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MANUFACTURING AND MINING

The present period represents a conflict of interests between war and peacetime production. From its effect on the country's total economy, there are many reasons why partial conversion to peacetime production may be desirable, but it must not be allowed to interfere with high-level war production. The four War Production Board conversion orders, sponsored by Director Donald Nelson, are now in effect. Through these orders—(1) lifting of certain restrictions on the use of aluminum and magnesium, (2) permitting the manufacture of experimental models, (3) the placement of forward orders for machine tools necessary to post-war production, (4) allowing civilian production by manufacturers who can prove they have the war-free capacity and labor—Mr. Nelson has succeeded in setting up the machinery which it is hoped will ease industry back into peace production.

For many reasons, including its effect on labor in war industry and the optimism pervading the consuming public regarding the war's end, the program has been effectively deemphasized for the immediate future. The situation is similar to that of October 1918, when the Baruch report urging an orderly conversion to peacetime production was shelved by President Wilson on advice of the military. Forward planning, if not the actual machinery, for conversion to peacetime production exists at the present time, however, in a manner unthought of at the end of World War I. It involves various kinds of post-war planning, including employment and production programs, surplus property disposal, reemployment of veterans, tax and other fiscal considerations, as well as plans to care for transitional unemployment. Perhaps the most reassuring note to industry relative to post-war production is the announcement by the War Production Board that plans for the relaxation of the majority of limitation and conservation orders are already formulated.

Steel As deterioration of the German military position progresses, experts in the steel industry continue their examination of the probable effects of a sudden end of the war in Europe on the steel market. Informed opinion leans to the view that, in such an event, the Nation

will have on its hands a tremendous surplus of steel. Estimates of this surplus vary between 25 and 40 million tons. Estimates of the probable drop in steel mill operations vary from 30 to 40 percent following the cessation of hostilities in Europe.

There is little change in pressure for delivery of tonnage already on steel order books. Easing in new orders is apparent, however, as is an increasing disposition of consumers to take steel as it is scheduled without seeking to advance delivery. Scrap is plentiful for current needs in most grades. Cast grades and specialties are the only ones in some areas that maintain full ceiling prices. Buying generally is held down to absolute necessities.

July ingot production totaled 7,474,297 net tons, as compared with 7,217,232 tons in the previous month. Pig iron production for July totaled 5,156,814 net tons, an increase of two percent over June. Iron ore movements from the upper lakes to August 1 totaled 42,285,902 tons, 10.2 percent higher than to the same date last year. Stocks of ore at furnaces and on Lake Erie docks totaled 32,069,216 on August 1, slightly under the total for the same date a year ago.

Coal July production of bituminous coal for the Nation totaled 48,930,000 net tons. This is a decline of 8.4 percent from the total for the previous month and a drop of 6.3 percent from July 1943. Production in the fourth district totaled 18,733,000 net tons in July, a falling-off of 8.6 percent and 2.8 percent from the totals for the previous month and same month last year, respectively.

Of great interest to the coal industry is the proposal recently made urging the reestablishment of a national Bituminous Coal Commission having the power to regulate and fix prices in the coal industry. Since the former commission was abolished a year ago, the industry has operated under the Solid Fuels Administration, a wartime agency. The new commission is recommended to prevent the return of chaos to the industry in the post-war years, when productive capacity will exceed anticipated needs.

Miscellaneous Manufacturing Manpower is the key, at the present time, to the reconversion program. Under the "spot authorization" order issued by the War Production Board in mid-August, manufacturers who show plant capacity and labor not needed for war work can start production on civilian goods, subject to the approval of the War Production Board and War Manpower Commission field offices. Termination of and cut-backs in war contracts, with a resulting release of manpower, will be deciding factors in determining how much resumption of civilian manufacturing may occur before the end of the war. Adequate production of military supplies still remains as the chief factor determining the utilization of manpower. It is reported that the maintenance of production schedules is becoming increasingly difficult in the face of good news from the battle fronts.

Great pressure is being placed on heavy duty truck tire manufacturers at present. Two-thirds of this production program is concentrated in the Akron district, and strenuous efforts have been made by labor and management groups to correct deficiencies in order to meet production so urgently needed.

Paper and paperboard manufacturers report a slight easing in market conditions. Trade associations in this line report for the first time that they are participating in an examination of military supplies with the expectation of assisting in the disposal of any surplus that might be found. One reports: "With the general trend of the war, we look for a substantial improvement in the supply situation in the next 60 days".

Production in the dinnerware branch of the ceramic industry continues at approximately 80 to 85 percent capacity due "entirely to labor shortage", reports one of the largest manufacturers in the field. New orders continue in greater volume than production.

Shoe manufacturers continue to report production restricted by the manpower shortage as well as a tight raw material situation. These two factors have limited fourth district shoe production to approximately 85 per cent capacity as measured by the 1935-1939 average.

POPULATION SHIFTS

The migration of workers to war production centers has widely altered the peacetime patterns of population in the fourth district. Effects of war activities on population movements are illustrated by the accompanying map showing the increase or decrease in civilian population of each fourth district county from April 1940 to November 1, 1943. Changes depicted in the map are preliminary estimates based on the registration for War Ration Book Four. Total civilian population for the district decreased by 536,342 persons, a decline of 4.5 percent. Total civilian population for the Nation fell 3.1 percent in the same period.

TABLE I
Estimated Civilian Population
(in thousands)

	Nov. 1, 1943	Apr. 1, 1940	% change
Eastern Kentucky (50 counties)	1,173	1,377	-14.8
Ohio (all counties)	6,823	6,904	-1.1
Western Pennsylvania (19 counties)	3,088	3,317	-7.0
Northern West Virginia (6 counties)	180	205	-12.1
Total Fourth District	11,268	11,804	-4.5
Total U. S.	127,308	131,324	-3.1

The war industries of the large metropolitan areas of the district (with the exception of Toledo, Pittsburgh,

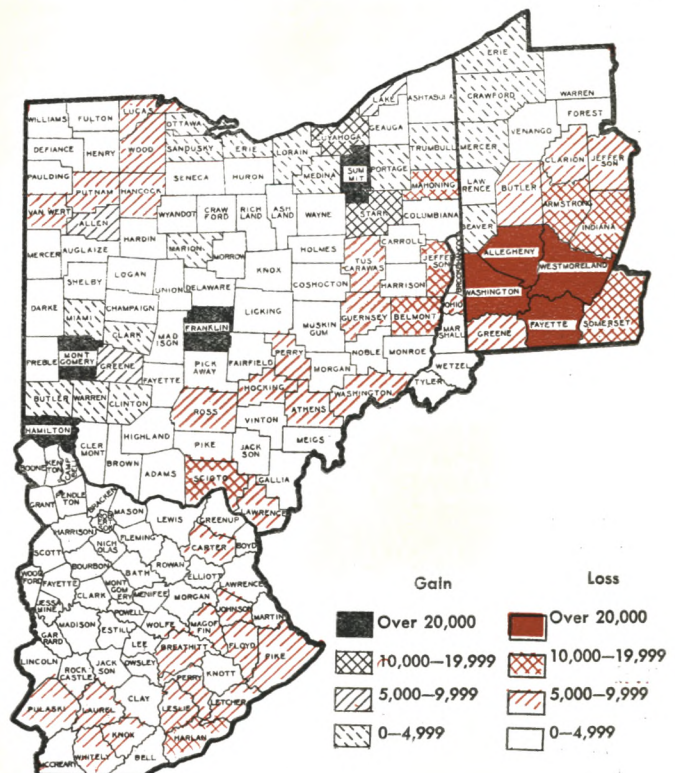
and Youngstown) have drawn personnel from eastern Kentucky, southeastern Ohio, West Virginia, and southwestern Pennsylvania. These latter areas are rural farm and coal mining regions, and several of the counties have experienced a loss of population in excess of 25 percent during the period April 1, 1940, to November 1, 1943. The other regions from which migratory workers have been removed to secure the increased pay of new war industries have been the old established industrial areas, where conversion to new war products was made late in the defense program or where war contracts required only an expansion and speed-up in the use of existing facilities. Pittsburgh, Wheeling, Youngstown, and Toledo fall in these groups.

TABLE II
Changes in Civilian Population—Apr. 1940-Nov. 1943

County	State	Increase or Decrease
Montgomery	Ohio	+43,208
Hamilton	Ohio	+30,361
Franklin	Ohio	+28,286
Summit	Ohio	+24,247
Allegheny	Pennsylvania	-89,120
Washington	Pennsylvania	-27,017
Fayette	Pennsylvania	-26,418
Westmoreland	Pennsylvania	-24,111

The four counties which have experienced the greatest gains in population in the district are in Ohio—Summit, Franklin, Hamilton, and Montgomery. The urgent necessity for rubber and aircraft in the defense program accounts for the expansion which occurred in Summit County; the expansion in the other areas is due largely to the location of aircraft plants in Dayton and Columbus. Other factors have contributed in each case. In the Dayton area, Government employment alone accounts

Fourth District Population Changes
April 1, 1940, to November 1, 1943



for one-third of all employment. There have been increases in the production of iron and steel and their products. In Columbus, aircraft, bearings, and small parts have been the chief factors in attracting migrant workers. In Cincinnati, iron and steel, electrical equipment, and machinery, as well as aircraft parts, have expanded and the employment pattern is relatively broad.

The four counties in this district which have experienced the greatest decline in population are Allegheny, Washington, Fayette, and Westmoreland, in southwestern Pennsylvania. The principal industries of all four are iron and steel and coal. That these industries have not experienced the enormous expansion that has occurred in aircraft and shipbuilding is well known. In a large measure, increased production in both these fields has been realized through more economical and efficient use of existing facilities. In the mining of coal, there has been an extensive utilization of mechanical equipment and a longer work week. Dissatisfaction with working conditions at home as well as prospects of increased earnings in new surroundings were probably equal factors in attracting workers out of this area. It is interesting to note that these four counties are among the largest producers of bituminous coal in this district. The long history of labor difficulties in the coal fields has doubtlessly influenced many migrants, both those who were actually miners by occupation and those whose economic security depended on communities in mining areas.

TABLE III
Percent Changes in Civilian Population
by County and Industrial Area

		April 1940-November 1943	
County	State	Metropolitan Area	% of Increase
Greene	Ohio	Dayton-Cincinnati	25.1
Montgomery		Dayton-Cincinnati	14.6
Lake		Cleveland-Painesville	10.4
Allen		Lima	10.3
Clinton		Cincinnati-Dayton	8.6
Franklin		Columbus	7.3
Summit		Akron	7.1
Portage		Ravenna-Akron	6.2
Stark		Canton	5.4
Warren		Cincinnati-Dayton	5.4
Clark		Springfield-Dayton	5.0
Hamilton		Cincinnati	4.9
Leslie	Kentucky	Farm & Coal-producing area	37.3
Magoffin		" "	34.5
Morgan		" "	28.9
Powell		" "	28.5
Owsley		" "	28.1

Percentagewise, the counties in the district which have experienced the greatest increase in population (see Table III) represent the same metropolitan areas as those listed in Table II, with the addition of Allen and Portage Counties. In Allen County, Ohio, the increase can be attributed to the enormous demand for heavy foundry and locomotive equipment, considerable quantities of which are produced in Lima. The increase in Portage County population is a result of the expansion which occurred in near-by Summit County as well as the location of a powder plant in Ravenna, Ohio.

The greatest percentage decreases in population in the district occurred in the small rural farm and coal-producing counties of Kentucky. The removal of a numerically small group of people from these localities resulted in a high percentage decrease for the counties involved. The more populous large coal-producing counties in southwestern Pennsylvania listed in Table II contributed nu-

merically more migrant workers than did the five Kentucky counties listed in Table III.

In various sections of the district, a tendency toward outward migration is reported. This migration appears to be given impetus by rumors of contract cancellations and cutbacks in the industrial areas, and an indication of its existence is found in the payment of unemployment compensation to out-of-state beneficiaries. The number of such payments during July 1944 was more than nine percent of the total payments made by the Ohio Bureau of Unemployment Compensation. However, if the pattern following World War I is any criterion, thousands of workers may be expected to remain where they are, taking their chances on unemployment for several reasons: (1) no financial security for them in the districts from which they moved, (2) an unwillingness to "pull up stakes" again, (3) a preference for the new location or the new type of work, and (4) many advantages offered by the large industrial cities that were not available in the rural areas from which they came.

The major portion of the industrial expansion which occurred in the fourth district has been in long-established fields of activity where the peacetime product resembles the war product markedly. Iron and steel, rubber, machine tools, small parts, castings, glass, china, paper, electrical equipment, paints, and chemicals—the major products of the district—will require, in the post-war period, the same skills as were used prior to the war. In the communities where such industries are located, it is quite probable that there will be no great shifting of population at the end of the war. Cincinnati, Columbus, Springfield, Canton, Alliance, and Massillon should retain a part of the population gain made in the war period on this basis.

In those areas where expansion has occurred as a result of aircraft, shipbuilding, or ammunition, the post-war period will require strenuous efforts industrially in new lines to maintain the additional population. Dayton, Columbus, Akron, and Cleveland are centers of importance in aircraft, and though each has its own characteristic and differentiated economy, diversification and the production of new products appear to be necessary if population gains are to be retained. Shipbuilding in the district in relation to national output is small, yet it has been of importance to several communities on the lakes and along the Ohio River. These, along with the several communities which have expanded to accommodate workers at powder plants, will have the most difficult readjustment to make; Ravenna and Plum Brook would be classified in this latter group.

Pittsburgh and Wheeling are two industrial centers of the district which have declined in population during the war. This is a continuation of the trend established in pre-war years and there now seems to be little evidence of factors that might reverse this trend.

Whether the population gains made by the large industrial areas of the district are retained after the war would appear to depend chiefly on the economic resiliency of the various areas. If the industries of a community cannot reconvert readily to civilian production, then a mass migration may leave vacant wartime-built housing projects, and rural counties may have a burdensome relief load in the early post-war years further complicated, in the case of migratory workers, by residence require-

ments of the various States involved. In general, the prospects of most metropolitan areas of the fourth district retaining their population increases in post-war years seem favorable. The adjustments required of industries in some cities will be extensive, however, for Ohio ranks fourth among the States for percentage employment engaged in munitions production. One of the chief post-war problems will be to create adequate marketing facilities to meet the competition which has arisen in the new industries of the West and South.

FINANCIAL

Deposits At Banks While there has been very little change in total deposits at reporting member banks in the fourth district since the close of the Fifth War Loan Drive, there have been some noticeable fluctuations among the several classes of deposits. By mid-August, about one-sixth of the war loan account balances had been withdrawn by the Treasury, but this was largely offset by a nearly comparable gain in demand and time deposits payable to individuals, partnerships, and corporations as Government funds were paid out through war expenditures. Time deposits in particular have shown a pronounced upward trend through most of 1944, exceeding by a small margin the rate of increase in effect during 1943. Whether this record volume of time deposits (mostly savings accounts) will be affected by the appeal of consumer goods in the post-war period is a matter to which considerable thought is given by many banks in the formulation of investment policy.

Investments Member banks have continued to show a strong demand for the $\frac{7}{8}$ percent Treasury certificates of indebtedness. Although banks were not eligible to subscribe to the issue offered during the Fifth War Loan, late in August weekly reporting banks held 22 percent more of these certificates than they held on June 7. Some were obtained from nonbanking subscribers wishing to make room for new offerings of the Fifth Drive. Recent additions to holdings probably represent the June 26 issue which had been held for varying lengths of time by individuals and other nonbank subscribers.

Another development was the very moderate contraction in 91-day Treasury bill holdings since the close of the Drive, notwithstanding a concurrent increase in bills sold to Federal Reserve Bank of Cleveland under repurchase option and an increase in borrowings by member banks. Apparently, in the case of some banks, the inflow of funds was in excess of expectations, while in others, reserve losses necessitated either the sale of bills or borrowing to maintain reserve balances. As reserve-exempt war loan deposits decrease until the next drive, aggregate reserve requirements can be expected to grow.

Loans A recovery in commercial, industrial, and agricultural loans since early June, although of modest proportions, represents the longest sustained improvement since the summer of 1943, when a comparable expansion took place. Because of an intervening decline, the net gain to date over the wartime low of June 30, 1943, is only about 11 percent for all weekly reporting banks, although some banks have experienced increases ranging from 25 percent to as much as 60 percent.

Loans to brokers and dealers for the purpose of purchasing or carrying Government securities have held at or slightly above the total outstanding at the close of the Fifth Loan Drive. Apparently brokers and dealers still own most or all of the Treasury securities purchased in the June-July drive, whereas liquidation of such holdings was observed to have begun rather promptly after the conclusion of previous drives. On the other hand, loans on Government securities to others than brokers and dealers, which increased sharply during the Fifth War Loan Drive, have been reduced by 25 percent.

Federal Reserve Bank Credit Continued demand for currency caused note circulation of this bank to expand \$43 millions in the four weeks ended August 23. This increase was at a rate exceeding the expansion for the year to date, which has averaged \$7 millions per week. Compared with a year ago, note circulation is up \$387 millions, or an average of \$7.5 millions weekly. This prodigious and almost uninterrupted increase in note circulation is difficult to explain. It is inconceivable that ordinary needs for hand-to-hand currency expand by such amounts.

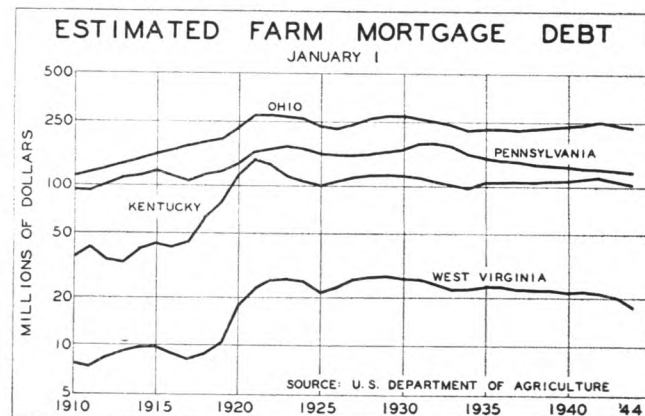
Some member banks of the district experienced a tightening of their reserve position as reserve-free Government deposits were shifted to ordinary deposit categories subject to reserve, and through payment for currency acquired from the reserve bank. In adjusting to this situation, banks found it necessary to sell a moderate amount of Treasury bills under option to the reserve bank as well as increase their borrowings to the highest level since early 1934. Credit extended to member banks in this district through direct advances or through bills acquired under option, however, is still of nominal amount. Reserves continue to be supplied to banks through purchases of Government securities by the System Open Market Account. This has largely offset the effect on reserves of the drain of currency from the banking system.

New Member Bank

The Bank of Corning Company, Corning, Ohio

AGRICULTURE

District Farm Conditions Widespread drought which has centered in the Ohio Valley and in Tennessee has cut crop prospects materially in the southern and central portions of the Fourth Federal Reserve District. The effects of the dry weather have been



particularly injurious because of the wet spring and consequent late plantings. Dry conditions may limit fourth district crop production to the point where the area will not match the national forecast for a slight increase over last year in aggregate crop production. Pasture shortages together with prospects for inadequate feed supplies have induced some liquidation of livestock, chiefly in the Ohio River area. Although the drought has lowered the outlook for continued high farm income in some sections of the district, the total cash returns from farm marketings in each of the fourth district States were higher in the first six months of this year than during the same period a year ago.

A further result of the drought is the designation by the War Food Administration of a special drought area for supplemental dairy payments. Dairymen in these specified counties will receive added payments of ten cents per hundredweight of milk and one cent per pound of butterfat for all sales made after August 5. The designated area includes a number of counties in the Ohio River Valley section of Ohio, Kentucky, and West Virginia.

Ohio: The Ohio corn production estimates on August 1 were 20 percent below those of a month earlier. The indicated production was less than last year but a little larger than the 1933-42 average. Both the wheat and oats crops were larger than in 1943. The hay crop estimates showed declines from last year and from the average. Dry weather has had a particularly detrimental effect on soybean production, which is expected to be about one-fifth smaller than in 1943. Potato production has been estimated at about four-fifths of last year's crop and is below the ten-year average. Fruit forecasts point to a production that will be greater than last year's below-normal crops of apples, peaches, pears, and grapes. Although the tomato crop of northwestern Ohio is said to be the best in 20 years, growers in northeastern Ohio state that the dry weather has reduced their yields substantially.

Kentucky: Forecasts of Kentucky corn production have declined more than one-fourth in the last two months. Some observers estimated as of the middle of August that the yield might be as low as 50 percent of normal. Government estimates as of August 1 placed the total crop of burley tobacco this year at 402 million pounds, a three percent increase over last year. However, some private estimates on the Kentucky burley crop indicate that this

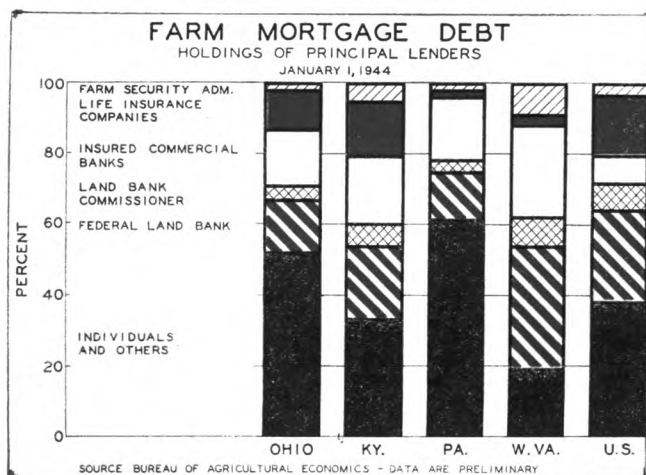
year's production may not equal that of last year even though acreage allotments were increased. During the month of August, packing houses in Louisville were reported handling twice the quantity of beef that they did in 1943. Dry weather and the consequent necessary sale of cattle were said to be the major causes of the run. Livestock raisers were facing the necessity of marketing cattle in late summer which normally would be fed through the winter.

Pennsylvania: This year's corn crop in Pennsylvania is expected to be about ten percent greater than the 1943 production and about the same as the 1933-42 average. However, some persons well acquainted with the Pennsylvania crop situation believe the Government reports for the year are too high. Preliminary reports of wheat and oats harvests indicate that both were larger than in 1943. The hay crop is expected to be 3.1 million tons, a ten percent decrease from the 1943 crop, but slightly greater than the ten-year average. Potato production is expected to be larger than in 1943. Prospects for the major fruits are above last year's small crops. A larger than average crop of Concord grapes is indicated for the Erie Belt.

Farm Mortgage Debt In 1943, farm mortgage debt continued to decline in the States of the fourth district and throughout the United States generally. This has been a development in singular contrast to the mortgage debt movement of World War I, and especially notable owing to the fact that farm real estate prices have increased during the last several years much as they did during the 1914-1918 period. During the four-year period ended January 1, 1944, farm mortgage debt dropped 3 percent in Ohio, 6 percent in Kentucky, 6 percent in Pennsylvania, and 18 percent in West Virginia. On the other hand, in the comparable period of World War I, farm mortgage debt expanded in all States of the fourth district except West Virginia (see line chart).

The net downward movement of total farm mortgage debt in recent years does not, however, accurately describe the changes which have taken place in the farm mortgage holdings of individual lending groups. This difference is shown clearly by the developments in the fourth district States during the four years preceding January 1, 1944. In Ohio, for example, the net change was a reduction of three percent. This net decline was the result of a drop of 41 percent in the combined mortgage holdings of the Federal Land Bank and Land Bank Commissioner, smaller declines in the holdings of life insurance companies (16 percent) and commercial banks (9 percent), whereas mortgage holdings of the Farm Security Administration and "individuals and others" increased over 300 percent and 30 percent, respectively. Excepting a large increase in the farm mortgage holdings of insurance companies in Pennsylvania and a substantial decrease in the holdings of "individuals and others" in West Virginia, changes in holdings among lenders in the other fourth district States were much like those in Ohio.

The accompanying bar chart presents a snapshot of this changing scene as of January 1, 1944. It depicts the wide variation in the proportionate holdings of the principal lenders in the four States. For instance, the combined farm mortgage holdings of the Federal Land



Bank and the Land Bank Commissioner in West Virginia amounted to 43 percent of the total for that State, whereas in Pennsylvania they made up only 17 percent of the total. The chart also shows that farm mortgage holdings of commercial banks in the States of the fourth district formed a relatively larger part of the total than in the United States as a whole. On the other hand, the farm mortgage loans of life insurance companies were relatively less important in the four States than in the entire country.

The farm mortgage debt reduction of the last several years establishes the fact that principal payments on existing debt have exceeded the amount of new obligations. In a period of rising farm land prices, such as the present, this is a gratifying circumstance but it does not mean that all farm owners are now in a safer debt position. More farms changed hands in the United States in 1943 than in any previous year, eclipsing even the record volume of 1919. About one-half of the changes were credit transactions. That some farm owners may be building up heavy debts is indicated by the fact that about one-third of the 1943 credit transfers in the United States involved mortgages of 75 percent or more of the purchase price. Approximately three-fourths of such transfers involved mortgages which equaled or exceeded 50 percent of the purchase price. Further, during the last two years the average mortgage debt per acre in credit-financed sales has increased about one-fourth.

At the beginning of this year, the ratios of farm mortgage debt to the estimated value of all farm real estate were: in Ohio, 11.1 percent; Kentucky, 9.1 percent; Pennsylvania, 11.6 percent; and West Virginia, 5.4 percent. Although these ratios were higher than at the comparable date during World War I, the trend of the ratios during the last several years has been downward, whereas during the first war they advanced substantially. Since farm real estate values increased during both war periods, the recent decline in the debt-to-value ratio is an indication of the extent of farm mortgage debt reduction during World War II.

TRADE

Stocks Although fourth district department stores experienced a record-high volume of sales during recent months, they were able to report an increase in stocks of approximately eleven percent from last January 1 to July 31. Recently there was a slight decline in inventories, but this decrease was considerably less than usual for the summer months, when stores formerly cleared their stocks of summer merchandise preparatory

to receiving shipments of fall goods. As a result, the seasonally adjusted stocks index advanced during July to 164 percent of the 1935-39 average, the highest point since October 1942.

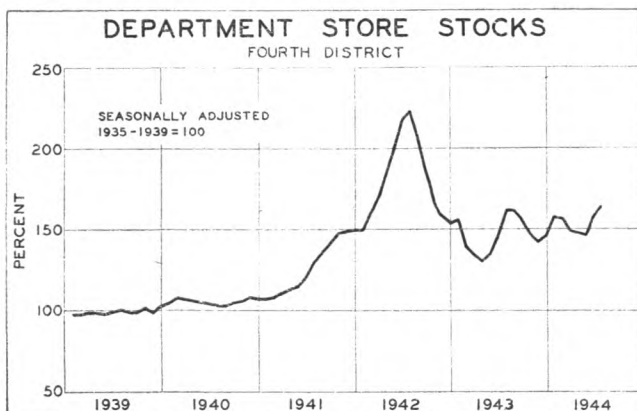
Merchants continued to report year-to-year gains in stocks, but the two percent increase for July 31 was considerably smaller than the advances experienced earlier this year, reflecting the large volume of merchandise that stores were receiving at this time a year ago and the changed attitude of many buyers. Last year orders were being placed in the markets for almost any goods available, so that stores would have adequate merchandise on hand for their fall and holiday business. At that time, the dollar volume of orders outstanding was the highest on record. In contrast, it is reported that buyers are more conservative in their purchasing this season, as they are uncertain of the effect the ending of the European war may have on retail trade and are anticipating the possibility of better merchandise being available later. They have learned that consumers are reluctant to purchase sub-standard goods.

Although stores reported recently that their total stocks were larger this year than last, it is still difficult to obtain certain types of merchandise. Deliveries on some goods are slow, and orders outstanding at the end of last month were down only eleven percent from the peak reached last year and they were 165 percent greater than the volume outstanding two years ago. Merchants encounter difficulty especially in securing articles made of rayon or cotton and certain items for the home. The supply of floor coverings is very limited and whatever are available are of inferior quality. Stocks of these at reporting departments stores were down 29 percent from July 31, 1943, and 65 percent compared with the same date two years ago. Total housefurnishings inventories were six percent smaller this year than last, while women's wear departments reported a gain of two percent in their inventories and stocks of men's and boys' apparel were up twelve percent.

The year-to-year changes reported by stores in principal cities of the district showed considerable variation. Inventories carried by Akron retailers were twelve percent smaller this July 31 than last, while stores in other localities reported gains over 1943. These ranged from one percent in Cleveland and Erie to twelve percent in Wheeling. Stocks in Toledo were up six percent, and in Pittsburgh seven percent.

According to *Department of Commerce* reports, wholesale inventories were reduced two percent during July, but at month-end they were up ten percent from July 31 a year ago. Firms selling drugs, electrical goods, meats, groceries, and dry goods had a greater amount of merchandise on hand this year than last, and hardware stocks were at the same level as they were a year ago. Inventories of automotive supplies and machinery were smaller.

Sales For the fifth consecutive month, department store sales during July reached an all-time high level for the month. Sales in Wheeling, Pittsburgh, and Cincinnati were considerably larger this July than last. Toledo, Columbus, and Cleveland stores also experienced year-to-year gains, while retailers in Akron, Canton, and Springfield reported that their dollar volume was smaller.



For the district as a whole, the increase over last year was seven percent during July and four percent for the first half of the fiscal year.

The gains that stores experienced during recent months were repeated in August. However, it is reported that the excessive hot weather during the first part of the month curtailed purchases of some fall merchandise. Moreover, stores did not conduct special promotions which formerly occurred in August, such as fur and housefurnishings sales. Dollar volume of sales during the three weeks ended August 19 was up six percent from the corresponding period a year ago.

Wholesale firms sold four percent less merchandise this July than last. Sales of jewelry were down 28 percent, machinery 22 percent, tobacco products 14 percent, hardware 10 percent, and groceries 6 percent. Firms dealing in paints, clothing, meats, and building materials experienced year-to-year gains in their business.

Fourth District Business Indexes

(1935-39=100)

	July 1944	July 1943	July 1942	July 1941	July 1940
Bank Debits (24 cities).....	216	199	171	147	113
Commercial Failures (Number).....	9	16	45	70	103
" (Liabilities).....	12	38	20	52	125
Sales—Life Insurance (O. and Pa.).....	110	101	81	105	100
—Department Stores (97 firms)***	144	126	106	107	82
—Wholesale Drugs (6 firms).....	151	148	121	107	99
— Dry Goods (5 firms).....	152	148	131	138	80
— Groceries (43 firms).....	134	142	129	119	102
— Hardware (30 firms).....	154	171	184	184	114
— All (84 firms).....	147	155	145	138	102
—Chain Drugs (5 firms)*.....	160	163	141	120	111
—Chain Groceries (4 firms).....	175	163	141	122	102
Building Contracts (Total).....	78	72	344	268	150
" (Residential).....	26	101	85	433	234
Production—Coal (O., W. Pa., E. Ky.).....	149	154	148	137	118
—Cement (O., W. Pa., E. Ky.)*	70	132	161	178	153
—Elec. Power (O., Pa., Ky.)*	190	186	161	143	115
—Petroleum (O., Pa., Ky.)*	100	105	101	91	90
—Shoes.....	69	83	111	123	103

* Per individual unit operated.
** June.
*** Revised.

Wholesale and Retail Trade

(1944 compared with 1943)

	Percentage Increase or Decrease		
	SALES July 1944	SALES first 7 months	STOCKS July 1944
DEPARTMENT STORES (97)			
Akron.....	-2	-2	-12
Canton.....	-1	+1	a
Cincinnati.....	+12	+7	+3
Cleveland.....	+2	+1	+1
Columbus.....	+9	+10	+4
Erie.....	+6	+4	+1
Pittsburgh.....	+14	+7	+7
Springfield.....	-4	+1	a
Toledo.....	+10	+9	+6
Wheeling.....	+19	+14	+12
Youngstown.....	+1	+8	a
Other Cities.....	+4	-4	-2
District.....	+7	+4	+2
WEARING APPAREL (16)			
Canton.....	+7	+10	-10
Cincinnati.....	+10	-2	a
Cleveland.....	+12	+6	+24
Pittsburgh.....	+24	+27	+18
Other Cities.....	-1	-4	-9
District.....	+10	+6	+11
FURNITURE (73)			
Canton.....	-4	+11	-30
Cincinnati.....	+3	-7	-9
Cleveland.....	-12	-15	-20
Columbus.....	+11	+3	-28
Dayton.....	-35	-33	a
Pittsburgh.....	-2	-0	-28
Toledo.....	-13	-7	-7
Other Cities.....	-1	-5	-8
District.....	-4	-5	-20
CHAIN STORES*			
Drugs—District (5).....	-2	-0	a
Groceries—District (4).....	+6	+6	a
WHOLESALE TRADE**			
Automotive Supplies (7).....	+2	+23	-17
Beer (6).....	+12	+5	a
Clothing and Furnishings (3).....	+17	a	a
Confectionery (3).....	+6	+10	a
Drugs and Drug Sundries (6).....	+2	+7	+12
Dry Goods (5).....	+3	a	+10
Electrical Goods (12).....	-0	-6	+25
Fresh Fruits and Vegetables (8).....	-7	-5	+3
Grocery Group (43).....	-6	+6	+15
Total Hardware Group (30).....	-10	-5	-0
General Hardware (9).....	-9	+1	-6
Industrial Supplies (9).....	-15	-13	+9
Plumbing & Heating Supplies (12).....	-4	-5	+25
Jewelry (6).....	-28	-4	+3
Lumber and Building Materials (3).....	+16	a	a
Machinery, Equip. & Sup. (exc. Elect.) (5).....	-22	a	-7
Meats and Meat Products (4).....	+47	+24	+53
Metals (3).....	-2	a	a
Paints and Varnishes (4).....	+28	+20	a
Paper and its Products (5).....	-3	+14	+7
Tobacco and its Products (14).....	-14	-4	+7
Miscellaneous (12).....	-5	+5	+10
District—All Wholesale Trade (181).....	-4	+3	+10

* 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.

Debits to Individual Accounts

(Thousands of Dollars)

	July 1944	% change from 1943	Jan.-July 1944	Jan.-July 1943	% change from 1943
Akron.....	178,849	-4.7	1,254,839	1,179,467	+6.4
Butler.....	18,180	+14.9	123,495	98,519	+25.4
Canton.....	87,614	+14.5	575,909	503,534	+14.4
Cincinnati.....	621,959	+4.6	4,292,562	3,997,095	+7.4
Cleveland.....	1,401,946	+16.8	9,240,400	7,785,818	+18.7
Columbus.....	319,131	+10.3	2,251,136	1,970,482	+14.2
Covington-Newport.....	25,774	+8.4	174,563	157,571	+10.8
Dayton.....	139,459	+3.4	1,013,183	965,078	+5.0
Erie.....	60,475	-5.4	450,229	407,709	+10.4
Franklin.....	6,226	+17.1	42,873	35,012	+22.5
Greensburg.....	13,248	+16.6	86,519	72,583	+19.2
Hamilton.....	19,157	-0.6	141,939	137,104	+3.5
Homestead.....	5,323	+3.0	34,844	31,668	+10.0
Lexington.....	28,088	+1.1	268,939	238,116	+12.9
Lima.....	28,562	+21.7	189,229	164,261	+15.2
Lorain.....	8,777	+12.8	61,493	48,149	+27.7
Mansfield.....	20,394	+7.9	144,339	119,816	+20.5
Middletown.....	18,487	+9.4	140,961	138,003	+2.1
Oil City.....	14,913	-5.8	106,996	109,577	-2.4
Pittsburgh.....	1,326,347	+5.2	9,356,742	8,459,165	+10.6
Portsmouth.....	12,017	+10.1	79,914	69,193	+15.5
Sharon.....	16,529	+10.7	118,815	101,415	+17.2
Springfield.....	31,622	+1.7	227,664	214,057	+6.4
Steubenville.....	14,208	+13.9	95,149	87,218	+9.1
Toledo.....	284,555	+13.4	1,881,216	1,644,970	+14.4
Warren.....	25,687	+5.0	170,857	165,151	+3.5
Wheeling.....	48,696	+15.7	299,304	268,720	+11.4
Youngstown.....	89,046	+3.4	600,512	557,051	+7.8
Zanesville.....	13,842	-2.4	90,310	89,337	+1.1
Total.....	4,879,111	+8.4	33,514,931	29,815,839	+12.4

Fourth District Business Statistics

(000 omitted)

	July 1944	% change from 1943	Jan.-July 1944	% change from 1943
Fourth District Unless Otherwise Specified.....				
Bank Debits—24 cities.....	\$4,791,000	+8	32,911,000	+12
Savings Deposits—end of month: 39 Banks O. and W. Pa.....	\$1,042,017	+18		
Life Insurance Sales: Ohio and Pa.....	\$92,429	+8	656,066	+14
Retail Sales: Dept. Stores—97 firms.....	\$32,840	+7	260,188	+4
Wearing Apparel—16 firms.....	\$1,385	+10	12,629	+6
Furniture—73 firms.....	\$2,384	-4	17,331	-5
Building Contracts—Total.....	\$19,078	+9	94,369	-41
" —Residential.....	\$2,045	-74	21,762	-62
Commercial Failures— Liabilities.....	\$170	-69	1,076	-51
Commercial Failures—Number.....	6	-45	51	-58
Production: Pig Iron—U. S..... Net tons	5,157	+3	36,638	+4
Steel Ingot—U. S..... Net tons	7,474	+1	52,536	+2
Bituminous Coal—O., W. Pa., E. Ky..... Net tons	18,733	-3	138,806	+11
Cement—O., W. Pa., W. Va. Bbls.....	576a	-47	2,887b	-51
Elec. Power—O., Pa., Ky. Thous. K. W. H.....	2,897a	+2	17,872b	+8
Petroleum—O., Pa., Ky. Bbls.....	2,212a	-5	13,028b	-1
Shoes..... Pairs	c	-17	c	-2
Bituminous Coal Shipments: Lake Erie Ports..... Net tons	7,125	+19	27,910	+35

a June.
b January-June.
c Confidential.

Summary of National Business Conditions

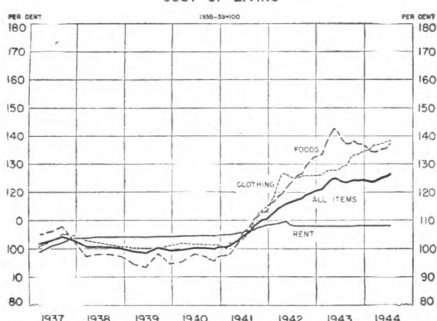
By the Board of Governors of the Federal Reserve System

INDUSTRIAL PRODUCTION



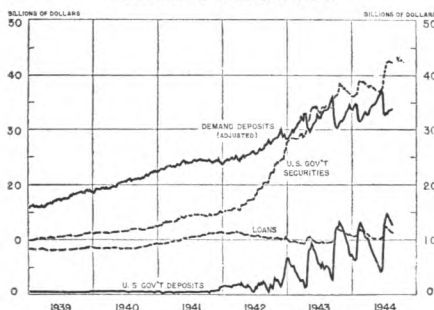
Federal Reserve index. Monthly figures, latest shown is for July 1944.

COST OF LIVING



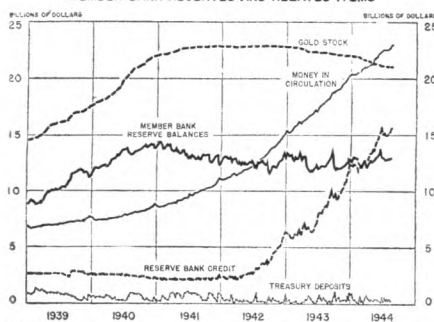
Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September 1940, monthly thereafter. Mid-month figures, latest shown are for July 1944.

MEMBER BANKS IN LEADING CITIES



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for August 16, 1944.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for August 16, 1944.

Industrial production and employment declined slightly further in July. Wholesale commodity prices generally continued to show little change, while the cost of living increased somewhat.

Industrial production

Output at factories and mines continued to decline slightly in July and the Board's seasonally adjusted index was 233 per cent of the 1935-39 average as compared with 235 in June. The decrease in industrial production largely reflected small declines in a number of industries due to continued minor readjustments in the munitions program and to manpower shortages.

Output of steel and nonferrous metals declined further in July to levels respectively 8 per cent and 20 per cent below the high levels of last autumn. A small decrease in activity in transportation equipment industries reflected partly the indirect effects of manpower shortages in foundries and continued readjustments in the shipbuilding and aircraft industries. In August a cutback in aircraft production was announced which was expected to result in the immediate release of 20,000 aircraft workers and the gradual release of 100,000 more during the balance of this year.

Production of manufactured dairy products and meats, after allowance for seasonal change, was maintained in July while output of other food products declined slightly. Cotton consumption showed little change from the rate of the last two months. Activity in the rubber products industry continued to decline slightly in July and supplies of heavy truck and bus tires available for civilians during the third quarter were substantially below estimated needs. Output of chemicals likewise continued to decline slightly.

Crude petroleum output and metal mining were maintained in large volume during July. Coal production dropped 5 per cent from the level of the preceding month, but for the year through August 12 was approximately 8 per cent above the corresponding period of last year, reflecting uninterrupted operations, longer working hours, and a great expansion of strip mining.

So far this year the value of construction contracts awarded, as reported by the F. W. Dodge Corporation for 37 states, has fluctuated around 160 million dollars a month—the lowest level since early 1935.

Distribution

Department store sales declined considerably less than is usual in July, and have continued in August at a higher level than a year ago.

Freight carloadings continued to rise in July and were maintained at a high level during the first two weeks in August. There were considerable increases in shipments of grain, forest products, and miscellaneous freight, offset partly by a small decrease in coal shipments.

Agriculture

Dry weather during July in the east central area has reduced somewhat national prospects for corn, hay, and potatoes. Aggregate crop production, however, is likely to exceed last year by 5 per cent, reflecting chiefly a record wheat crop 35 per cent larger than last year.

Total production of all feed grains is estimated at 112 million tons compared with 115 million tons produced in 1943. While hay production, except in the drought areas, has been large, it will provide a smaller supply per animal unit than has been available in any of the last 6 years.

Crop prospects for most fruits and vegetables, except potatoes, are better than last year. Tobacco production is indicated as being above average and cotton yields may be good as dry weather has held the boll weevil in check.

Bank credit

In the five weeks following the close of the Fifth War Loan Drive, loans by banks for purchasing and carrying U. S. Government securities declined sharply; calls on war loan deposits and subsequent Treasury expenditures increased adjusted demand deposits and consequently required reserves; the rapid outflow of currency into circulation was renewed; and excess reserves declined.

In the five weeks from July 12 through August 16 loans to brokers and dealers for purchasing and carrying Government securities declined 500 million dollars to about the pre-drive level. Loans to others for purchasing and carrying Government securities declined about the same amount, but are still considerably larger than before the drive. Commercial loans continued to show little change.

Treasury war-loan balances at all depositories declined in the five-week period by 2.7 billion dollars. At weekly reporting banks, Government deposits fell by 2.2 billion during the same period and adjusted demand deposits increased by 1.4 billions. Time deposits continued the steady increase that has been in progress for more than a year.

Following a slackened rate of outflow during the war loan drive, currency renewed its rapid outflow and in the next few weeks increased at a rate of about 500 million dollars a month. The resulting drain on bank reserves and the increase in required reserves were met in part by purchases of Government securities by the Reserve Banks and in part by a decline in excess reserves.

Weekly average excess reserves of all member banks declined about 300 million dollars from their peak during the war loan drive and amounted close to 1.1 billion dollars in mid-August. The rate of decline was about the same at reserve city and at country banks.