).....	-5	+17	+16
Tobacco and its Products (15).....	-8	-1	+16
Miscellaneous (12).....	+8	+7	+26
District—All Wholesale Trade (174).....	+4	+4	+14

**Debts to Individual Accounts**

(Thousands of Dollars)

	April 1944	% change from 1943	Jan.-Apr. 1944	Jan.-Apr. 1943	% change from 1943
Akron.....	169,583	-10.1	708,938	650,281	+9.0
Butler.....	17,008	+9.0	68,576	54,042	+26.9
Canton.....	78,723	-5.2	311,438	283,801	+9.7
Cincinnati.....	563,708	-15.9	2,390,251	2,292,141	+4.3
Cleveland.....	1,263,596	+1.0	4,983,567	4,273,741	+16.6
Columbus.....	299,648	-17.2	1,291,492	1,106,567	+16.7
Covington- Newport.....	23,006	-3.6	96,855	87,558	+10.6
Dayton.....	141,516	-6.9	582,306	538,821	+8.1
Erie.....	62,098	-7.2	253,260	225,386	+12.4
Franklin.....	6,276	+14.3	24,141	19,295	+25.1
Greensburg.....	11,630	+6.4	48,285	39,833	+21.2
Hamilton.....	19,619	-14.3	79,177	79,547	-0.5
Homestead.....	4,505	-1.6	19,031	17,309	+9.9
Lexington.....	25,957	-7.5	180,796	157,493	+14.8
Lima.....	25,737	+2.2	104,537	96,194	+8.7
Lorain.....	8,265	+4.8	34,988	26,274	+33.2
Mansfield.....	20,168	+6.1	78,816	66,551	+18.4
Middletown.....	19,299	-11.8	80,911	75,826	+6.7
Oil City.....	15,287	-17.4	60,844	61,679	-1.4
Pittsburgh.....	1,279,152	-6.9	5,224,067	4,676,043	+11.7
Portsmouth.....	10,752	+0.9	43,721	37,669	+16.1
Sharon.....	17,303	+7.8	66,666	57,235	+16.5
Springfield.....	31,426	-5.9	131,195	119,599	+9.7
Steubenville.....	13,160	-13.5	52,610	50,392	+4.4
Toledo.....	259,658	-4.9	1,051,957	929,521	+13.2
Warren.....	23,443	-21.1	92,442	93,402	-1.0
Wheeling.....	37,362	-24.5	158,818	148,904	+6.7
Youngstown.....	83,438	-6.2	332,219	306,044	+8.6
Zanesville.....	11,662	-13.9	50,246	49,088	+2.4
Total.....	4,542,985	-7.0	18,602,150	16,620,236	+11.9

**Fourth District Business Statistics**

(000 omitted)

	April 1944	% change from 1943	Jan.-Apr. 1944	% change from 1943
Fourth District Unless Otherwise Specified				
Bank Debts—24 cities.....	\$4,460,000	-7	18,268,000	+12
Savings Deposits—end of month: 39 Banks O. and W. Pa.....	\$ 991,353	+18		
Life Insurance Sales: Ohio and Pa.....	\$ 89,761	+6	372,232	+14
Retail Sales: Dept. Stores—97 firms.....	\$ 40,331	+1	145,063	+1
Wearing Apparel—16 firms.....	\$ 1,889	+6	7,090	+3
Furniture—76 firms.....	\$ 2,648	-11	8,689	-8
Building Contracts—Total.....	\$ 13,601	-49	48,754	-47
"—Residential.....	\$ 3,244	-65	13,000	-60
Commercial Failures— Liabilities.....	\$ 386	+53	614	-49
Commercial Failures—Number.....	7	-63	28	-67
Production: Fig Iron—U. S..... Net Tons	5,243	+4	21,082	+4
Steel Ingot—U. S..... Net Tons	7,569	+3	30,157	+3
Bituminous Coal—O., W. Pa., E. Ky..... Net Tons	18,835	+2	78,121	+4
Cement—O., W. Pa., W. Va. Bbls.....	457a	-55	1,300b	-54
Elec. Power—O., Pa., Ky. Thous. K. W. H.....	3,090a	+7	9,159b	+10
Petroleum—O., Pa., Ky..... Bbls.	2,247a	-0-	6,441b	+1
Shoes..... Pairs	c	-11	c	-0-
Bituminous Coal Shipments: Lake Erie Ports..... Net Tons	5,209	+39	6,443	+37

a March  
b January-March  
c Confidential

**Fourth District Business Indexes**

(1935-39=100)

	April 1944	April 1943	April 1942	April 1941	April 1940
Bank Debts (24 cities).....	201	216	159	138	105
Commercial Failures (Number).....	10	28	55	91	68
(Liabilities).....	26	17	32	60	34
Sales—Life Insurance (O. and Pa.).....	106	101	77	105	96
"—Department Stores (97 firms).....	170	162	153	139	108
"—Wholesale Drugs (7 firms).....	134	133	108	94	89
"—  Dry Goods (7 firms).....	145	156	154	116	95
"—  Groceries (41 firms).....	130	130	118	105	92
"—  Hardware (27 firms).....	188	204	228	166	110
"—  All (82 firms).....	152	157	149	121	97
"—Chain Drugs (5 firms)*.....	160	162	136	119	99
"—Chain Groceries (4 firms).....	160	143	140	114	101
Building Contracts (Total).....	56	108	207	153	130
(Residential).....	42	121	219	245	159
Production—Coal (O., W. Pa., E. Ky.).....	150	147	153	5	102
"—Cement (O., W. Pa., E. Ky.)**.....	55	123	129	119	92
"—Electric Power (O., Pa., Ky.)**.....	203	189	164	144	121
"—Petroleum (O., Pa., Ky.)**.....	102	101	99	91	101
"—Shoes.....	83	93	111	114	85

\*Per individual unit operated.  
\*\*March.

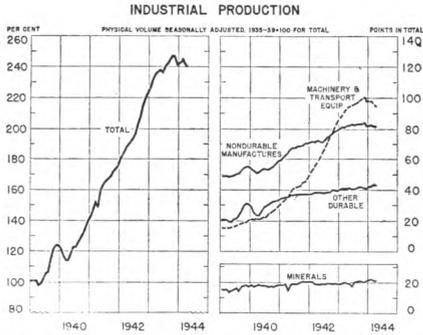
**Indexes of Department Store Sales and Stocks**

Daily Average for 1935-1939=100

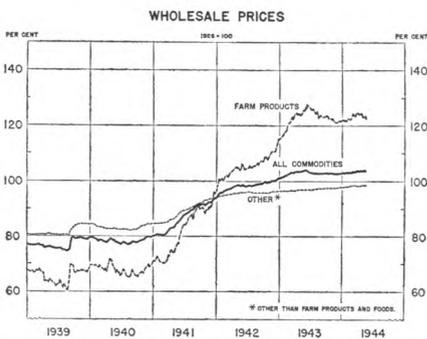
	Without Seasonal Adjustment			Adjusted for Seasonal Variation		
	Apr. 1944	Mar. 1944	Apr. 1943	Apr. 1944	Mar. 1944	Apr. 1943
<b>SALES:</b>						
Akron (6).....	200	191	201	195	213	188
Canton (5).....	220	197	211	237	229	219
Cincinnati (9).....	174	169	157	177	177	154
Cleveland (10).....	162	163	162	142	176	138
Columbus (5).....	191	181	170	205	177	174
Erie (3).....	191	190	190	188	224	181
Pittsburgh (8).....	158	156	146	155	173	135
Springfield (3).....	211	206	205	211	221	197
Toledo (6).....	178	167	167	173	174	157
Wheeling (6).....	154	144	130	161	160	127
Youngstown (3).....	183	185	166	174	196	151
District (96).....	170	165	162	164	185	151
<b>STOCKS:</b>						
District (51).....	153	154	134	147	149	129

## Summary of National Business Conditions

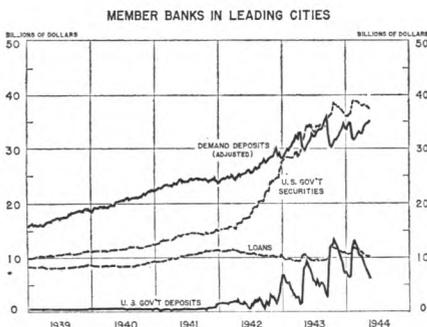
By the Board of Governors of the Federal Reserve System



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



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending May 13, 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 May 17, 1944.



Wednesday figures, latest shown are for May 17, 1944.

Industrial production and employment at factories and mines declined somewhat further in April, reflecting principally reduction in output of metal industries. The number of industrial wage-earners was about 6 per cent or 800,000 less than in November 1943.

### Industrial production

The Board's seasonally adjusted index of output in manufacturing and mining industries was at 240 per cent of the 1935-39 average in April, as compared with 242 in March and 245 in February.

Small declines in output of metals and metal products continued to account for most of the decrease in industrial production. Electric steel production decreased further in April to a level 5 per cent below the same month last year. Production of most nonferrous metals declined, reflecting partly planned curtailments and partly the effects of labor shortages in mines and smelters. A further curtailment of aluminum production was announced in May. Activity at plants producing munitions in the machinery and transportation equipment industries declined somewhat in April. Production under the farm machinery program continued to increase and was reported at a rate above the highest volume recorded in any peacetime year.

Output of nondurable manufactured goods showed little change in April. Activity at cotton mills was maintained at the level of recent months, approximately 15 per cent below the peak level of April 1942. As a measure to increase production, a 48-hour work week was ordered in the cotton textile industry, effective May 14.

The number of animals slaughtered continued at an exceptionally high level in April, and effective May 3 most meat products were removed from rationing. Output of dairy products continued to rise seasonally and supplies available for civilians increased.

Mineral production was maintained in large volume in April. Production of both bituminous and anthracite coal for the year through May 6 was approximately 5 per cent more than in the same period in 1943.

Crude petroleum production in April continued at a level about 12 per cent above a year ago. Mine production of iron ore showed a large seasonal rise, reflecting the opening on April 10 of the season for lake shipments.

### Distribution

Department store sales declined in April and, after allowance for usual seasonal changes, were about 10 per cent below the high level which prevailed in the first quarter of this year. In the first half of May sales were maintained and were considerably larger than in the corresponding period of 1943.

Carloadings of railroad freight in April and the first half of May were maintained in large volume. Grain shipments continued to decline from the exceptionally high levels of January and February. Ore loadings increased sharply in April and were 60 per cent greater than a year ago.

### Commodity prices

Wholesale prices of most commodities showed little change from the middle of April to the third week of May. Prices of farm products and foods were slightly lower, while maximum prices of some industrial commodities were raised.

The cost of living index advanced one-half per cent from mid-March to mid-April, reflecting higher retail prices for foods and furniture and increased excise taxes effective April 1.

### Bank credit

From the end of the Fourth War Loan Drive in the second week of February through the middle of May, demand deposits of individuals and businesses at weekly reporting banks increased by about 3 billion dollars. Time deposits also increased appreciably. During the same period war loan accounts at reporting banks declined by more than 6½ billion dollars. Holdings of U. S. Government securities by these banks declined by about 2 billion dollars and loans contracted by more than 1½ billion dollars. A large part of the loan decline was the liquidation of credits extended during the war loan drive. Loans to brokers and dealers are now less than they were before the Fourth War Loan Drive and loans to others for purchasing and carrying U. S. Government securities are down to about pre-drive levels. During the same period commercial loans also declined rapidly.

Sales of U. S. Government securities by commercial banks were paralleled by equivalent purchases by the Federal Reserve System. System holdings are now about 2½ billion dollars larger than they were at the end of the Fourth War Loan Drive. These purchases were made to supply member banks with reserve funds needed to meet a continued increase in currency and the growth in required reserves which resulted from shifts of deposits from Treasury war-loan accounts to other accounts. Some of these needs have been met by a decline in excess reserves. Sharp declines in excess reserves at the end of March and April were associated with unexpectedly large tax receipts and the building up of Treasury balances at Reserve Banks. Currency in circulation, which increased somewhat less rapidly during the first quarter of 1944 than in the same period last year, renewed its rapid outflow late in April and during early May. In the four weeks ending May 17 the currency outflow was over 500 million dollars.