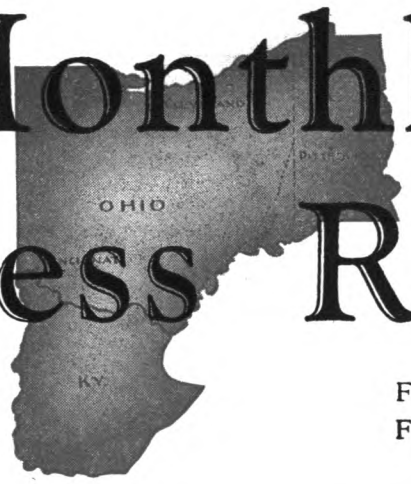
Monthly Business Review



Finance, Industry, Agriculture, and Trade

Fourth Federal Reserve District
Federal Reserve Bank of Cleveland

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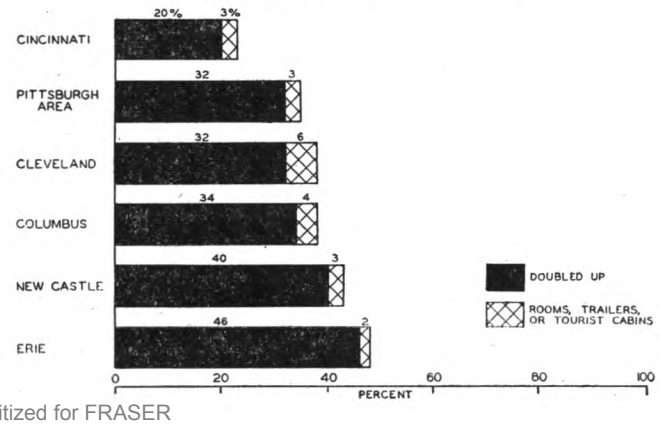
VETERAN HOUSING IN THE FOURTH DISTRICT

Surveys of veterans' housing conditions in six representative Fourth District cities indicate that living conditions of returned servicemen are far from satisfactory. Further, analysis of the economic status of married veterans reveals that their prospects of obtaining adequate housing under the Veteran Housing Program are not encouraging. The surveys were made during July and August by the Bureau of the Census.

It was estimated that there were 110,000 veterans in Cleveland; 125,000 in the Pittsburgh area; 65,000 in Cincinnati; 30,000 in Columbus; 9,300 in Erie; and 5,000 in New Castle. Although 51 percent of the total number of veterans were married, there were wide differences among individual cities: in Columbus 63 percent were married, while only 44 percent were so circumstanced in the Pittsburgh area.

Extent of Housing Shortage The extent to which married veterans have been unable to establish separate households for their families is indicated in an accompanying chart.

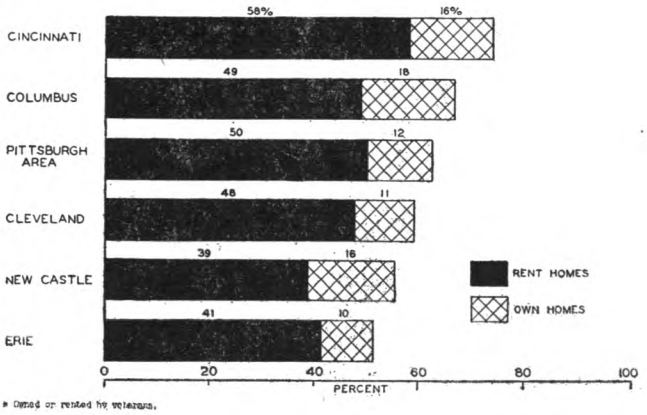
Married Veterans Living Doubled-Up, or in Rented Rooms, Trailers, or Tourist Cabins



Out of an estimated total of 177,000 veteran families, 60,500 are either living with another family or in the cramped quarters of rooms, trailers, or tourist cabins. The magnitude of the problem thus becomes apparent. Cincinnati has the least acute problem with one-fifth of the veterans finding it necessary to move in with another family. Columbus, Cleveland, and Cincinnati have about one-third of their ex-servicemen doubled-up. The two smallest cities, on the other hand, have from 40 to 46 percent living in this manner. In addition, about three percent have been forced to live in rented rooms, trailers, or tourist cabins, and the proportion is about the same in each of the communities except Cleveland which has double this rate.

Preference for Rental Units Another significant fact revealed by the surveys is that, despite the existence of generous financing terms and a guaranteed loan program, ex-servicemen have not been buying either new or old homes on a large

Tenure of Married Veterans Living in Ordinary Dwellings*



* Owned or rented by veterans.

scale, but have preferred to rent when that was possible.

As indicated graphically on the preceding page, about 58 percent of the married Cincinnati veterans have been able to rent individual housing units, while about 50 percent have been successful in renting in Cleveland, Pittsburgh, and Columbus. The smaller cities of New Castle and Erie have the lowest ratios with only about 40 percent being able to rent ordinary dwellings.

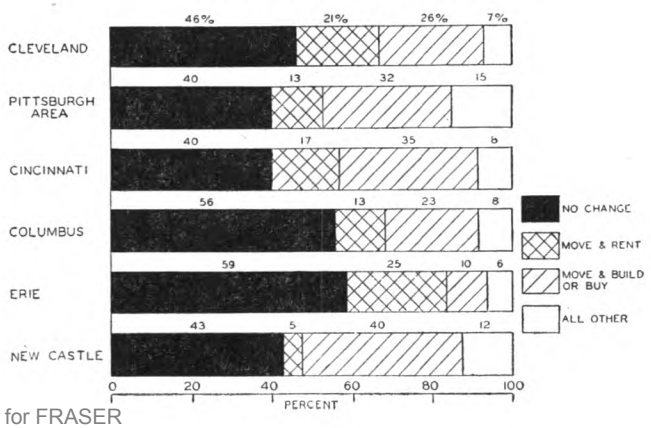
Columbus has the largest proportion of home-owning veterans with 18 percent, and Erie the smallest with only 10 percent. In the three largest cities of the District, 11 to 16 percent of the veterans own individual dwellings. Moreover, some of this minority group of ex-servicemen owned their own homes before the war. Therefore, the foregoing figures should not be taken as an indication of the extent to which servicemen have purchased homes during the past year or so.

Rents and Wages The rent paid by veterans for ordinary dwellings in each of the communities is indicated in the following table together with the average weekly pay of the married veterans:

	Average Weekly Wage	One-Fourth Renting for Less Than	Median	One-Fourth Renting for More Than
Cleveland....	$50	$29	$38	$47
Pittsburgh...	48	27	34	43
Cincinnati....	48	23	32	44
Columbus....	46	30	39	49
Erie.....	n.a.	20	25	35
New Castle..	47	26	33	40

These figures would indicate a greater uniformity of weekly earnings between large and small communities than is generally believed to prevail. On the other hand rents are lower in the smaller localities such as Erie. Relatively, the Columbus veteran is paying out a larger proportion of his earnings for rent, since he has the lowest average weekly wage of $46 and the highest average rent of $39. The Cincinnati veteran is in the best relative position with an average weekly wage of $48 and a monthly rent of $32. In all cities the rent ratio is relatively favorable in that rents average less than 25 percent of earnings.

Housing Plans of Married Veterans Who Plan to Remain in Locality



Conditions of Housing Interest also is being expressed in the condition of dwellings now occupied. The surveys give a partial answer to this question for occupied dwellings were examined to determine if they were in good condition and in need of only minor repairs. The housing census of 1940 covered the same point for all urban dwellings. The proportions are set forth in the accompanying tabulation.

Proportion of Dwellings in Good Condition or in Need of Only Minor Repairs

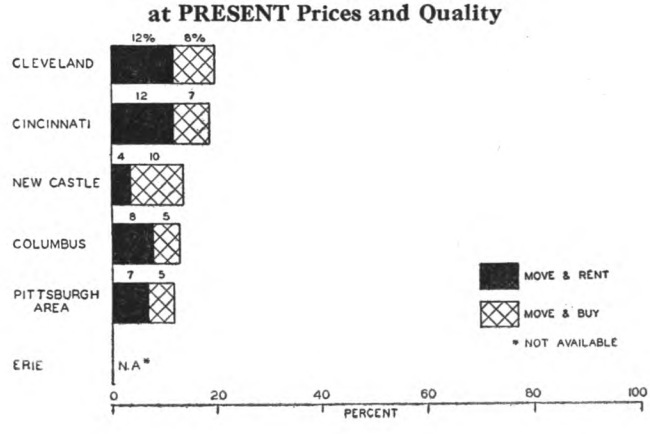
	Veteran Occupied in 1946	All Residences Census 1940
Cleveland.....	91%	93.6%
Pittsburgh.....	85	91.9
Cincinnati.....	89	84.4
Columbus.....	88	86.9
Erie.....	96	94.1
New Castle.....	84	87.0

Examination of these figures reveals in most cases that the veteran has received a fair share of the properties in good condition. In 1940, for example, about 94 percent of the dwellings in Cleveland were in good condition, and in 1946, 91 percent of the dwellings occupied by veterans were in good condition. Notwithstanding the extreme shortage of living accommodations and the late entry of veterans into the housing market, as a group they were able to obtain accommodations which are in comparatively good physical condition. This does not mean, however, that housing was available in the most desirable locations, or in the location that would have been selected under normal conditions.

Further, a house that is classified by the Census as being in good condition and in need of only minor repair work, may be lacking one or more standard plumbing facilities such as running water in the unit, private flush toilet, and private installed bathtub or shower. Three percent of the veteran-occupied units in Cleveland lacked one or more of these standard facilities. In Pittsburgh, 15 percent of the veteran-occupied units lacked one or more standard facilities.

Housing Plans Married veterans who expected to remain in the community were asked to state their housing plans for the next twelve months in order that an estimate of the probable demand for both rental and for-sale homes

Housing Plans of ALL Veterans at PRESENT Prices and Quality



might be obtained. The responses to that question, which are depicted on an adjoining chart, are pertinent to the general housing situation.

In Cleveland, 46 percent of the married veterans indicated that they did not want to change their present accommodations, 21 percent would like to move and rent, and 26 percent would like to move and build or buy a house. This stability is remarkable in view of the fact that 38 percent of all respondents were living with other families or in rented rooms. If both married and single veterans are considered, about two-thirds do not intend to make any change whatever in present living arrangements.

In Erie, where about one-half of all married veterans are living with other families 59 percent intend to remain in their existing quarters. On the other hand, in Cincinnati, which has the least crowded condition, 40 percent intend to remain where they are, and 52 percent would like to move and either rent or buy new housing.

If both single and married veterans groups are considered, there is a relatively small demand for either the purchase or rental of new homes at present prices. Veterans were asked to state their housing plans at *present prices and quality.*

Here again the percentages are small. In Cleveland only 20 percent would like to rent or buy new accommodations. In Pittsburgh, only one-eighth of the veterans want to change dwellings under present conditions of quality and price. In all probability, the low demand is a function of limited earnings and a skepticism regarding present quality and price levels of homes offered in today's real estate market.

Economic Status The key to the small demand for housing is to be found in the average earnings of married veterans and the gross monthly rental or gross monthly payments which they feel they can afford to pay. Prospective renters and owners were asked to provide information as to their weekly incomes and the amounts they were able to pay for rent or for ownership. Gross monthly rent was defined to include payments for heat, light, and cooking fuel. The gross monthly payment on a house was to include real estate taxes, fire insurance, heat, light, and cooking fuel. The findings were as follows:

Married Veterans' Demand for Housing Accommodations

City	Weekly Income	Able to pay as: Monthly Rent	Monthly Payments
Cleveland	$50	$42	$51
Pittsburgh	48	37	48
Cincinnati	48	36	46
Columbus	46	43	51
Erie	n.a.	39	49
New Castle	47	36	48

The relationship between weekly income and possible monthly payments are consistent in that the instalments would represent about 25 percent of monthly income which is generally accepted as being normal. The difference between rent and ownership payments is perhaps explained by different income levels of those who would like to rent and those who would like to buy property, since the veterans who want to buy presumably have larger and more stable incomes.

Cost of New Homes In view of these upper limits in apparent ability to pay, the question arises as to whether the new properties being offered to veterans are within the range of what they can afford. One large lending institution in Cleveland finds that nearly all new housing offered for sale to veterans is close to the maximum price of $10,000. That institution tries to obtain at least a ten percent down payment, and if the house is located in a desirable development, terms of 25 years can be arranged. Loans are made under the veterans' guarantee program at four percent. Under these conditions, the transaction can be summarized as follows:

Selling price of house	$10,000
Less ten percent down payment	1,000
Mortgage for 25 years	$ 9,000
Monthly payment, principal and interest	$ 47.51
Estimated monthly insurance cost	1.50
Estimated monthly property tax	10.00
Monthly Cost	$ 59.01
Estimated heat and utilities	15.00
Total gross monthly cost	$ 74.01

The lending bank expects the veteran to earn at least $65.00 per week to be able to meet these payments. To make this cost conform to the *gross* monthly payment concept, it would be necessary to add to the $59.01 an amount to cover heat, light, and cooking fuel which would add at least $15.00 per month, thus making a gross monthly payment of $74.01. When this is compared to the $51.00 which the Cleveland veteran feels he can afford to pay, and actually is the maximum he can pay in view of his wages, it is clear why there is little demand for new housing by veterans at present prices.

In one of the smaller communities covered by this survey, a limited quantity of housing is available at less than $7,500. One of the most favorable transactions recently worked out for a veteran who has a steady job paying $70.00 per week looked like this for a new four-room house:

Selling price of house	$ 6,750
Less down payment	50
Mortgage for 20 years	$ 6,700
Monthly payments, principal and interest	$ 40.61
Estimated monthly insurance cost	1.75
Estimated monthly property tax	8.00
Monthly cost	$ 50.36
Estimated heat and utilities	11.00
Total gross monthly cost	$ 61.36

To obtain the gross monthly payment, $11.00 should be added for heat, light, and cooking fuel to bring the total gross to $61.36. This amount is likewise substantially above the small-town veteran's ability to pay. It should also be noted that in this particular transaction, a substandard down payment was permitted because of the higher-than-average earnings and fine character references of the applicant. Moreover this transaction provided only four rooms which ordinarily is considered inadequate for a family of three or four persons.

If the above examples are typical of the cost of new housing in the District, there is little doubt that the present housing program is not meeting the needs of veterans.

SAVINGS BOND SALES AND REDEMPTIONS

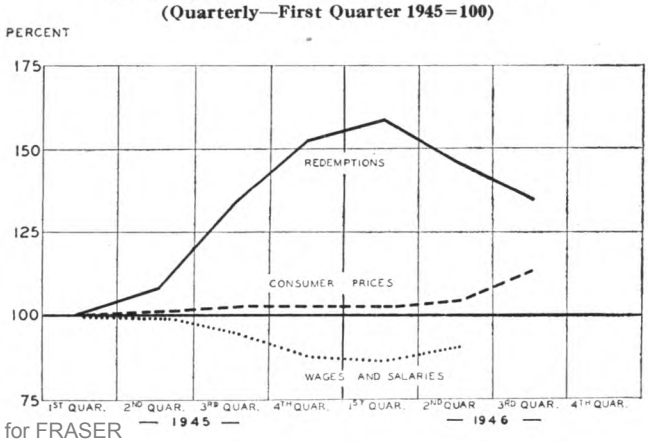
Series E Redemptions Redemptions of Series E savings bonds have been declining in recent months. Significantly, the decline has occurred over a period characterized both by an extremely rapid advance in the cost of living and by a considerable gain in the supply of consumer goods. Apparently these developments have not induced an increase in bond redemptions on the part of the low and middle income groups who undoubtedly hold a large share of Series E bonds outstanding.

The accompanying chart compares Series E bond redemptions during 1945-1946 with changes in the cost of living and the volume of wage and salary payments. It appears that declining wage and salary payments, rather than increased living costs, may have stimulated the relatively large scale redemptions that prevailed last year at this time. Furthermore, the recent rise in the volume of wage and salary payments may have helped to diminish redemptions. Families which experienced a severe loss of income through strikes or layoffs apparently found it necessary to cash bonds, whereas continuously employed families, struggling only against rising living costs, managed to avoid redemptions.

It is also possible that the increased volume of redemptions between the summer of 1945 and the spring of 1946 resulted from the tendency of the weaker holders to cash their bonds. For example, many of the redemptions may be attributed to individuals who had bought bonds beyond their means because of wartime enthusiasm and pressure.

In a way, the redemption curve in the accompanying chart exaggerates the current rate of redemptions. The curve is derived from the dollar volume of redemptions, whereas an even more favorable picture is presented when redemptions are measured as a percentage of the total volume of Series E bonds outstanding. Redemptions occurred at an annual rate of 16 percent of the volume outstanding during the first eight months of 1945. During the first six months of 1946, the comparable figure was 20 percent. By August, September, and October of this year, however, the annual redemption rate had dropped back to 16 percent.

Series E Bond Redemptions, Consumer Prices, and Wage and Salary Payments—1945-46
(Quarterly—First Quarter 1945=100)



Redemptions Relatively Moderate These redemption percentages appear quite moderate when compared to withdrawals from other depositories of savings. It has been estimated that withdrawals of savings bank deposits run annually to 20 percent or more of total balances. Withdrawals from insured building and loan associations in the twelve-month period ending August 31, 1945 aggregated about 27 percent of average total balances. Yet, Series E bond redemptions during the same period totaled about 20 percent of the average volume outstanding.

The favorable redemption rate is particularly remarkable when it is realized that savings bonds were sold to millions of people unaccustomed to saving. Some 85 million persons purchased Series E, F and G bonds and about a fourth of the total value of bonds sold consisted of $25 bonds.

About $44 billion of Series E bonds (cost price) have been issued since they were first offered in May 1941. Approximately one-third of the aggregate have been cashed.

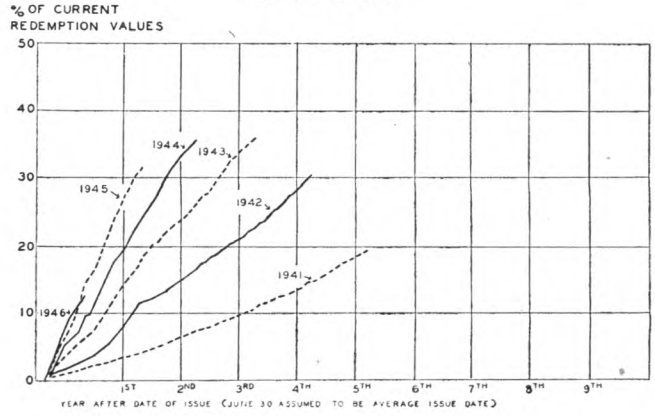
The proportion thus far redeemed of the Series E bonds issued in each year follows:

Year of Issue	Percent Redeemed
1941	19%
1942	30
1943	36
1944	36
1945	30
1946	13

When consideration is given to the length of time that the issues have been eligible for redemption, it is apparent that a relatively large share of the issues of recent years has already been cashed. This indicates that the issue of each successive year has been redeemed at a faster pace than the issue of the preceding year. This trend finally has been halted with the 1946 series, as is indicated by the accompanying chart which plots cumulatively the redeemed portion of each issue as of each month and year since the assumed average date of issue.

One explanation for the more and more rapid re-

Cumulative Redemptions of Series E Bonds
By Year of Issue



demption pace undoubtedly lies in the overbuying and overselling that inevitably accompanied intensive bond drives and payroll allotment systems. Also, the gradual improvement in the country's military position probably had some effect.

Another factor may be the policy on the part of savings bond investors to cash in new rather than old bonds when in need of funds. This policy is followed because savings bonds yield a higher rate of return the longer they are held. This factor, however, has apparently had little influence on redemptions of the 1946 issue, since it is probably moving into comparatively strong hands.

The logic of redeeming the newer bonds first is seen in this example: An $18.75 bond bought a year ago can now be redeemed for $18.87. The yield of the $18.87 redemption value until maturity is 3.05 percent. However, an $18.75 bond bought five years ago now has a redemption value of $20.50. The $20.50 redemption value yields 3.87 percent until maturity five years from now. Therefore, investors contemplating partial redemption of bond holdings logically may be expected to redeem issues bought most recently.

In view of the greater yields earned as savings bonds move closer to maturity, it is strange to find that the redemption volume of the specific issues does not noticeably decline from year to year. Referring to the adjoining chart, it may be noted that in general the issues of the respective years are being redeemed as rapidly today as they were several years ago. The fairly straight lines indicate, for example, that holders of bonds bought in 1941 and 1942 are currently cashing a dollar volume of bonds that is as large as that of two or three years ago, yet the yield to maturity on the redemption values has become greater.

On the average, the current redemption value of 1941 bonds will yield 3.87 percent until maturity. The comparable figures for the issues of 1942, 1943, 1944, 1945 and 1946 respectively are 3.66 percent, 3.52 percent, 3.25 percent, 3.05 percent and 2.90 percent. When savings bonds have been held six and a half years, the yield to maturity reaches a peak of 4.41 percent. These yields compare quite favorably with possible earnings from less secure alternative investments. There can be little advantage in cashing existing bond holdings if the purpose is merely to transfer savings to some other form.

Series E Sales Sales and redemptions of Series E bonds in 1945-46 are plotted on the accompanying bar diagram. During the past six months, sales have been made at an annual rate of about $4 billion, which is about 38 percent of the rate in effect during the first half of 1945. It appears that the determination of Series E bond investors to retain their existing holdings has not been matched by a comparable inclination to maintain the wartime rate of savings bond purchases.

It may be noted that the major portion of the drop in E bond sales occurred during the first quarter of this year, which was also the period when wage and salary payments dropped to their lowest level. Apparently the savings bond habits abandoned during that quarter were not resumed when wage and salary payments began to rise. The advance in living costs and the increased supplies of goods no doubt placed considerable obstacles in the path of any resumption of saving at the wartime level.

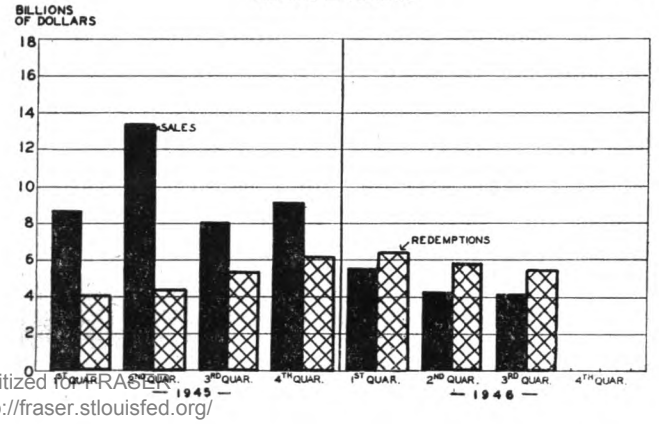
Excess of Redemptions Over Sales During 1946 Series E bond redemptions have exceeded sales. In recent months the excess of redemptions on an annual basis averaged about a billion dollars. This condition has naturally caused some concern since it means that the income groups involved are receiving net additions to their purchasing power at a rate of a billion dollars per year.

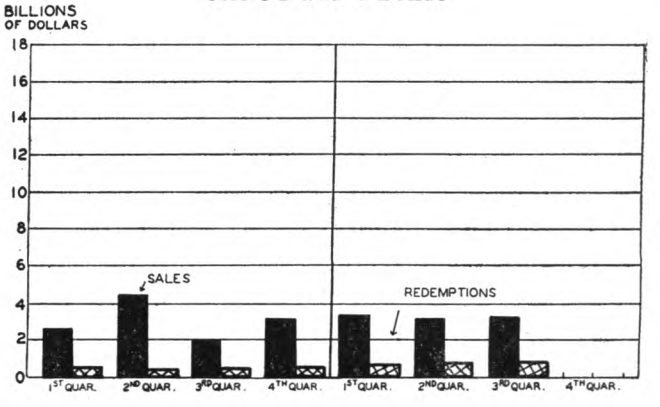
During the first eight months of 1946, the volume of Series F and G savings bonds outstanding increased substantially and private savings institutions likewise recorded substantial gains in their accounts. On the other hand, the volume of Series E bonds outstanding actually declined. The comparable records of the respective repositories of savings are presented in the accompanying table.

Net Changes During First Eight Months of 1946

Type of Savings:	Net Dollar Change (billions)	Percentage Change
Series F & G Bonds, Outstanding...	+$1.8	+13%
Insured Bldg. & Loan Accounts.....	+ 0.6	+12
Commercial Banks, Time Deposits..	+ 2.9	+10
Postal Savings.....	+ 0.3	+ 9
Mutual Savings Banks, Deposits....	+ 1.1	+ 7
Series E Bonds, Outstanding.....	− 0.4	− 1

Quarterly Sales and Redemptions of U. S. Savings Bonds—1945-46
(Annual Rates)





The relative gain in the attractiveness of financial institutions as a depository for savings may be attributed to the advantages of maintaining banking connections, to a tendency to revert to prewar saving habits, and to the fact that institutions pay higher interest rates on savings which are likely to be withdrawn within a few years. For example, funds placed in E bonds yield only 0.88 percent if withdrawn in two years. On the other hand, commercial banks on the average pay about one percent and the other institutions approximately two percent. Of course, if savings are not withdrawn for, say, seven to ten years, the E bond yield rises to a 2.12-2.90 percent level.

Sales and Redemptions of Series F and G Bonds Series F and G bonds provide a savings avenue for the comparatively wealthy investor. It is evident from the preceding bar diagram that the Series F and G sales performance during the first ten months of 1946 has been in marked contrast to that of the Series E issue. Series F and G sales during this period occurred at an annual rate of $2.5 billion and exceeded sales in the comparable 1945 period by about eleven percent. Redemptions have almost doubled since the war, but even now are occurring at a rate only slightly above $0.5 billion per year, or four percent of the total volume of Series F and G bonds outstanding.

The sustained volume of Series F and G bond sales suggests that their qualities are quite attractive in comparison with other outlets for the savings of the well-to-do. Redemptions are probably occurring for many diverse reasons, such as the tendency for home ownership to increase, the use of funds to expand businesses, etc.

The Need for Larger Sales of Series E Bonds The foregoing analysis indicates that sales of Series F and G bonds and the trends of redemption rates on all the series have been quite satisfactory.

However, the current fight against rising prices could be aided if Series E bond sales were increased. During 1946 Series E sales have been falling short of redemptions. This has added to aggregate consumer purchasing power at a time when the reverse situation would be desirable. The primary objective of the November-December savings bond drive has been to combat inflation through stimulating Series E bond sales.

It should be noted, however, that the anti-inflation objective can be achieved only if a net increase in savings is induced. If savings are merely diverted from financial institutions, no net contribution is made to combatting advances in the price level. The recent emphasis on reviving the payroll deduction system of purchasing bonds is counted upon to encourage a net addition to the total volume of national savings.

INDUSTRIAL SUMMARY

Removal of Price Controls All price controls were terminated on November 11 with the exception of residential rents, sugar and syrups, and rice. Subsequent price changes have been erratic as buyers and sellers moved cautiously in the unaccustomed arena of free prices. The Daily Index of Spot Market Prices for 28 commodities advanced from 276.9 on November 8 to 293.1 on November 15. The highest point reached by this index during the mid-summer "OPA holiday" was 249.8.

The most important price changes during the two weeks following November 11 were as follows:

	Commodity	Price Increases
1.	Motor Cars	$56 to $100
2.	Radios	2 to 20%
3.	Consumer Electrical Appliances	10 to 20%
4.	Carpets	5 to 20%
5.	Agricultural Implements	9 to 10%
6.	Electric Motors	13 to 25%
7.	Auto Batteries	15 to 20%
8.	Nylon and Rayon Hosiery	25 to 33%
9.	Plate Glass	5 to 15%
10.	Soap	50%
11.	Chlorine, Caustic Soda & Soda Ash	10%
12.	Rayon Yarn	20%
13.	Recovered Tin	18 cents per pound
14.	Copper	5.125 cents per pound
15.	Lead	3.55 cents per pound
16.	Zinc	1.25 cents per pound
17.	Shellac	3.0 cents per pound
18.	Cane Sugar	36.5 cents per cwt.
19.	Beet Sugar	40 cents per cwt.
20.	Steel Scrap	$5.00 per ton

Foreign buying programs for lead and copper have also been discontinued by Federal agencies and it is indicated that Government import monopolies in other commodities in international trade will be suspended. While private traders have welcomed this development, it means that duties which were not paid when Government agencies imported, are again restored. The tariff on copper, for example, is four cents per pound and its reimposition has begun to affect domestic selling prices.

The Civilian Production Administration has also commenced to remove many of its regulations which were tied to the price control program. Among the controls recently revoked are the low-cost clothing program, the loom freeze order, allocation of cattle hides and skins, and controls over manufacture and design of glass containers. Principal controls remaining are those channeling building materials and supplies into the veterans' housing program. Among priorities still in effect are those designed to encourage production of certain scarce items. The building material and non-ferrous metal subsidy programs are also still functioning at this writing, as are the orders restricting exports of materials in short supply. The economy, however, has taken a long step forward in the return to a competitive system.

Coal District bituminous coal production established a new all-time high in October with an output of 22.6 million tons. This tonnage was nearly 100 percent greater than in the same month a year ago when the foremen's strike curtailed output. District

(*Continued on Page 8*)

Indexes of Department Store Sales and Stocks

Daily Average for 1935-1939 = 100

	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	Oct. 1946	Sept. 1946	Oct. 1945	Oct. 1946	Sept. 1946	Oct. 1945
SALES:						
Akron (6)	264	276	230	280	281	244
Canton (5)	304	327	223	331	324	244
Cincinnati (9)	274	285	222	290	291	236
Cleveland (10)	253	219	211	253	249	211
Columbus (5)	300	322	255	315	322	268
Erie (3)	248	261	216	266	258	231
Pittsburgh (8)	218	192	200	231	196	212
Springfield (3)	260	263	229	276	260	243
Toledo (6)	251	239	201	274	249	219
Wheeling (6)	242	235	198	244	242	200
Youngstown (3)	283	277	234	297	285	246
District* (98)	248	249	209	265	251	224
STOCKS:						
District	232	221	151	268	246	174

* Adjusted Index Revised July, 1946.

For back figures see Page 7 of September 1, 1946, Monthly Business Review.

Bank Debits — October, 1946

(29 Fourth District Cities)

In October debits to deposit accounts in 29 Fourth District cities were the second highest on record for any month. They were exceeded only in June 1945 when a War Loan Drive was in progress.

Debits in the ten largest cities were about 24% above a year ago, but in 19 smaller centers the margin over last year was 33%.

TEN LARGEST CITIES

For the third month in succession, **Toledo** led the list with the largest percentage increase. October debits in **Toledo** exceeded $350 million for the first time, for a 57½% increase over a year ago.

In **Akron** debits were 39% ahead of 1945 and totaled more than $250 million. The year-to-year margin in **Dayton** also was wider than in other large cities.

Conversely, debits in **Cleveland, Pittsburgh,** and **Youngstown** were only about 19% ahead of a year ago, although in the case of **Youngstown** that was sufficient to establish a new record high of more than $125 million. Debits in **Cincinnati** were also the highest on record.

NINETEEN SMALLER CITIES

Among the smaller cities, **Warren** was first with a 46% increase over October 1945. Debits totaled nearly $34 million as against $23 million a year ago.

Debits in **Greensburg** were 43% ahead of last year, and in **Lorain** the gain was equally as large.

Other cities, where new all-time high totals were posted during October, were **Lima, Mansfield, Portsmouth,** and **Zanesville** in Ohio, and **Butler, Oil City,** and **Sharon** in Pennsylvania.

(In thousands of dollars)

	October 1946	% change from year ago	3 months ended Oct. 1946	% change from year ago
ALL 29 CENTERS	$5,829,965	+24.9	$16,751,742H	+23.0
10 LARGEST CENTERS:				
Akron, Ohio	252,887H	+39.1	684,292H	+27.7
Canton, Ohio	91,497	+26.2	273,581H	+23.5
Cincinnati, Ohio	782,375H	+26.9	2,187,258H	+20.1
Cleveland, Ohio	1,556,371	+19.0	4,409,333	+17.2
Columbus, Ohio	437,237	+22.3	1,220,237	+21.0
Dayton, Ohio	195,059H	+36.3	562,273H	+34.2
Toledo, Ohio	356,360H	+57.6	1,020,953H	+48.1
Youngstown, Ohio	126,318H	+19.2	343,260H	+23.8
Erie, Penna.	74,707	+32.7	214,933H	+24.8
Pittsburgh, Penna.	1,434,972	+18.9	4,341,746	+21.2
Total	$5,307,783	+24.2	$15,257,866H	+22.2
19 OTHER CENTERS:				
Covington-Newport, Ky.	$ 34,130	+22.0	$ 102,791	+28.8
Lexington, Ky.	52,363	+40.2	150,022	+39.2
Hamilton, Ohio	30,481	+31.2	86,860H	+29.3
Lima, Ohio	38,766H	+41.8	107,679H	+35.6
Lorain, Ohio	14,482H	+43.2	41,312H	+43.4
Mansfield, Ohio	32,149H	+40.9	92,958H	+35.5
Middletown, Ohio	29,297	+40.0	86,669H	+48.8
Portsmouth, Ohio	19,581H	+41.7	52,762H	+30.1
Springfield, Ohio	40,131	+27.9	117,495H	+25.8
Steubenville, Ohio	20,096	+18.9	58,964	+20.3
Warren, Ohio	33,756H	+45.9	92,961H	+39.6
Zanesville, Ohio	21,418H	+41.9	62,607H	+41.2
Butler, Penna.	27,381H	+28.7	76,594H	+31.3
Franklin, Penna.	6,743	− 7.9	19,842	+ 4.4
Greensburg, Penna.	17,804H	+43.4	50,616	+39.0
Homestead, Penna.	7,166	+39.4	20,840	+34.5
Oil City, Penna.	19,882H	+41.1	52,933	+20.2
Sharon, Penna.	22,828H	+24.8	65,089H	+26.6
Wheeling, W. Va.	53,728	+21.9	154,882	+21.6
Total	$ 522,182H	+33.0	$ 1,493,876H	+31.5

H denotes new all-time high for one month or quarter-year.

Fourth District Business Statistics

(000 omitted)

Fourth District Unless Otherwise Specified		October 1946	% change from 1945	September 1946
Retail Sales:				
Department Stores—98 firms	$	67,491	+18	56,820
Wearing Apparel—14 firms	$	2,391	−7	2,420
Furniture—63 firms	$	3,563	+40	3,174
Building Contracts—Total	$	50,816	+33	53,888
—Residential	$	24,962	+199	32,500
Commercial Failures—Liabilities	$	20	−70	577
—Actual Number		1	−50	7
Production:				
Pig Iron—U. S. Net tons		4,814	+42	4,687
Steel Ingot—U. S. Net tons		6,970	+25	6,518
Bituminous Coal—				
O., W. Pa., E. Ky. Net tons		22,563	+87	20,298
Cement—O., W. Pa., W. Va. Bbls		1,570a	+108	1,505b

a September b August

Time Deposits*—12 Fourth District Cities

City and Number of Banks	Time Deposits Oct. 30, 1946	Average Weekly Change During: First-Half 1946	Third-Quarter 1946	October 1946
Erie (4)	$ 36,739,000	+$ 93,000	+$ 77,000	+$ 127,000
Youngstown (3)	52,745,000	+ 81,000	+–0–	+ 90,000
Cincinnati (8)	179,949,000	+ 410,000	+ 269,000	+ 411,000
Wheeling (6)	28,814,000	+ 83,000	+ 36,000	+ 75,000
Toledo (3)	87,445,000	+ 203,000	+ 66,000	+ 151,000
Akron (3)	96,988,000	+ 202,000	+ 70,000	+ 117,000
Cleveland (4)	831,172,000	+ 1,509,000	+ 700,000	+ 798,000
Dayton (3)	49,710,000	+ 77,000	+ 17,000	+ 47,000
Columbus (3)	69,257,000	+ 122,000	+ 48,000	+ 60,000
Canton (4)	39,486,000	+ 81,000	− 40,000	+ 20,000
Pittsburgh (13)	319,265,000	+ 606,000	+ 307,000	+ 67,000
Lexington (5)	10,122,000	+ 32,000	+ 33,000	− 10,000
TOTAL—12 Cities	$1,801,692,000	+$3,499,000	+$1,583,000	+$1,953,000

* of Individuals, Partnerships, and Corporations.

Wholesale and Retail Trade

	Percentage Changes from Preceding Year SALES Oct. 1946	SALES first 10 months	STOCKS Oct. 1946
DEPARTMENT STORES (98)			
Akron	+15	+20	+43
Canton	+36	+27	a
Cincinnati	+24	+33	+56
Cleveland	+20	+28	+52
Columbus	+18	+29	+52
Erie	+15	+21	+35
Pittsburgh	+ 9	+30	+57
Springfield	+14	+15	a
Toledo	+25	+23	+46
Wheeling	+21	+29	+49
Youngstown	+21	+25	a
Other Cities	+35	+34	+35
District	+18	+28	+51
WEARING APPAREL (14)			
Cincinnati	− 8	+ 8	+36
Cleveland	− 4	+26	+57
Pittsburgh	−13	+16	+45
Other Cities	− 5	+ 9	+54
District	− 7	+16	+51
FURNITURE (63)			
Canton	+34	+44	+23
Cincinnati	+30	+51	+50
Cleveland	+47	+60	+47
Columbus	+40	+51	+28
Dayton	+52	+68	a
Pittsburgh	a	a	a
Allegheny County	+43	+57	a
Toledo	+21	+54	a
Other Cities	+44	+66	+61
District	+40	+57	+47
WHOLESALE TRADE**			
Automotive Supplies (4)	+31	+55	a
Beer (6)	−22	− 3	+56
Clothing and Furnishings (3)	+18	a	a
Confectionery (4)	+42	a	a
Drugs and Drug Sundries (5)	+31	+23	+21
Fresh Fruits and Vegetables (10)	+59	+ 2	+29
Grocery Group (35)	+44	+28	+31
Total Hardware Group (20)	+82	+50	a
General Hardware (7)	+88	+71	+27
Industrial Supplies (5)	+59	+13	a
Plumbing and Heating Supplies (8)	+81	+40	a
Jewelry (8)	+ 6	+33	+38
Lumber and Building Materials (5)	+40	a	+61
Machinery, Equip. & Sup. (exc. Elect.) (4)	+45	a	a
Metals (3)	+65	a	a
Paints and Varnishes (4)	+15	+41	a
Paper and Its Products (6)	+48	+20	a
Tobacco and its Products (16)	+29	+32	+14
Miscellaneous (15)	+42	+29	+21
District—All Wholesale Trade (155)	+44	+31	+25

** 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.

Industrial Summary—Continued

production for the first ten months amounted to 174 million tons or only one percent less than the corresponding 1945 total.

United States bituminous coal production for the first 10 months of this year totaled 451 million net tons or about seven percent less than in 1945. Industrial stocks of soft coal at the end of September equaled about 49 million tons. If the same rate of increase prevailed during October and the first two weeks of November, stocks on November 15 approximated 55 million tons or about 45 days' supply. Anthracite coal production has been maintained at a level 8.5 percent above last year.

The entire coal outlook became exceedingly confused on November 21 when John L. Lewis, head of the United Mine Workers' Union, chose to ignore the injunction served on him by the United States District Court in Washington, D. C., ordering him to rescind his five-day notice of contract termination dated November 15. The basis for the Government's court action is that part of the contract which states that it is to remain in effect for "the period of Government possession of the mines."

In order to conserve fuel, the Office of Defense Transportation on November 17 froze the supplies of bituminous coal in retail yards, in transit, and at the mines as well as such amounts produced before the full strike commenced at midnight November 20. Stocks are being released under strict Federal control to householders and vital industry with less than ten days' supply on hand.

Under the order, carriers are prohibited from delivering any bituminous coal to vessels for cargo or fuel at any tide-water or lake dumping port, unless delivery is authorized by the Office of Defense Transportation. Continued movement of coal to the Upper Lakes was thus stopped. According to the Ore and Coal Exchange, loadings into lake vessels totaled about 47.5 million tons by the middle of November. While dumpings for the entire 1945 season were 51.3 million tons, the steel strike of last spring has reduced this year's requirements by about 2.5 million tons so that little hardship should result to users of lake coal from the continuation of the freeze order.

Railroads were ordered to cut passenger service by 25 percent starting November 23 on all schedules maintained by coal-burning locomotives. Orders were also in preparation to limit freight carriage to the most essential commodities.

Machine Tools The National Machine Tool Builders' Association estimates October shipments of about $29 million, up $3.5 million from the previous month. The backlog of unfilled orders was maintained at the September level.

Tool builders are anticipating an improvement in the supply of copper, gray iron castings, and electric motors with the removal of price controls. Several motor manufacturers have already adjusted their prices and it is expected that deliveries will be made more rapidly. The freeing of ferrous scrap prices has increased activity in that market and should benefit the foundries which were short of both pig iron and scrap.

The War Assets Administration has discarded the Clayton formula on about 60 percent of the war-surplus machine tools and is offering them at prices ranging from 64 to 80 percent below original cost. If sales were aggressively pushed, this action could seriously interfere with the market for new tools. It is reported, however, that the War Assets Administration has made no substantial change in selling methods.

Improved deliveries of machine tools are expected to have a beneficial effect upon foreign sales which now account for about 20 percent of shipments. Long-delayed deliveries have forced the use of price escalator clauses because of uncertain future material and labor costs. This type of contract is unattractive to the cost conscious foreign buyer and has therefore restricted his commitments. Shorter delivery schedules will enable the tool builder to quote a firm price and stimulate sales abroad.

Iron and Steel District steel production continued at high levels through October and up to November 21, when several important mills began a cutback to conserve meager fuel supplies. According to *Steel*, District rates in the third week of November were: Pittsburgh, 98 percent; Cleveland, 93 percent; Wheeling, 93½ percent; Cincinnati, 87 percent; and Youngstown, 75 to 80 percent. The relatively low rate in Youngstown was due to a scrap and labor shortage and some repair work that had been long delayed.

For the country as a whole, steel ingot production was maintained at 91½ percent of capacity up to the eve of the coal strike. Continuation of this rate would have resulted in a record breaking peace-time output of close to 68 million tons of ingots and steel for casting. In early December, the national rate of steel ingot production was about 60 percent of capacity.

The demand for steel has shown no substantial change although there were indications that the supply of sheets would be more favorable early in 1947. Some tonnage has been cancelled recently and buying appeared more cautious.

All large District mills have announced their intentions to maintain present price schedules as long as possible and to make only minor adjustments in selling schedules. Some small mills, however, have made price increases, particularly on hot rolled sheets and galvanized sheets. Higher zinc costs are a factor in the latter action. The nail subsidy program was still in operation in the latter part of November.

Gray iron foundries in general have been unable to improve their iron scrap and pig iron inventories. Coke also has been in very short supply and any reduction will result in extensive lay-offs in the industry. New orders continue to be received in good volume.

The Lake Superior Iron Ore Association reported November 1 total stocks of iron ore at furnaces and on Lake Erie docks of 40.4 million gross tons or about 4.5 million tons less than a year ago. The number of United States furnaces in blast, and dependent principally on Lake Superior ore, was 164 as compared to 126 a year ago.