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Finance, Industry, Agriculture, and Trade

Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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CURRENT FINANCIAL TRENDS

With war orders and contracts virtually eliminated from the industrial scene, manufacturers and distributors have had nearly three months in which to devote most of their energies toward resumption of peacetime activities. The exacting requirements of war have rapidly given way to the new but not wholly unexpected problems of production for civilian consumption.

A similar transition in the banking and monetary sector has scarcely begun. It will be a slow process at best. Member banks in the fourth district as well as elsewhere are still operating on a wartime basis, so to speak. The volume of loans, investments, deposits and reserves of each bank continues to be strongly influenced by Treasury operations. The effects of the Eighth "Victory" Loan upon the banking picture will be comparable to those of previous drives when the nation was still at war.

During the period shown on the accompanying charts (July 3 to October 17) the Treasury's working balance—cash on hand and in banks—declined by $10 billion, of which not far from $1 billion was withdrawn from banks in this district. With respect to the 41 weekly reporting member banks, the contraction in Government deposits amounted to nearly a half billion dollars. That shift of funds out of war loan accounts was the largest single element in banking developments over the recent past. It heads the list in the accompanying tabulation of factors tending to affect the reserve position of member banks. During the current war loan drive, the process will be temporarily reversed, to be resumed again before the year's end.

In the absence of countervening influences, that $491 million withdrawal of Government deposits would have reduced the reporting banks' statutory reserves far below the legal minimum. The offsetting factors, however, were of sufficient volume in the aggregate to cancel much of the decline in Treasury balances.

Slow Rise of Private Deposits

The concurrent increase in demand and time deposits of individuals and corporations—$179 million and $80 million, respectively—fell considerably short of the draft on Treasury deposits. This differential is attributable to several causes. One is that these banks alone paid out perhaps as much as $75 million in currency in excess of receipts. Another factor has been the tendency for Treasury receipts in the fourth district to hold up rather better than Treasury expenditures. The outflow of funds through tax collections and borrowings has not declined noticeably whereas the inflow of Treasury checks shows a measurable shrinkage. A third element is that funds have tended to accumulate somewhat more rapidly at country banks than at the larger city banks which comprise the bulk of the 41-bank sample.

The $193 million liquidation of Treasury bills and certificates of indebtedness, through open market and option account sales, and by run-offs, represents a major source of funds during the period under survey. Most of the contraction, especially of certificates of indebtedness, took place during September and early October and was probably associated to some extent with quarterly tax collections.

Shifts to Longer Maturities

That this was not wholly necessitous liquidation is attested by the fact that holdings of Treasury bonds actually increased $56 million in the same interval, notwithstanding that during the period holders of a called Treasury bond were offered certificates of indebtedness in exchange. A considerable number of banks elected to take cash which in some instances was used to purchase outstanding bonds in the open market at prevailing premium prices.

A fraction of the $56 million increase in Treasury bond portfolio can also be ascribed to sales of securities, by others than brokers, which had been purchased with borrowed funds during the Seventh or perhaps earlier War Loans. It is doubtful that all of the $74 million reduction in such indebtedness was accomplished out of current income.

The net result of these and the other changes arrayed in the adjoining table, was a $24 million (or three percent) increase in balances carried at the reserve bank by the 41 weekly reporting banks. Actual reserve requirements—because of the growth of privately-owned deposits—increased much more rapidly with the result that by mid-October excess reserves were not far above the lowest point of recent years. Under those circumstances some borrowing materialized. But it is of interest that the increase in rediscounts was almost identical with the net gain in reserves, indicating that reserve position and investment policies are closely integrated.

41 Weekly Reporting Member Banks
July 3 to October 17, 1945
(In Millions)

Changes in Factors Affecting Member Bank Reserves:	Effect Upon Member Bank Reserves to Decrease	Effect Upon Member Bank Reserves to Increase
U. S. Government Deposits	$491 —	
Treasury Bonds	56 +	
Brokers' Loans (on non-Govt. collateral)	12 +	
Vault Cash	4 +	
Holdings of non-Govt. Securities	4 +	
Treasury Notes	3 +	
Due from Domestic Banks		$ 2 —
Commercial, Industrial, and Agri. Loans		4 —
Loans to Non-Brokers (on non-Govt. collateral)		4 —
Real Estate Loans		4 —
Other Liabilities		5 +
All Other Loans		5 —
Balances Due to Domestic Banks		7 +
Capital Accounts		7 +
Brokers' Loans (on Govt. securities)		10 —
Rediscounts		20 +
Loans to Non-Brokers (on Govt. securities)		74 —
Time Deposits		80 +
Treasury Bills		92 —
Certificates of Indebtedness		101 —
Demand Deposits of Individuals and Corp.		179 +
Increase in Reserves at Federal Reserve Bank		$ 24

NOTE: Plus or minus sign indicates direction of change in that item.

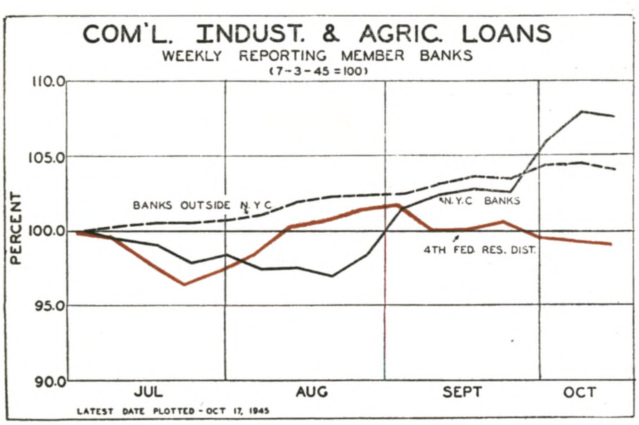
Variations in Investment Policy

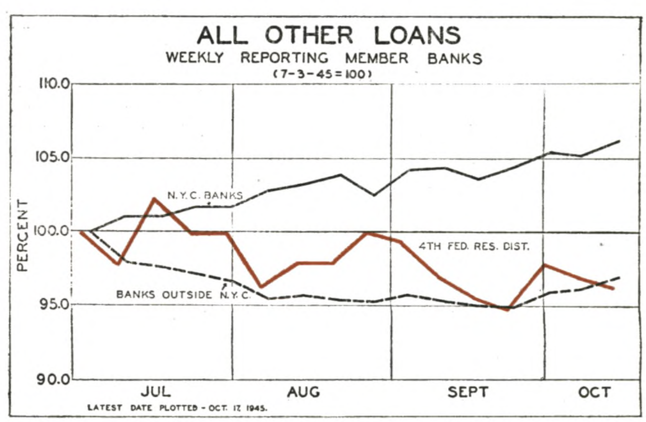
During the third quarter, the eight largest banks in this district moved another notch closer to a position of full investment. Ever since the Seventh War Loan, aggregate cash assets of these eight banks were maintained at around 19 percent of total resources, as against a 20-21 percent ratio during much of the first half of 1945. Smaller banks have likewise tended in that direction during most of the year. They have consistently adhered, however, to a more liquid position, the ratio never dropping below 20 percent, and in recent weeks it has risen again. Presumably some outlying banks are accumulating funds in anticipation of a postwar shift of deposits away from their localities; conversely, metropolitan banks may be anticipating an increase in deposits and reserves. Excess reserves of country banks are larger dollarwise than a year ago, whereas reserve city banks' are smaller.

During the present war loan, reserve requirements will decline again as privately-owned deposits are converted into reserve-free Government deposits. It is inevitable, however, that requirements will rise again, presumably to a new record high (under the present schedule of percentage requirements) as the Treasury's working balance declines to peacetime levels. That decline may approach a magnitude of around $12 billion within a period of six months. Whether that movement will mean an increase in reserve requirements of $2.5 billion or only $750 million will depend upon where those funds will congregate and the conditions of deposit, time or demand.

Currency Movements

In view of this probable further need for reserves, the future trend of currency in circulation is of considerable significance. During both 1943 and 1944, approximately $5 billion of currency was paid out on balance. Even in 1942 the amount was in excess of $4 billion. By Labor Day the 1945 increase had reached $2.5 billion, but in the following six weeks only another $200 million (net) moved out. This gives rise to the hope that after the current quarter's normal seasonal demands, currency requirements will recede from their dominant position. However, it is not generally anticipated that an inflow of currency will soon become an important source of member bank reserves.





Lag in Commercial Loans In several respects the experience of fourth district banks during recent months has differed from that of the rest of the country. One of the contrasts is the behavior of commercial, industrial, and agricultural loans, which is depicted on an adjoining chart. The percentage increase since midyear in this type of loan has been largest at New York City banks. Expansion of commercial loans has been notably rapid since V-J Day. Outside New York City the trend has also been steadily upward at a not unsatisfactory annual rate.

In the fourth district, however, the conventional type of bank loan reached a new wartime low late in July. Moreover, the end of war appears to have had no appreciable effect upon the demand for commercial credit in this area. Presumably the forces which have brought about a rise in such loans in New York City and elsewhere are likewise present in the fourth district and will presently make their influence felt. Should the deviation since early September continue, a careful analysis of fundamental causes might be warranted.

Inactivity of All Other Loans Another contrasting development, and one which was somewhat unanticipated, is the trend of "all other" loans, which consist largely of single-payment loans to individuals and other noncommercial loans exclusive of secured and real estate loans. In this instance, the volume of outstanding loans of weekly reporting banks of this district compares favorably with other regions outside New York City. However, the entire country (particularly banks outside the largest cities) appears to be lagging behind the money market banks. Loans of this type usually respond to changes in the output of consumers' durable goods. Until production of such articles expands beyond current restricted schedules, all other loans may not show any significant changes in the fourth district. Eventually, though, the rise should be more rapid in the midlands than in New York City.

Slow Liquidation of Secured Loans With respect to a third category of bank loan, the comparison between this district and the rest of the country, especially New York City banks, is just the reverse, having declined less rapidly here than elsewhere. Loans to others than brokers, secured by U. S. Government securities, reached an all-time high on July 3, at the close of the Seventh War Loan. In the 15 intervening weeks, borrowers at New York City banks liquidated, either by sale of collateral or out of other cash receipts, over 70 percent of this indebtedness. In all weekly reporting banks outside New York City, the contraction was less than 50 percent, and in the fourth district less than 40 percent of such loans had been liquidated by October 17. The volume of borrowing for similar purposes during the Eighth War Loan may be affected by these disparities in the rate of inter-drive liquidation.

Contrasts in Deposit Growth Demand deposits of individuals, partnerships, and corporations, adjusted for float, have risen only nominally in the fourth district from the low point established toward the close of the Seventh War Loan. The re-expansion to October 17 was only about six percent, as against nearly twelve percent in New York City and better than eight percent in the rest of the country.

This development is all the more notable in view of the more extensive liquidation of secured loans in New York City than elsewhere. Apparently there has been a considerable interdistrict movement of funds for this purpose. A number of the loans in New York City must have been made to outside-New York borrowers. Subsequent repayment reduced deposits in the fourth district rather than at the lending banks.

The contrast has been most noticeable since early September, which might lead to the conclusion that deposits were beginning to shift from outlying regions to industrial centers, and from the interior to New York City. That thesis, however, does not square with the fact that in the fourth district itself the over-all rise has been retarded by a decline in demand deposits at the largest banks. The expansion of deposits at smaller weekly reporting banks appears not to have been interrupted thus far. In the event

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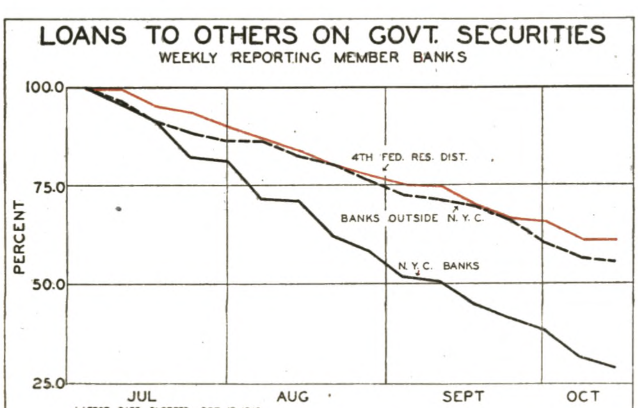
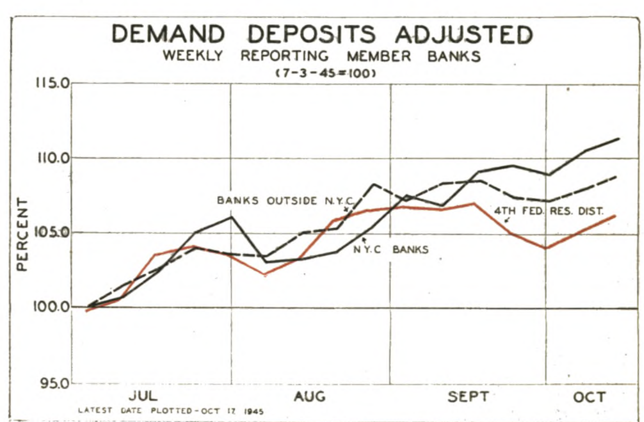




INDUSTRIAL EXPANSION

Throughout the Fourth Federal Reserve District, manufacturers of industrial and consumer goods as well as distributors of these products have embarked upon a huge expansion, modernization, and improvement program. A review of announced plans indicates that a tremendous increase is anticipated in the distribution and consumption of all types of products. Plans calling for an increase of 50 percent in production capacity are common and anticipated increases of 100 percent are not at all unusual. In a few instances, well established firms are predicting sales within the next year-and-a-half from six to ten times their prewar experience. As yet, it is too early to assess the scope of the entire program in terms of dollars and additional employment opportunities. Without attempting to be all inclusive, the following major programs have been recently announced.

Iron and Steel The Youngstown Sheet & Tube Company will expand its cold rolling mill at the Youngstown Campbell Works by adding 200,000 tons to its cold rolling capacity. Some 140,000 square feet of floor space will be added. The company is also installing additional wire drawing capacity at the Struthers Rod and Wire Works. Altogether these additions will provide an outlet for another 300,000 tons of ingot capacity.

The Continental Can Company will begin construction early next year of a general-line can plant near the Alleghany County Airport. Upon completion of this new structure, the firm will eventually close down its McKees Rocks and Cannonsburg plants. The new can plant will employ between 900-1,200 people. On a site of approximately 146 acres, the company is also planning a very large can-making plant near Weirton, West Virginia, which will employ between 1,000-1,500 people. This plant will ultimately take the place of two Wheeling plants and two others whose identities have not yet been announced. The new enterprise will be located adjacent to the Weirton Steel Company, its principal supplier of tin plate. The Continental Can Company is also making additions to its paper plants in Van Wert, Ohio, and Reading, Pennsylvania. The plastic plant in Cambridge, Ohio, will also be enlarged.

Paralleling this expansion program of one of its customers, the Weirton Steel Company contemplates spending approximately $12,000,000 on an expansion program of its Weirton Works.

The Jones & Laughlin Steel Corporation has plans for a $12,000,000 expansion program at its Aliquippa Works to be carried out during the next twelve months. Tin plate capacity will be enlarged approximately 50 percent.

The American Rolling Mills, Ashland, Kentucky, intends to inaugurate a large modernization program to provide a completely integrated unit for the production of pig iron and castings.

At Mansfield, Ohio, the Empire Steel Company plans a $250,000 expansion program for the installation of a pack furnace, mill, and equipment to double its production of core-plating and steel sheets. The new facilities are expected to be completed January 1 and will require an additional 200 men.

The National Tube Company will enlarge its Lorain facilities by the construction of 177 by-product coke ovens to cost $15,000,000. The new ovens will have an annual capacity of 850,000 tons of coke. Additional improvements for a conveyor system, coke preparation facilities, etc., will cost another $15,000,000.

Contractors have started work on a new building for the American Rolling Mill Company at Butler, Pennsylvania, to house 20 electric annealing furnaces. The complete project which will cost about $750,000 will enable the firm to anneal its own electrical steel.

From these announced plans, it is therefore apparent that wartime expansion of steel production and processing facilities did not meet in full the needs of individual producers.

Machinery The expansion plans of various machinery manufacturers are no less impressive. The Harris-Seybold-Potter Company, manufacturers of presses for letter-press gravure, offset lithography, and press room binderies, is planning a $140,000 addition to its Cleveland plant to double the output of its assembly department. In addition, $300,000 will be spent for new equipment and to rehabilitate present machinery. The plant in Dayton will also be enlarged at a cost of approximately $125,000. It is anticipated that employment will increase from its present total of 1,200 employees to about 1,800. Prewar sales were $4,000,000 annually as compared to an expected annual sales volume of $10,000,000.

Lempco Products, Inc., through its subsidiary the Cleveland Pressed Steel Company, has purchased the former plant of The National Steel Barrel Company in Cleveland. The plant will be used to manufacture a new high speed press for pressing and drawing sheet metal. They also will manufacture the die sets and the dies that go with the press. Employment is expected to increase from 40 to 150 by the end of the year.

American Brake Shoe Company has started construction of a $2,500,000 addition to its Electro-Alloys plant at Elyria. This plant was purchased in 1944 and the new addition will double production capacity of heat resisting alloys.

The Reliance Electric & Engineering Company has started work on new construction which will provide 44,000 square feet of floor space. The new plant together with equipment will cost $350,000. The company manufactures electric motors, generators, and specialized industrial machine drives in Cleveland.

A. W. Hecker Company of Cleveland plans a $250,000 expansion program for the development, design, and manufacture of pumps to add to its present line of production jigs, fixtures, and special machinery. Included in this expansion program will be a new building to cost $150,000. As a result of this expansion, the firm will employ about 550 people as compared to a prewar peak of 400.

The Detroit Harvester Company, Detroit, Michigan, has purchased the Standard Tire Company plant at Zanesville, Ohio, to be used for the manufacture of farm machinery. The company expects to employ about 200 people at this plant.

Industrial Goods and Parts One of the largest ammonia plants in the United States, The Buckeye Ordnance Works at Ironton, Ohio, has been leased to the Atmospheric Nitrogen Corporation to produce ammonia for civilian use. The $42,000,000 Works commenced production in 1943 and was operated by the present lessee for the Army Ordnance Department. It is expected that 450 people will be employed which is about the same number of employees formerly used for war production.

The whole of the General Motors Corporation expansion program has not been entirely announced to the public. Enough of it has been disclosed, however, to indicate that the corporation intends to maintain or improve its competitive position in a wide variety of fields. The Frigidaire Division is planning alterations, new machinery, and installations costing $176,000 for its plant at Moraine City which is located near Dayton. A new factory will be built at Elyria, Ohio, on a 175 acre tract, by the firm's Brown-Lipe-Chapin Division as soon as materials are available. The plans call for 400,000 square feet of manufacturing floor space and an administration building. 2,000 people will be employed to manufacture hub caps, bumper guards, radiator grilles, etc.

Chevrolet and Fisher Body Divisions are jointly sponsoring a $4,000,000 expansion at Norwood, Ohio. The Ternstedt Division of Fisher Body has outlined plans for a plant at Columbus, Ohio, to manufacture automobile hardware and interior trim. The plant is expected ultimately to employ between 7,500-8,000 people. Fisher Body has obtained approval to construct a $2,000,000 plant at Hamilton, Ohio. It will be located on a 145 acre tract and contain 1,200,000 square feet of manufacturing floor space. It is expected that some 3,000 employees will be used to manufacture body stampings and sheet metal components of body assembly.

Another General Motors subsidiary, New Departure, has obtained a site near Sandusky, Ohio, for the construction of a ball-bearing plant. It is estimated that some 2,500 employees will be needed when full production is attained. The corporation has not officially confirmed its plans to build new plants in Parma and Brookpark Village nor an expansion program projected by the Fisher Body Division for its Cleveland Coit Road plant.

Cleveland Graphite Bronze Company has announced that it has spent $2,000,000 for new machinery and plans to spend an equal amount in the near future. Production of various bearing products reached $2,000,000 monthly by October 15 as compared to annual sales in 1940 of $10,000,000. The company anticipates that it will need 4,500 employees whereas the prewar maximum was 2,100.

Thompson Products, Inc., of Cleveland, expects to acquire from the RFC the $30,000,000 Euclid war plant operated during the war by its subsidiary, The Thompson Aircraft Products Company. This is the second largest war plant constructed and owned by the Government in the greater Cleveland area. The 1939 sales of Thompson Products, Inc., were $16,000,000. The company now anticipates sales of $50-$60,000,000 to be attained within the next 18 months. It is estimated that 8-10,000 employees will be needed with an annual payroll upwards of $20,000,000.

The General Electric Company's expansion program is one of the most varied in the fourth district. Plans have been announced to build a factory at Tiffin, Ohio, for the manufacture of small electric motors and ballasts for fluorescent lamps. Work will start as soon as materials are available. The company also contemplates a $4-$5,000,000 plant at Ashtabula for the manufacture of refrigeration units. In addition, a contract has been let to build a $4,700,000 plant with 285,000 square feet of floor space at Coshocton, Ohio. This latter enterprise will manufacture laminated plastics and employ about 800 people. At Erie, Pennsylvania, General Electric is expanding beyond 1940 operations by taking over two buildings erected by the Defense Plant Corporation which contain about 245,000 square feet of floor space. Another industrial plant containing 100,000 square feet of manufacturing area has also been acquired in the same city. These facilities are to be used in connection with the manufacture of complete refrigerator units and will mean a considerable increase in employment at Erie.

Glidden Company, Cleveland manufacturer of paint and varnish, is planning a $1,500,000 expenditure for new equipment and laboratory buildings. The company has developed extensive use of synthetics and believes that present products are better than prewar quality. A 50 percent increase in paint and varnish sales is anticipated.

The J. & W. Machine & Sheet Metal Company, Marietta, Ohio, manufacturer of industrial drying ovens and metal food lockers for cold storage plants, is acquiring additional factory space to increase the production of lockers from 1,500 to 3,000 a week. The oven drying business is also expanding.

Monsanto Chemical Company has listed 151 construction and expansion projects throughout the United States to cost $48,400,000. Most of this sum will be spent to enlarge existing plant facilities of which four are located in the fourth district.

Westinghouse Electric Company, Mansfield, Ohio, has acquired 100,000 square feet of floor space in Meadville, Pennsylvania. This facility will be used to produce a full line of industrial heating equipment and will employ 200 people.

In addition to the plans of General Electric for Erie which have already been noted, the Hammermill Paper Company has announced a $5,000,000 expansion program in that locality which includes a new 180 inch paper making machine and additional power plant capacity. The Aluminum Forging Co., Inc., has obtained a long term lease of Defense Plant Corporation property which it operated during the war. Floor space amounts to about 345,000 square feet. The facilities will be used for the production of aluminum stampings for the automotive and aircraft industries.

In the public utility field, the Ohio Bell Telephone Company is planning a state-wide $100,000,000 program to expand buildings and equipment while the Pennsylvania Power Company in West Pittsburgh, Pennsylvania, plans to double production capacity of its power plant and expand existing facilities. The project will cost $3,200,000.

The Ohio Rubber Company in Willoughby, Ohio, has started work on a $540,000 program to increase factory floor space, power, and heating facilities.

Another rubber manufacturer, B. F. Goodrich Company, has announced through its new subsidiary, B. F. Goodrich Chemical Company, that it has let a contract for the construction of a new $600,000 "semi-works" at Avon Lake, Ohio. It will be a versatile small scale chemical works to develop manufacturing routines for new synthetic resins and chemicals as the intermediate operation between the laboratory pilot plant and full scale commercial production. In addition, the corporation has acquired acreage for a $1,500,000 laboratory at Brecksville.

The expansion of laboratory and research facilities is a development of the utmost importance. It demonstrates a determination on the part of the fourth district industry to maintain its general competitive position. Libbey-Owens-Ford is another company that intends to intensify and enlarge its research activities. Contracts have been awarded for an addition to the technical building in Toledo to cost an estimated $250,000. The plans include an enlarged engineering department and new wing which will be used for office space, laboratories, experimental and pilot plant to house miniature glass furnaces, test towers, and other equipment. The additions will increase floor space facilities by about 50 percent

Proctor & Gamble Company, soap manufacturer, expects to spend $500,000 expanding its research building at Ivorydale, Ohio.

The Fisher Scientific Company of Pittsburgh, Pennsylvania, plans to build a $500,000 manufacturing plant to connect with its present building. The company proposes to expand its output of instruments for chemists, bacteriologists and other research workers. The instruments are made of both glass and metal.

The Cleveland Steel Products Corporation will spend $1,000,000 on an expansion program that will increase production to six times that of the prewar rate. About $550,000 of this sum will be for a new building. The company manufactures oil burners, water heaters, and heating and ventilating equipment. Additional jobs for 200 people are expected to be provided.

Gabriel Company, manufacturer of shock absorbers, plans to erect a $750,000 plant in Cleveland and to spend an additional $500,000 for equipment. The company anticipates a ten-fold increase in sales above its prewar level.

The Curtis-Wright Corporation has announced that it will manufacture all of its airplanes in Columbus beginning in 1946. It plans to close eventually its Buffalo manufacturing plants.

Burnham Boiler Corporation, near Zanesville, Ohio, will embark upon a $500,000 expansion and modernization program. It will acquire more automatic machinery and the conveyor system is to be modernized.

The White Motor Company of Cleveland will erect an office, sales and service building costing $400,000.

At Cleveland, the Air Reduction Company announced that it is planning to spend $25,000,000 for plant improvements and expansion. The plans call for additional dry ice plants, industrial gas plants, distribution and warehouse facilities and research laboratories. About $21,000,000 of this program is for land and buildings, and the remainder is for equipment.

North American Manufacturing Company, Cleveland, will spend $313,000 for a new plant and equipment to double its productive capacity of industrial gas and oil-burning equipment.

Consumer Goods and Distributors At Alliance, Ohio, Taylorcraft Aviation of Detroit Aircraft Products, Inc., produced its first civilian aircraft on August 30. The announced production goal is 5,000 planes per year and the company expects to use two shifts of 1,000 men each within three months. The company produced aircraft parts during the war and employed 1,800 people.

Proctor & Gamble Company, Cincinnati, Ohio, will erect a $1,000,000 plant at Sandusky, Ohio, to manufacture soap products as soon as materials are available. Approximately 300-400 persons will be employed.

$25,000,000 will be spent by Industrial Rayon Corporation for construction of a new plant to produce 30,000,000 pounds of rayon textile yarn annually. It is expected to be located in the fourth district but the exact plant site has not as yet been selected. This company spent $20,000,000 during the war expanding and converting to the production of tire yarns. Immediately preceding the war, its three plants in Cleveland, Covington, and Painesville produced 38,000,000 pounds of textile yarns, of which 6,000,000 pounds were converted to cloth. During 1944, it produced 28,000,000 pounds of textile yarn as well as 42,000,000 pounds of tire yarn. It also converted 7,000,000 pounds of textile yarn into cloth.

At Meadville, Pennsylvania, the American Viscose Corporation will construct an acetate rayon plant. The company is also planning to erect a new plant in Radford, Virginia, and an addition to the Nitro, West Virginia, plant. Altogether, production of rayon will be increased by approximately 100,000,000 pounds. Another expansion program in Meadville has been announced by Talon, Inc. This company proposes to spend $1,000,000 for new buildings and facilities.

The Krohler Manufacturing Company of Cleveland, producers of furniture, will spend $1,200,000 in the next twelve months for new machinery, equipment, and plant facilities. Approximately 2,000 employees will be added. The firm operates ten plants throughout the United States and Canada. The company plans to spend approximately $100,000 to erect a two-story building adjacent to its present Cleveland plant which will increase its production about 30 percent.

Standard Oil of Ohio announced a two-year expansion program to cost approximately $6,000,000. The company plans to construct 80 modernistic super-service stations and to modernize and enlarge many of its older units. The new stations will be one-third larger than the present Sohio outlets and will use the present style porcelain fronts.

Other outstanding retailing developments include the Wm. Taylor Son & Co. plans to spend $1,000,000 in a modernization and expansion program for their Cleveland department store. In the same city Halle Bros. Co., expects to erect a $2,000,000 structure on the present site of their annex on Huron Road.

In the food field, Telling Belle Vernon Company, subsidiary of National Dairy Products, will build a new $300,000 processing plant in Cleveland. This expansion will increase the milk processing capacity of the company about 30 percent and will be operated in addition to the company's other plants. Jobs for an additional 100 employees will be provided.

Tappan Stove Company of Mansfield, Ohio, is planning a new $600,000 plant at Murray, Kentucky. In the northern part of the state, Winchester will get a new clothing factory within the next 60 to 90 days employing between 100 and 200 women workers.

The frozen food locker plant industry is experiencing a tremendous growth in the fourth district. Since September 1, plans have been completed for the erection or expansion of locker plants in 17 different Ohio communities. The projected plants will have from 300 to several thousand individual food lockers.

At Toledo, Ohio, The Buckeye Brewery Company will spend $500,000 to double the capacity of its plant. Employment at the plant will increase from its present level of 400 persons to about 500.

The Massillon Aluminum Company has purchased the old Fort Pitt Bridge Works to produce a new line of aluminum pressure sauce pans and stainless steel cooking utensils. The company now employs 250 persons and it expects to triple this number when full production is reached.

The Crowell-Collier Publishing Company plans an immediate expansion of its Springfield, Ohio, plant by adding a three-story building to house additional mechanical equipment for the firm's various publications. It is anticipated that the building will be in use by June 1946. It will cost approximately $1,000,000 and will necessitate an increase in personnel from 2,250 to 3,000.

In at least a half-dozen cities in the fourth district, new firms have been created to fabricate metal storm doors and windows, awnings, and combination storm windows and screens. Nearly all of these companies propose to use aluminum as their principal raw material. Proposed employment ranges from a mere handful to more than 600 people in each plant.

In addition to these major projects, there have been scores of firms quietly launching major changes and additions ranging from $5,000 to $75,000. Countless small firms with an announced capital of $500 and up have also sprung into being to manufacture or market a myriad of items or services. Some are being started by returning veterans, others by ex-war workers who have accumulated savings during the past three years.

The Reconstruction Finance Corporation is pushing negotiations with great vigor to sell or lease the surplus plants under its jurisdiction in the fourth district. To date, two Ohio war plants have been sold and seven others leased for peacetime production. Negotiations are reported to be in progress for a large number of other plants, but as yet official reports concerning their success are lacking. Speedy release of these facilities will give production and employment in the district an additional impetus.

INDUSTRIAL SUMMARY

Reports received from nearly all types of business enterprise throughout the district, indicate that concern over the many aspects of the labor problem is taking precedence above all other management problems. Interest is being focused on the matter from several points of view.

Perhaps most prominent is the question of future wage-price relationships. On the one hand there is a strong demand for the maintenance of wartime "take-home" rates of pay accompanied by a substantial reduction in the number of hours of work. On the other hand, the Office of Price Administration is attempting to hold prices at 1942 levels. Business management is almost unanimous in stating that additional labor costs cannot be absorbed while labor and Government take the opposing view. It appears that some producers are marking time until higher prices can be obtained.

Second, the right of supervisory employees to organize and bargain collectively has become an acute problem. At the moment, the coal, automobile, and rubber industries have had production schedules disrupted in disputes over this matter. Established policy on this point would go far toward preventing further costly disputes on this controversial issue.

Third, there appears to be a shortage of unskilled or common labor willing to work at prevailing wage rates. This is particularly true in the iron foundries, textile mills and needle trades, lumber mills and forests, potteries, automobile parts manufacturers, shoe factories, brass mills, glass manufacturers, machine tool builders, and in nearly all of the service trades. Curtailment of steel and coal production this month has obscured temporarily the need for additional men in these industries.

Fourth, there appears to be a shortage of skilled labor in certain lines. A number of factors seem to explain this condition: the elimination or curtailment of apprentice training programs during the decade of the 30's, due to slack business conditions, the large number of skilled men still in the Armed Forces, the war-induced shift of men experienced in one line to higher paying jobs in different fields of production, and unprecedented expansion of production in certain areas which requires more men than have heretofore been employed. A number of large employers of labor have indicated that plans are going forward to initiate or expand training programs for employees as well as to assist returning veterans to reacquire or gain new skills. An additional problem has been created by the fact that many returning veterans without previous work experience have acquired families while in the Armed Services. Many of these men are not willing to accept the relatively low wages paid while undergoing an extensive training program but demand wage rates formerly paid only highly skilled and experienced workers.

Coal The eastern bituminous coal strike which began September 21, completely upset the coal situation which had looked so promising a few days earlier. Although operations were resumed on October 22, the Solid Fuels Administration estimated that over 16 million tons of coal had been lost during the strike. At the peak of the strike more than 200,000 miners were off the job and some 1,000 mines were shut down. The basic issue of the right of mine supervisors to organize has not been settled.

The strike reduced the fuel supply at steel mills to a critical point. "Stand-by" supplies were drawn down and it is feared they cannot be restocked this winter. It is estimated that about 30,000 steel workers were "furloughed" as the furnaces were forced to shut down. Public utilities, large industrial users, schools and others have also been seriously affected. On October 18, the Solid Fuels Administration ordered an acceleration in shipments of eastern mined bituminous coal to upper Great Lakes dock operators so as to meet commitments in full by November 17. Due to manpower losses, scheduled shipments to the upper lake dock operators are running behind schedule. It is reported that 27 percent of 1945 contracts remains to be forwarded with less than 20 percent of the navigation season remaining in which to move coal. Unless this schedule is met, extreme hardship may result in regions largely dependent upon the lake movement of coal.

Bituminous coal production in the fourth district during September amounted to 17.5 million tons. This brought the January 1 to September 29, 1945, district total to 164.8 million tons compared to 178.4 million tons for the same 1944 period. National production from January 1 to September 29, amounted to 437.8 million tons as compared to 471.6 million tons for the 1944 period ending September 30.

Iron and Steel The eastern soft coal strike further retarded the reconversion program. Metallurgical coke production was reduced to a point where many blast furnaces were banked or blown out and gas supply for open hearth furnaces was curtailed. The estimated national rate of steel production declined to 65 percent of ingot capacity as compared to about 83 percent at the beginning of the month. The change was not uniform throughout the district. Youngstown and Pittsburgh areas at the end of the strike were producing at the rate of about 50 percent, Wheeling 84 percent, and Cleveland 81 percent. Individual companies were hurt in some instances more than other companies due to the unevenness of the supply situation. One large producer dropped to approximately 25 percent of capacity.

It is estimated that it will take from ten days to three weeks before the previous rate of production can be attained due to the length of time required to obtain a full flow of fuel to the mills and to get coke ovens ready.

Heavy buying pressure has been felt in all lines of steel with mill books filled well into 1946. Structural steel needs have been increasing steadily despite a shortage of drafting room employees in fabricating plants which makes it difficult to figure on bids. Sheets and carbon bars are in very short supply.

Pig iron production has also been reduced heavily. The situation did not affect foundries seriously, however, since their labor supply is so short that the industry is operating well below capacity. The curtailed rate of foundry output is being felt in many other industries that are heavy users of gray iron castings. In some instances, full output of washing machines, farm equipment, vacuum cleaners, automobile sub-assemblies, etc., is not being attained because of this bottleneck.

Full ceiling prices are being paid for nearly all grades of scrap and winter reserves have not been accumulated.

Carnegie-Illinois Steel Corporation has further spread the basing point system this month by establishing Youngstown, Ohio, as a basing point for hot rolled carbon steel bars and small shapes, alloy hot rolled bars and spring steel flats, alloy bar strips as well as alloy strips manufactured in the Youngstown area. Pittsburgh was made a basing point for sales in carload lots of ferro-manganese. Chicago and Pittsburgh were made basing points for Spiegeleisen. This development together with the recent change in stainless steels may be the beginning of a widespread movement toward a broader multiple basing point system and result in a redefining of competitive market areas for steel producers.

AGRICULTURE

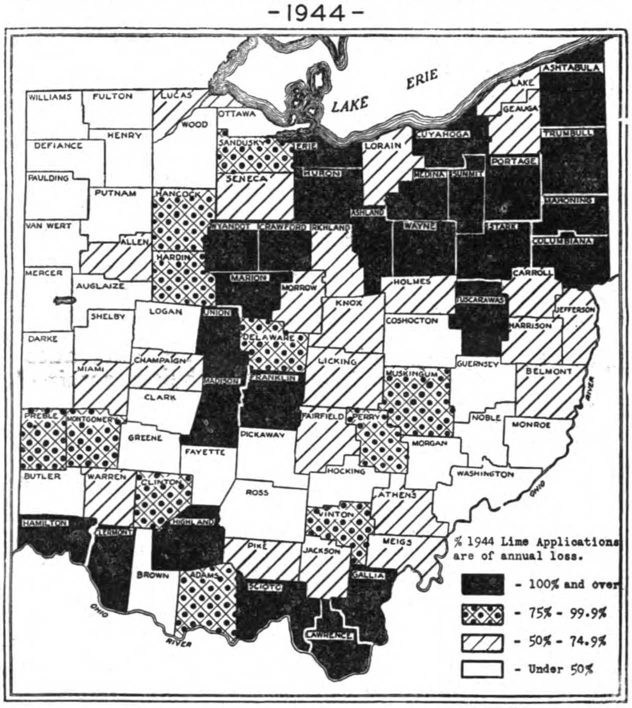
Deficiency in Lime Applications

Many Ohio Counties applied less lime in 1944 than is required to replace the annual loss due to crop removal, leaching and erosion. Despite the fact that the 1.8 million tons of lime applied to Ohio cropland and pasture land last year was the largest reported usage on record, it still fell short of the current replacement need.

Lime applications in 1944 exceeded the estimated annual loss in only 23 of Ohio's 88 counties. In three of those counties, Ashtabula, Clermont, and Marion, applications barely went beyond mere replacement needs. Before definite progress can be made toward maintaining the productivity of Ohio soils, lime applications must be increased to a point where they appreciably exceed the annual loss due to the effects of crop removal, leaching, and erosion.

Lime supplies the essential elements of calcium and magnesium. In addition to making up a part of the plant's nutrients, these elements neutralize the acidity of the soil, thereby making soil conditions more favorable to plant growth. Not until annual deposits of lime on the soil exceed the annual withdrawal, can the total deposits of these two elements be increased in the cropland and pasture land soils of the state.

DEFICIENCY IN LIME APPLICATIONS FOR ANNUAL REPLACEMENT NEEDS*
-1944-



*While the counties shown in black applied sufficient lime in 1944 to replace that year's loss, this is not to be construed as evidence that lime requirements for satisfactory crop and pasture growth on the soils of those counties were fully met. There are considerable acreages in each of these counties that need more lime for optimum growth of legumes and legume-grass mixtures.

Source: Data assembled by agronomy departments, Ohio State University and Ohio Agricultural Experiment Station.

The deficiencies indicated in the map below are based on data assembled by the agronomy departments of the Ohio State University and the Ohio Agricultural Experiment Station. It is interesting to note that the area of greatest deficiency in annual application of lime is in Western Ohio. Here the soils are naturally less acid than those of Eastern Ohio. Nevertheless, the farmers in many of the Eastern Ohio counties, where large per-acre applications are required, have made annual applications which more nearly equal the annual losses.

The annual lime requirement has been computed on the basis of applying one ton of lime each five years on the cropland, and one ton each eight years on the pasture land. Research work and field experience of the Ohio agronomists indicate that these rates of application represent the minimum amounts of lime required to replace the yearly losses.

Lime applications are necessary on most Ohio soils for the satisfactory growth of legume-grass hay mixtures and clover-bluegrass pasture mixtures. Both of these forage crops are important in the maintenance of soil productivity and the reduction of soil erosion. In fact, agronomists and many successful farmers consider hay the most important crop in the rotation. They have found that adequate liming and fertilization of the hay crop definitely improves the yields of the crops that follow. Further, they have observed that the farmer who has an abundance of high quality hay, and productive pasture throughout the year, generally, has a better-than-average farm income.

The maintenance of soil productivity on vegetable garden and fruit soils is of necessity cared for in a different way. Even so, successful operators have found that lime applications are essential on acid soils for satisfactory crop yields and soil maintenance. In view of the above facts, it would seem that lime applications should have increased rapidly.

No appreciable increase occurred in the last fifteen years until 1939, when the conservation materials program of the Agricultural Adjustment Administration became effective. Thereafter lime applications in Ohio increased steadily until the high point of 1.8 million tons was reached last year. This total exceeded any previous application by over 250,000 tons. On the basis of preliminary information, this record will not be exceeded in 1945. Labor and transportation shortages plus heavy rainfall during September —a month of heavy application—all served to reduce the tonnage of lime applied this year.

Potential Lime Needs Comparing the present annual lime application to the total annual need, it is apparent that applications would need to be trebled in Ohio. Total lime need, in this case, represents the amount of lime required for replacement plus the lime needed for an initial application of ten percent of the cropland and pasture land acreage needing lime for satisfactory crop growth.

Labor and transportation shortages during the past two or three years have limited the amount of lime spread. These shortages can be overcome in due time, provided interested individuals in cooperation with their county agricultural agent and other agricultural workers sit down together and work out a solution to the problem of getting more lime applied. Warranting consideration are such questions as:

1. Would a lime spreading service aid in increasing applications?
2. Would more work by local lime representatives help?
3. Would the establishment of stockpiles promote more extensive use of lime?

Much could be accomplished, in the opinion of Ohio agronomists, by extending the period of lime applications over a longer period of the year. The present practice is to apply lime either in the Spring or Fall when small grains are sown. Both of these periods are peak labor seasons on the farm. As a result, areas limed are limited by the time available. To avoid this problem, it is suggested that lime be applied to meadows and pastures whenever the ground is firm enough to permit spreading. This would also serve to level out the peak demands on lime producers and transporters that have plagued them recently during the Spring and early Fall.

While favorable farm incomes now may permit purchase of lime out of current receipts, the time may come when loans for soil improvement will be needed. Many of the banks serving rural areas are now prepared to meet this situation when it arises. They will be ready to make loans over such periods of time as will permit repayment of the loan from receipts from the crops produced on the limed soils. This plus an increasing supply of labor and equipment released by reconversion should add impetus to this fundamental treatment of Ohio soils.

AGRICULTURE CROP PRODUCTION

The indicated production of every major crop in the fourth district, except tobacco, exceeded last year's total. Furthermore, in nearly every instance, production was measurably above the 1940-44 average which was a period of excellent crop yields. The largest percentage gain (51%) over the five-year average was shown by the wheat crop.

The impressive contribution by farmers of the fourth district to the food production program was disclosed by the October 1 crop report:

ESTIMATED PRODUCTION OF MAJOR CROPS IN THE FOURTH DISTRICT DURING 1945

	1945 Estimated Production (millions of units)	Actual 1944 Production (millions of units)	%—1945 Estimated Production is of 1940-44 Average
Wheat (bu.)	68.2	52.9	151
Tobacco (lbs.)	147.4	158.9	121
Oats (bu.)	63.6	47.1	119
Soybeans* (bu.)	22.6	22.5	116
Corn (bu.)	220.6	181.2	112
Hay (ton)	5.6	5.0	104
Potatoes (bu.)	14.3	11.8	92

* Ohio only.

It is evident from the crop estimates reported above that feed supplies in the fourth district will be above average this year. Kentucky reports a much brighter feed situation with a 77 million bushel corn crop this year compared to a 67 million bushel crop last year. In Ohio a large corn crop plus stocks of oats, barley, rye and buckwheat will total about 6 million tons of feed grain. This is about one ton for each grain-consuming animal unit in Ohio, or about 25 percent more than last year and 9 percent above average. While reports from the remaining parts of the district are less favorable, adequate feed supplies are in prospect.

Tobacco production in the district is down from last year but this year's total is 21 percent better than the average for the previous five years. Potatoes were the only crop to fall below the five-year average, chiefly because of subnormal results in Pennsylvania and Ohio.

Current Financial Trends

(*Continued from Page 3*)

of a sizable geographical shift of funds away from centers enjoying the greatest wartime growth, such a trend should first manifest itself in outlying weekly reporting banks.

A final factor contributing to the relatively slow recovery of demand deposits in this reserve district is the comparatively large increment in time deposits. Of the $259 million increase in combined time and demand deposits, indicated in the tabulation discussed earlier, over 30 percent emerged in the form of time deposits, whereas in New York City only about five percent of the increase moved into that category. While demand deposits are traditionally considered to be the more volatile and active type of deposit, a more significant distinction under present conditions is the relative effect of depositors' decisions (as to time or demand) upon reserve requirements of the receiving banks.

DEPARTMENT STORE STOCKS

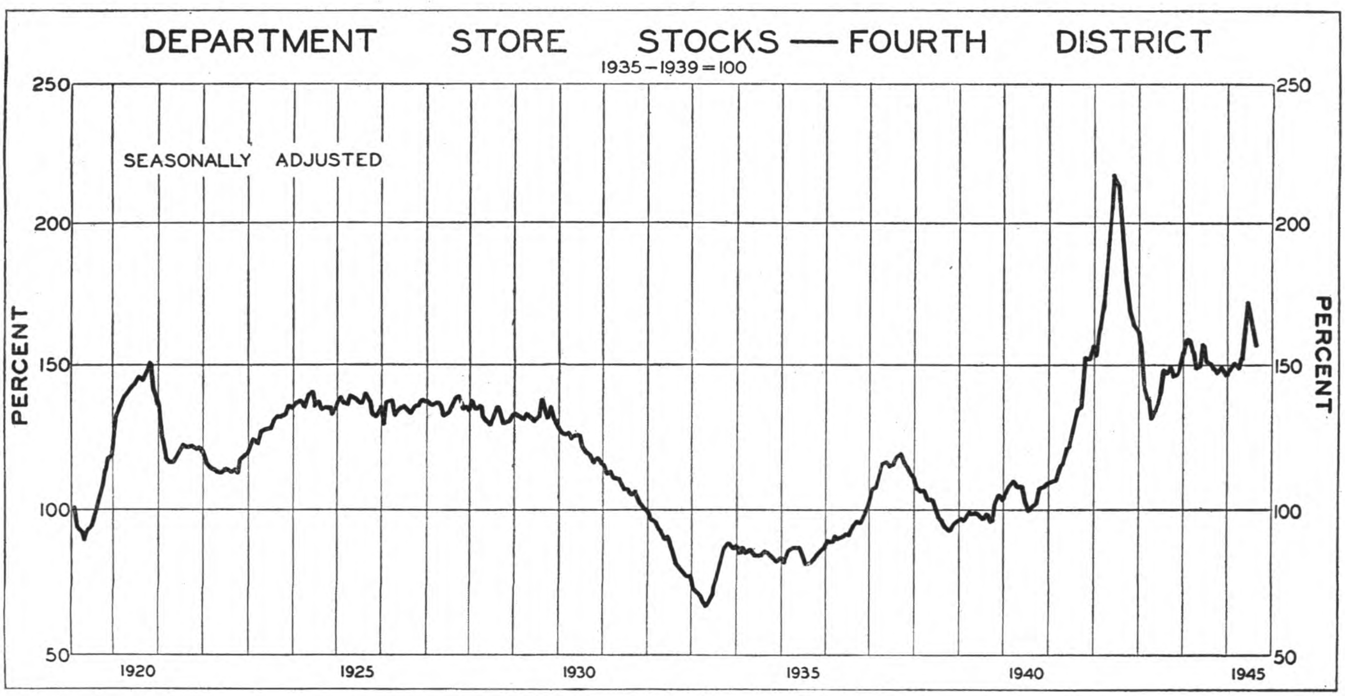
Two important revisions were made recently in the index of fourth district department store stocks. These changes consisted of the addition of several stores not included in the old index and the revision of the factors used to adjust the index for seasonal variation.

Enlargement of Sample A rather important deficiency in the previous index was the fact that the group of stores reporting stocks was less representative of all department stores than the group included in the sales index. The sales index is based on reports from 97 fourth district stores, whereas the stocks index had been compiled from reports submitted by only 51 stores. Thus, changes in merchandise inventories of a number of smaller retail outlets and of the major chain department stores were not reflected in the old series. By introducing into the index the experience of additional stores, the trends of the sales and stocks indexes may be compared with greater accuracy.

Revision of Seasonal Factors The seasonal factors for the entire period from 1919 also were revised, although these changes were relatively small except in recent years. The factors for several months of the war years were altered considerably, largely as a result of the changed buying habits of both retailers and consumers. This was particularly true of the pre-Christmas season — the factors for July, August, September, and October were increased, while those for November and December were revised downward by several points. During the past several years merchants have been building up their stocks of fall and holiday goods much earlier than had been their custom prior to the war, as a precaution against potential shortages during the peak season and also to meet consumer demand for Christmas gifts for overseas shipment. Customers, likewise, were fearful of merchandise shortages and in many cases were buying articles far in advance of actual need. The seasonal factors for January, April, and May were changed only slightly, while the relative importance of February and March declined.

The new seasonally adjusted index from 1919 is shown on the accompanying chart. Tabulations of the monthly index numbers, both unadjusted and adjusted, may be obtained from the Research Department, Federal Reserve Bank of Cleveland.

Effect of Price Changes In discussing any stocks series based on retail dollar value, consideration should be given to the fact that changes in the price level affect the movement of the index and that, as a result, changes in the dollar volume of stocks do not necessarily indicate similar changes in physical inventory. This was particularly true in recent years, when the general price level of department store merchandise increased considerably, through upgrading in many lines, through introduction of new articles, particularly in the luxury class, and by the absence of many lower-priced items. Despite price ceilings, customers and merchants alike have had to pay more for merchandise than they did before the war. This fact has inflated the dollar volume of both sales and stocks.



Stocks After World War I Following World War I, there was a very sharp increase in the stocks index, with the price inflation of that period as an important contributing factor. The peak which was established in October 1920 held the record for over two decades. It was not exceeded until about the time that the United States entered War II. During the postwar depression of 1920, stocks were reduced substantially, and it was not until 1923 that fourth district merchants increased their inventories to any great degree. From 1924 through 1929, the adjusted index remained at an exceptionally constant level, which, however, was some 30 to 40 percent above the base period. Subsequently after the crash of 1929 and during the ensuing business depression, retailers liquidated their stocks drastically, and by early 1933 the index had dropped to the lowest point on record. Later that summer there occurred considerable stock-building by merchants in anticipation of the NRA's avowed policy of raising prices.

Trend Since 1933 During 1934 and 1935 the index showed little variation, but during the next two years there was a rather steady increase. Merchants were carrying heavier stocks to meet an increased consumer demand—both sales and stocks during 1936 and 1937 were the largest in six years—and as protection against a persistent rise in prices. After a moderate decline during the recession of 1938, stocks pursued an irregular but slowly rising trend until 1941. By that time, the implications of the national defense program and its possible consequences upon domestic and international affairs prompted most merchants to make substantial additions to their stocks, since they were already fearful of merchandise shortages. This increase in stocks exceeded the former (1920) record in October 1941 and, without losing momentum, finally established an all-time high in June of 1942. During the 18 months from January 1, 1941, through June 1942 department stores in the fourth district increased their dollar stocks by approximately 115 percent.

Wartime Restrictions During the latter half of 1942, however, inventories were reduced sharply, as a result of an exceptionally large volume of sales, increasing difficulty in obtaining goods, and anticipation of Governmental restrictions on stocks. War Production Board order L-219, restricting inventories of consumer goods, became fully effective by May 1, 1943. This limitation did not prove to be a hardship for most stores in the fourth district, since only a very few had stocks in excess of their respective limits as established by the WPB regulation.

From mid-1943 until early this year, the adjusted index averaged approximately 50 percent above the base period. During last May and June there was a sharp advance to 173 percent, which represented the highest point in nearly three years. Apparently stores found it possible to replenish stocks even under conditions of shortages and record-high dollar sales.

Postwar Trend The end of the war probably contributed to the small decline in the index during the past several months, although merchants are making no special effort to reduce their total store stocks. In fact, on an unadjusted basis, stocks have increased steadily since the first of this year. While retailers are closing out certain lines of war-quality goods, no over-all liquidation is expected and stores in general are still attempting to obtain as much merchandise as possible. However, buyers are exercising a greater degree of caution in their purchases and are placing greater emphasis on quality. Both merchants and their customers are becoming more selective.

On September 30, the latest available date, dollar stocks at fourth district department stores were up 6 percent compared with the same date a year ago. The ratio of stocks to sales on that date was 2.7 percent, indicating that stores had enough merchandise on hand at that time to last over 2½ months, based on September sales volume. This compares with 2.6 on September 30 last year and 3.0 two years ago. These ratios for 1939 through 1945 are listed in the accompanying table.

STOCKS-SALES RATIOS
Fourth District Department Stores
Ratio of end-of-month stocks to sales during the month

	1939	1940	1941	1942	1943	1944	1945
January	3.4	3.3	3.1	2.9	3.1	3.1	2.6
February	3.6	3.6	3.3	3.9	2.6	3.3	2.7
March	3.0	3.1	2.9	3.3	2.6	2.5	1.9
April	2.8	2.9	2.4	3.6	2.4	2.7	2.8
May	2.7	2.7	2.5	4.5	2.6	2.4	2.7
June	2.8	2.6	2.7	4.6	2.5	2.8	2.6
July	3.6	3.3	3.3	5.6	3.3	3.2	3.1
August	3.1	2.8	2.7	4.3	3.1	2.8	2.9
September	2.8	2.8	2.9	3.7	3.0	2.6	2.7
October	2.8	2.9	3.6	3.2	2.7	2.4	
November	2.9	2.7	3.3	3.0	2.3	2.0	
December	1.4	1.4	1.7	1.6	1.5	1.2	

Departmental Comparisons The year-to-year changes in stocks carried by different departments at the end of September 1945 showed considerable variation. Men's clothing departments had 27 percent less merchandise, and returning servicemen are finding it difficult to obtain suits and coats. It is reported that sales of these items are far exceeding receipts of new merchandise. Total housefurnishings stocks were slightly larger this year than last, with certain divisions such as furniture, lamps, and housewares reporting sizable increases, while departments selling floor coverings and domestics had smaller inventories. Stocks of women's coats and suits were up 2 percent over September 30, 1944, juniors' and girls' wear 16 percent, and infants' wear 31 percent. Departments featuring shoes, hosiery, underwear, dresses, and piece goods reported year-to-year declines in their inventories.

Wholesale and Retail Trade

(1945 compared with 1944)

	Percentage Increase or Decrease SALES Sept. 1945	SALES first 9 months	STOCKS Sept. 1944
DEPARTMENT STORES (97)			
Akron	−5	+10	+10
Canton	−12	+5	a
Cincinnati	+4	+13	+6
Cleveland	−3	+8	+4
Columbus	+6	+15	+5
Erie	−4	+5	+2
Pittsburgh	+2	+10	+6
Springfield	−3	+6	a
Toledo	−4	+9	+5
Wheeling	+5	+16	−5
Youngstown	+1	+16	a
Other Cities	−2	+4	+7
District	−0−	+10	+6
WEARING APPAREL (17)			
Canton	−3	+10	−0−
Cincinnati	+4	+10	−29
Cleveland	+3	+9	−8
Pittsburgh	+4	+12	−2
Other Cities	+5	+11	−0−
District	+3	+10	−7
FURNITURE (75)			
Canton	+3	+5	+17
Cincinnati	+3	+11	+21
Cleveland	−9	−0−	+19
Columbus	+22	−0−	+28
Dayton	+12	+7	a
Pittsburgh	+7	+6	a
Allegheny County	−2	+5	a
Toledo	−4	−0−	+1
Other Cities	+10	+7	+14
District	+4	+5	+18
CHAIN STORES*			
Drugs—District (5)	−5	+3	a
Groceries—District (4)	−2	+8	a
WHOLESALE TRADE**			
Automotive Supplies (6)	+20	+18	+14
Beer (6)	−0−	−4	a
Clothing and Furnishings (3)	−3	a	a
Confectionery (3)	−5	+11	a
Drugs and Drug Sundries (3)	−6	a	a
Electrical Goods (7)	−0−	+4	+40
Fresh Fruits and Vegetables (9)	−3	+19	−17
Furniture & House Furnishings (3)	+8	a	a
Grocery Group (38)	−8	+2	−11
Total Hardware Group (20)	−0−	+7	+4
General Hardware (5)	+14	a	−2
Industrial Supplies (7)	−12	−4	+23
Plumbing & Heating Supplies (8)	−8	+10	a
Jewelry (10)	+13	+5	a
Lumber and Building Materials (5)	−3	+2	−35
Machinery, Equip. & Sup. (Except Elec.) (5)	−19	a	+16
Metals (3)	−37	a	a
Paints and Varnishes (4)	+3	a	a
Paper and Its Products (5)	−5	+4	a
Tobacco and Its Products (17)	+4	−0−	−1
Miscellaneous (15)	−17	−7	−7
District—All Wholesale Trade (168)	−7	+2	−4

* Per individual unit operated.

**Wholesale data compiled by U. S. Department of Commerce, Bureau of the Census.

a Not available.

Figures in parentheses indicate number of firms reporting sales.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified	Sept. 1945	% change from 1944	Jan.-Sept. 1945	% change from 1944
Bank Debits—24 cities	$4,219,000	−9	43,140,000	+3
Savings Deposits—end of month: 39 banks O. and W. Pa.	$1,351,285	+24		
Life Insurance Sales: Ohio and Pa.	$ 88,294	+3	917,368	+10
Retail Sales:				
Dept. Stores—97 firms	44,817	−0−	380,336	+10
Wearing Apparel—17 firms	$ 2,332	+3	18,747	+10
Furniture—75 firms	$ 2,758	+4	24,716	+5
Commercial Failures—				
Liabilities	$ 138	+106	1,638	+38
Number	8	+33	44	−25
Production:				
Pig Iron—U. S. ....Net tons	4,227		42,430	
Steel Ingot—U. S. .....Net tons	6,008	−17	61,887	−8
Bituminous Coal— O., W. Pa., E. Ky...Net tons	17,526	−9	164,812	−8
Cement— O., W. Pa., W. Va......Bbls.	767a	+12	4,427b	+7
Electric Power— O., Pa., Ky...Thous. K.W.H.	2,748a	−8	23,843b	+1
Bituminous Coal Shipments Lake Erie ports......Net tons	6,920	+2	38,438	−9

a August.
b January-August.

Debits to Individual Accounts

(Thousands of Dollars)

	Sept. 1945	% Change from 1944	Jan.-Sept. 1945	Jan.-Sept. 1944	% Change from 1944
Akron	170,465	−4.8	1,798,215	1,625,764	+10.6
Butler	18,479	−0.4	190,392	159,791	+19.2
Canton	68,805	−16.5	748,368	740,294	+1.1
Cincinnati	580,375	−2.8	5,803,255	5,461,597	+6.3
Cleveland	1,176,128	−11.6	12,102,052	11,850,549	+2.1
Columbus	328,829	+9.5	3,074,019	2,862,946	+7.4
Covington-Newport	26,160	+9.5	238,316	222,530	+7.1
Dayton	133,951	−6.1	1,337,484	1,295,728	+3.2
Erie	54,719	−17.2	550,107	576,497	−4.6
Franklin	6,259	−0.7	54,352	55,067	−1.3
Greensburg	12,029	−4.2	114,642	110,831	+3.4
Hamilton	20,853	+1.9	210,077	181,999	+15.4
Homestead	5,105	+4.9	46,964	44,677	+5.1
Lexington	33,539	+15.5	430,108	326,513	+31.7
Lima	24,923	−14.8	257,904	245,892	+4.9
Lorain	9,634	+14.0	82,292	78,135	+5.3
Mansfield	22,849	+0.9	211,362	191,475	+10.4
Middletown	18,506	−2.0	178,359	178,886	−0.3
Oil City	15,543	−3.9	146,767	138,350	+6.1
Pittsburgh	1,123,581	−15.5	11,938,163	11,911,784	+0.2
Portsmouth	13,297	+9.2	113,037	103,314	+9.4
Sharon	15,202	−6.4	154,043	151,474	+1.7
Springfield	29,923	−11.5	293,688	294,463	−0.3
Steubenville	15,904	+10.6	144,253	123,407	+16.9
Toledo	219,528	−16.5	2,221,145	2,408,494	−7.8
Warren	21,343	−8.1	217,169	217,979	−0.4
Wheeling	40,540	−4.0	397,356	385,402	+3.1
Youngstown	86,163	−3.7	791,188	775,947	+2.0
Zanesville	15,487	+18.8	126,641	116,901	+8.3
Total	4,308,119	−9.2	43,971,718	42,836,686	+2.6

Fourth District Business Indexes

(1935-39 = 100)

	Sept. 1945	Sept. 1944	Sept. 1943	Sept. 1942	Sept. 1941
Bank Debits (24 cities)	190	210	231	172	148
Commercial Failures (Number)	12	9	3	51	61
" " (Liabilities)	9	5	2	26	34
Sales—Life Insurance (O. and Pa.)	105	101	99	71	102
" —Department Stores (97 firms)	199	191	168	162	156
" —Chain Drugs (5 firms)*	164	174	164	148	127
" —Chain Groceries (4 firms)	162	168	152	143	121
Building Contracts —(Total)	a	67	76	204	192
" " —(Residential)	a	34	96	109	282
Production—Coal (O., W. Pa., E. Ky.)	140	153	156	149	144
" —Cement (O., W. Pa., E. Ky.)**	93	83	121	184	193
" —Electric Power (O., Pa., Ky.)**	180	197	192	166	151
" —Shoes	83	84	85	96	119

* Per individual unit operated.
**August
a Not available.

Indexes of Department Store Sales and Stocks

Daily Average for 1935-39 = 100

	Without Seasonal Adjustment Sept. 1945	Aug. 1945	Sept. 1944	Adjusted for Seasonal Variation Sept. 1945	Aug. 1945	Sept. 1944
SALES:						
Akron (6)	219	192	222	215	226	218
Canton (5)	222	208	244	225	236	246
Cincinnati (9)	211	170	195	207	203	191
Cleveland (10)	185	153	183	162	172	161
Columbus (5)	242	200	218	242	235	218
Erie (3)	211	169	211	213	197	213
Pittsburgh (8)	183	151	172	180	173	169
Springfield (3)	232	195	229	234	238	231
Toledo (6)	196	165	197	189	197	189
Wheeling (6)	184	145	169	179	180	164
Youngstown (3)	219	190	208	213	208	202
District (97)	199	165	191	187	189	180
STOCKS:						
District*	171	169	164	153	156	148

* Revised series. See page 11.

Summary of National Business Conditions and District Tables

By the Board of Governors of the Federal Reserve System

Output and employment at factories producing war products declined further in September but production and incomes in most other sectors of the economy were maintained or increased somewhat. Retail buying in September and the first half of October continued above year ago levels.

INDUSTRIAL PRODUCTION

Industrial production declined eight percent in September, reflecting mainly the continued rapid liquidation of output for war purposes, and the Board's seasonally adjusted index was 172 percent of the 1935-39 average as compared with 187 in August and 210 in July.

Reduced activity in the machinery and transportation equipment industries continued to account for most of the decline in the total index. Output in these industries during September was about one-fifth below the August average and one-half of the rate of the beginning of the year. Steel production, on the other hand, was five percent larger in September than in August. In the first three weeks of October, however, steel mill operations declined substantially owing largely to a temporary reduction in coal supplies. Output of nonferrous metals, lumber, and stone, clay and glass products decreased somewhat in September.

Production of nondurable goods, as a group, showed little change in September, as further reductions in output of war products in the chemical, petroleum, and rubber products industries were offset by increases in output of most civilian-type products. Output of textile yarns and fabrics, shoes, meats, beverages, cigarettes, and paper products increased.

Output of minerals declined in September due mainly to an eight percent decrease in crude petroleum production. Coal production increased in September but in the first three weeks of October dropped sharply as a result of work interruptions at bituminous coal mines.

Contracts awarded for private construction, according to the F. W. Dodge Corporation, increased further in September, reflecting the largest volume of awards for nonresidential building in many years. Private residential awards showed little change and publicly-financed construction declined further.

EMPLOYMENT

Employment at factories showed a decline of about 600,000 during the month of September, as compared to a decrease of 1,600,000 workers during August, reflecting a much smaller reduction of munitions employment in September and some increases in other industries. Employment in most nonmanufacturing lines, except Government service, was maintained or increased slightly, after allowing for seasonal changes.

DISTRIBUTION

Department store sales in September showed about the usual sharp seasonal increase and the Board's adjusted index was 199 percent of the 1935-39 average. This was at the same high level as the average for the first half of 1945 and was seven percent above that for September 1944. In the first two weeks of October sales were eleven percent larger than in the corresponding period last year.

The total volume of railroad revenue freight was maintained in September at the August rate and was only eight percent lower than last year's high level. In the early part of October shipments of coal and coke declined substantially as a result of the drop in coal production.

COMMODITY PRICES

Prices of cotton, grains, and most other farm products increased somewhat from the middle of September to the middle of October, following decreases in the previous six weeks. Price of most industrial products continued to be maintained at Federal maximum levels.

BANK CREDIT

Rising reserve requirements, resulting from expanded deposits of businesses and individuals, and an increase in currency in circulation accounted for continuing needs for reserve funds by banks between the middle of September and the middle of October. These needs were supplied through decreases in Treasury and nonmember deposits at Federal reserve banks. The amount of reserve bank credit outstanding showed little change in the period. Money in circulation increased by 175 million dollars during the four weeks ended October 17; this was a smaller growth than has been customary in recent years reflecting in part some currency inflow following the mid-September tax date. Holdings of Government securities and member bank borrowing at the reserve banks increased fairly substantially in the latter part of September concurrent with a temporary rise in Treasury deposits, but both were later reduced. This reduction in security holdings was in Treasury bills and accompanied an increase in member bank holdings of bills.

At reporting banks in 101 leading cities loans for purchasing and carrying Government securities declined by 550 million dollars during the four weeks ended October 17; commercial loans increased somewhat, and holdings of securities showed little change in the aggregate. Loans on Government securities remained well above amounts outstanding immediately prior to the Seventh War Loan.