

# Monthly Business Review

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## FARM REAL ESTATE LOANS

### Recent Trend in Farm Real Estate Loans

In the first eighteen months of the postwar period, farm real estate loans at all Fourth District member banks increased about 46 percent. The rate of increase since last December, however, seems to have slowed down somewhat on the basis of reports submitted as of June 20 by 66 country member banks in this District. At those banks, farm real estate loans outstanding expanded only another four percent during the first half of 1947.

This slowing down in the rate of gain at the 66 banks may be the result of an acceleration in repayments, a reduction in the volume of new loans made, or perhaps both. It is estimated that for each \$1,000 of farm real estate loans held by these banks last December 31, \$310 in new loans were made during the first half of 1947, while repayments on loans aggregated about \$270.

### FARM REAL ESTATE LOAN SURVEY

The Federal Reserve System recently conducted a survey of farm real estate loans outstanding at a sample of country member banks as of June 20, 1947.

Sixty-six member banks of this District supplied data on each of their 1,682 farm real estate loans outstanding on that date.

The 66 reporting member banks are situated in 50 different counties and represent virtually complete geographical coverage. Their farm real estate loans constitute approximately 10 percent of such loans outstanding at all member banks in the Fourth District.

Most of the 66 banks range between \$2 million and \$10 million in total deposits.

A similar nationwide survey concurrently was conducted among non-member banks by the Federal Deposit Insurance Corporation.

### Characteristics of the Loans

**Interest Rates** Almost one half of the farm real estate loans in the portfolios of the 66 member banks at the time of the recent survey carried an interest rate of 5 percent. The accompanying chart shows that rates above 5 percent accounted for 21 percent of the loans, with rates under 5 percent applying to 34 percent of the total. Nearly 30 percent of the loans called for a 4 percent rate. A somewhat similar distribution occurred when the number of dollars loaned at each rate was considered. However, since the lower rates usually applied to the larger loans, a relatively great proportion of dollars, 43 percent, was loaned at 4 percent.

The banks reported that their "usual" rate of interest had declined substantially since the early 1930's and, for that matter, since the years just prior to the war. Of the 61 banks which supplied this information, 24 now usually charge 5 percent on farm real estate loans, while the other 37 banks are about evenly divided between the number customarily charging over or under 5 percent. In 1930, 58 of the 61 banks usually charged more than 5 percent, while in 1940 about two-thirds charged above 5 percent.

**Interest Rates by Size of Loan** The average rate charged declined with increases in the size of the loans made. The accompanying chart indicates that loans under \$1,000 involved an average interest rate of 5.6 percent compared with an average rate of 4.1 percent on loans over \$25,000. This is to be expected, since in many cases the costs of making and servicing small loans are virtually as great as are the costs on large loans. As a result, the costs per dollar loaned are greater on the small loans and necessitate higher rates. On loans in the most popular size loan range, which an accompanying chart indicates to be the \$2,500-\$4,999 bracket, the average interest rate was 4.8 percent.

**Interest Rates by Term of the Loan** The recent survey also indicated that the longer term loans tend to involve a lower interest rate. For example, on loans ranging from \$2,500-\$4,999 in size, the loans maturing in three years or less were written with an average interest rate of 5.0 percent, compared with 4.8 percent for loans maturing in three to five years, and about 4.5 percent for loans maturing in more than five years. Similar gradations occurred in loan size ranges \$1,500-\$2,499 and \$5,000-\$9,999.

One reason may be that initial loan costs can be written off more gradually on long term loans. Another possible explanation is that the long term loans are more thoroughly appraised and screened, are thus more conservative, and may entail less risk. In this connection it may be noted that demand loans in each of the three size ranges carried a comparatively high interest rate.

**Supplementary Charges** Loan charges over and above the interest payments are required by 55 of the 64 banks supplying information on this portion of the questionnaire. On the basis of dollar figures provided by a majority of the banks, it is estimated that the average non-interest charge per loan comes to about \$18.

**Supplementary Charges on Farm Real Estate Loans**

	Number of Banks	Average Extra Charge
Number of Banks.....	64	
Number of Banks with No Extra Charge	9	
Number of Banks with Extra Charge....	55	\$18
Types of Charge:		
Title Search.....	40	\$15
Recording.....	35	\$ 3
Approval.....	14	\$ 7
Flat Charge.....	12	\$14
Other Charges.....	6	\$ 6

Approximately two-thirds of the banks make a charge for title search, the average fee usually being about \$15. Roughly half of them levy a fee of about

\$3 for recording, while about one-fourth charge an appraisal fee which amounts to \$7 on the average. Only 12 banks stated that a flat amount is charged, and in those instances the average cost to the borrower is \$14.

Comparison of policies on interest rates and on supplementary charges discloses that the banks which usually receive the highest interest rates also charge comparatively large supplementary fees. Banks usually charging 6 percent average \$25 per loan in supplementary fees, 5 percent banks collect \$18, while 4 percent banks on the average add only \$12 to interest costs of the borrowers. In any event, such supplementary charges are an inconsequential item in relation to total interest cost over the entire term of most farm real estate loans.

**Method of Repayment** The banks were asked to designate whether each loan was an instalment loan or a single payment loan. Eighty percent of the loans, and 84 percent of the dollars loaned, were reported to provide for repayment by instalments.

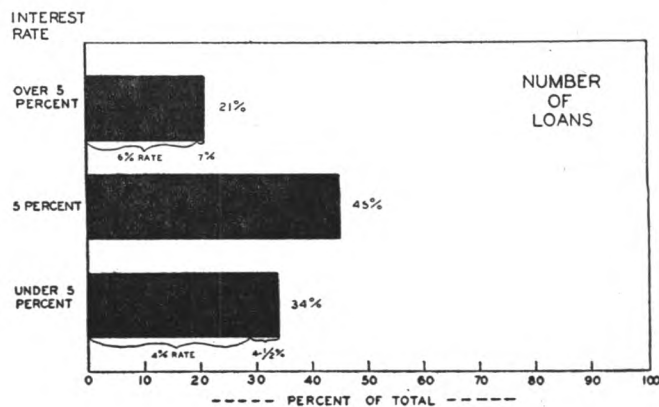
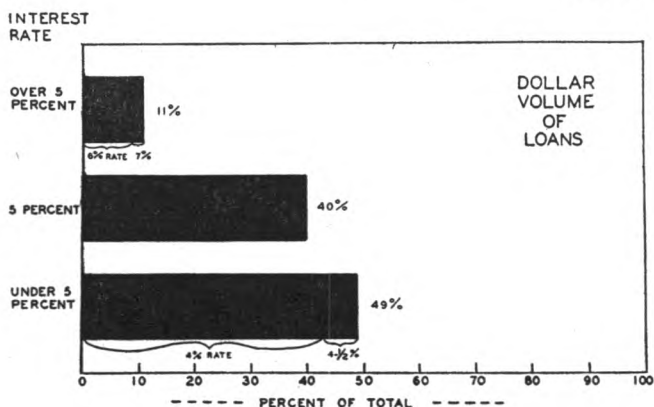
Borrowers on single payment loans, however, have been almost as active as instalment borrowers in paying off their loans. For example, of the loans outstanding June 20 but originally made in the years 1945-1946, 19 percent of the original amount has been paid off on the loans designated as single payment, whereas 20 percent of the instalment loan total has been repaid. Repayment ratios for loans initially drawn up in other years are listed in the accompanying table.

**Ratio of Repayments to Original Amounts of the Loans**

Year Loan Made	Repayments on Instalment Loans	Repayments on Single Payment Loans
1947.....	2%	7%
1945-1946.....	20	19
1943-1944.....	36	35
1940-1942.....	56	41
Before 1940.....	48	53

**Percentage Distribution of Farm Real Estate Loans by Interest Rate Charged**

66 Fourth District Banks



**Relationship of Method of Repayment to Size and Term of Loans**

The proportion of loans designated as instalment loans grew larger with increases in the size of the loans, and also when loans running for longer terms were considered. For example, 67 percent of the loans under \$1,000 were designated as instalment loans, while the corresponding percentage for loans of \$5,000-and-over was 84 percent.

Of the loans maturing in a year or less, only 36 percent were designated as instalment loans, whereas 98 percent of the loans maturing in over five years were so marked. It may be noted from the accompanying table that 66 percent of the demand loans were nominally labeled instalment loans.

**Relationship of Method of Repayment to Size and Term of Loan**

Size of Original Loan	% on Instalment Basis
Under \$1,000.....	67%
\$1,000-\$1,499.....	71
\$1,500-\$2,499.....	77
\$2,500-\$4,999.....	85
\$5,000 and above.....	84
All Loans.....	80%

Term of Loan	% on Instalment Basis
Demand.....	66%
Year or Less.....	36
Over 1 to 5 Years.....	82
Over 5 Years.....	98
All Loans.....	80%

**Term of Loans** Slightly over one-third of the dollar volume of loans was made for a term of over five years to ten years. One-fifth of the dollar volume involved a term of over three years to five years, and one-tenth of the loans were drawn up to mature in three years or less. The accompanying chart shows that loans maturing in more than ten years constituted about one-fifth of the total dollar volume of loans. Demand loans accounted for 16 percent of the total.

Due dates on the current volume of loans outstanding indicate that on one-third of the dollar

volume final payments are due within 5½ years. Another 43 percent of the volume comes due between 5½ and 10½ years, whereas only 6 percent of the loan volume runs for more than 10½ years. Demand loans account for another 15 percent of the dollar volume outstanding, while 4 percent of the outstanding amount represents loans which are nominally past due. In rural areas long-term indebtedness to banks is occasionally represented by a past due note on which the borrower has met all obligations required by the bank.

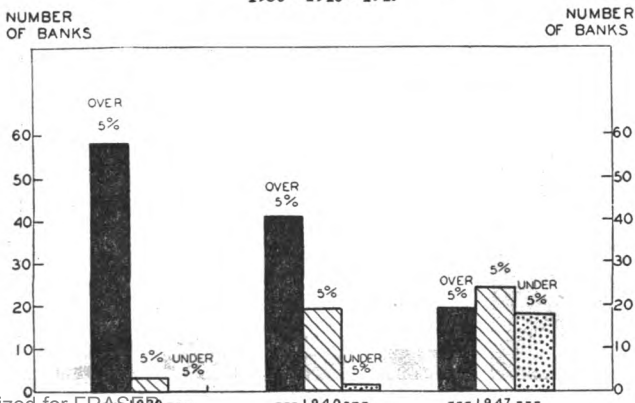
**Percentage Distribution of Loan By Date Due**

Years	% of Total Dollars
Demand.....	15%
1947.....	4
1948-49.....	10
1950-52.....	18
1953-59.....	43
1960.....	6
Past Due.....	4
TOTAL.....	100%

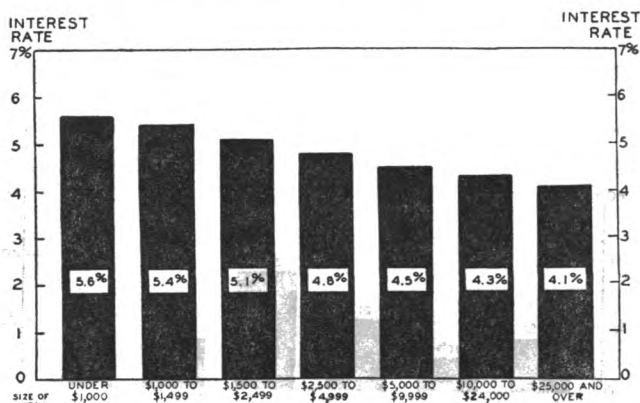
**Appraisal Policies** On the average, the banks which participated in the survey reported that they lend up to 50 percent of the current selling price on farm real estate. Of 56 banks reporting information on this question, about half specified the 50 percent figure. Eight lend up to 60 percent, whereas eight others do not exceed 40 percent. A few banks are willing to go as high as 66 2/3 percent. In 1940 the reporting banks loaned on the average up to 52 percent of selling prices prevailing at that time.

The total of the original amounts of the 1,682 loans in the survey was found to be 47 percent of appraised values, while the dollar volume of loans outstanding on June 20 amounted to about 38 percent of the original appraisals. Use of current farm values in this calculation presumably would produce a much lower percentage. With further regard to the relationship of the loan amounts to the values of the mortgaged properties, it may be noted that all but three of the 1,682 loans in the survey were reported to be first rather than junior liens.

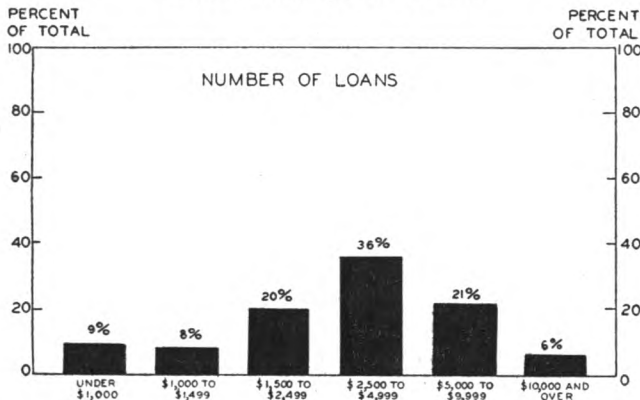
**Usual Rate of Interest Charged by 61 Banks 1930 - 1940 - 1947**



**Average Interest Rate by Size of Loan**



**Percentage Distribution of Farm Real Estate Loans by Size of Loan**



**Characteristics of the Borrowers**

**Types of Farms** Of the 1,682 loans in the portfolios of the 66 banks on June 20, 68 percent were made on general farms, which are defined as farms where no one type of product accounts for as much as half the total receipts of the farm. Fourteen percent of the loans were made to part-time farmers, or those who receive a major portion of their income from work performed off the farm. Dairy farms accounted for 8 percent of the loans, tobacco farms for 4 percent, while the remaining 6 percent was divided among livestock, poultry, grain, truck and fruit farms.

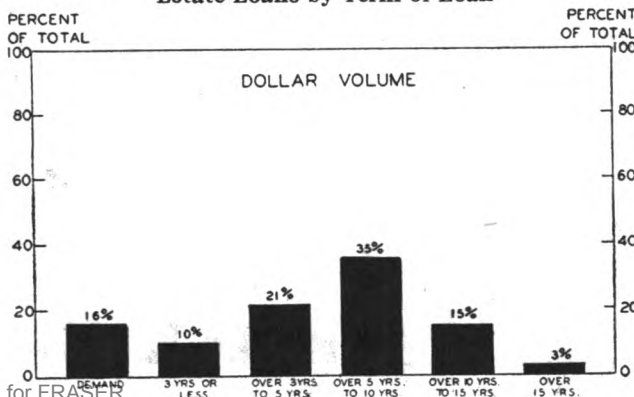
**Percentage Distribution of Loans by Type of Farm**

Type of Farm	% of Number of Loans	% of Dollar Volume
General.....	68%	70%
Part-time.....	14	10
Dairy.....	8	10
Tobacco.....	4	3
All Other*.....	6	7
	100%	100%

\*Including Livestock, Poultry, Grain, Truck, and Fruit.

**Value of Property Mortgaged** When the appraised values of the mortgaged acreage are converted to a per acre basis, a higher value per acre is obtained on the smaller properties than on the large ones. The soil and the location of many of the smaller farms permits intensive use of

**Percentage Distribution of Farm Real Estate Loans by Term of Loan**



the land, thus giving the relatively high value. Also, the appraised value of the farms includes improvements and buildings on the land, the value of which is a larger element in the total worth of the small farms than of the large. Farms of less than 30 acres averaged \$255 per acre when appraised, average size farms of 70-139 acres were valued at \$85 per acre, while the large farms of 260 or more acres were appraised at \$70 per acre.

**Average Appraised Value Per Acre By Size of Farm**

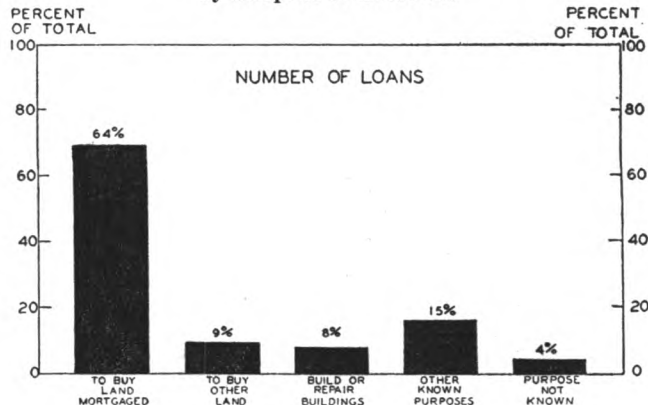
Acres in Farm	Value per Acre
Under 30.....	\$255
30-69.....	123
70-139.....	85
140-259.....	75
260 and over.....	70
TOTAL.....	\$189

**Purpose of Loans** Almost two-thirds of the loans now outstanding represent borrowing to buy the land mortgaged, while another 9 percent of the loans were made to finance the purchase of land other than the property being mortgaged. An accompanying chart shows that building or repair work on the farms accounted for 8 percent of the total number of loans.

The relative importance of these respective purposes was not found to vary significantly with the size of the farms, nor did it seem to change greatly from year to year. With regard to different size farms, the only noticeable variation was that owners of small farms of less than 30 acres borrowed more frequently in order to build or to do repair work on the farms. Likewise, the purchase of more land was the purpose of loans to small farmers in only 4 percent of the cases compared with 9 percent for all sizes of farms combined.

Recently there has been a tendency for a somewhat smaller proportion of loans to be made to finance the purchase of land mortgaged. Thus far in 1947, such loans amounted to only 63 percent of the dollar volume as compared with an average during preceding years of about 72 percent. On the other hand, in 1947 the percentage for "other" known purposes has advanced to 16 percent of the dollar volume from a customary 10 percent. The latter change may be a result of increased purchases of farm equipment and motor vehicles.

**Percentage Distribution of Loans by Purpose of Borrower**



# INDUSTRIAL REVIEW

**Coal** Bituminous coal production was resumed on a partial scale on July 8, when a new wage agreement was signed by the northern operators and the United Mine Workers. By the end of the week the same conditions had been accepted by both the western and southern operators. The principal provisions of the agreement may be summarized as follows:

**Hours.** An eight-hour day has been established, at straight time rates, in contrast to the old contract which provided for time and one-half beyond seven hours.

The miners are to be paid for one and one-half hours per day lunch and travel time. The new agreement made no change in travel time, but the war-shortened and perhaps somewhat nominal fifteen-minute lunch period was lengthened to the historic half-hour interval.

Under the former contract most mines operated nine hours per day, whereas the new agreement will probably hold the schedule generally to eight hours. Thus actual production per worker will be about six and one-half hours per day as against seven and one-half to seven and three-quarters hours under the preceding contract, or a reduction of around 15 percent.

**Wages.** The basic hourly rate has been raised from \$1.18 $\frac{1}{2}$  to \$1.63 $\frac{1}{8}$ , or an increase of 44 $\frac{5}{8}$  cents an hour. The daily wage increase amounts to \$1.20, since the old contract provided for overtime pay for anything over seven hours. Daily rates of pay are thereby increased from \$11.85 to \$13.05, or about 10 percent, but because of the 15 percent reduction in hours worked while earning that pay, it is estimated that the labor cost to the mine operators has increased about 25 percent.

**Vacations.** The entire industry will close down from June 26, 1948, to July 5, inclusive. All workers who have been on the payroll for at least one year will receive vacation pay of \$100. The union also retains the right to designate "memorial periods" upon proper notice.

**Welfare Fund.** The royalty payment is increased from five cents to ten cents a ton, and the funds accumulated under Government operation are to be transferred to three trustees, of whom one is appointed by the miners, one by the operators and one by these two.

**Exemptions.** Mine foremen and assistants, coal inspectors, weigh bosses, watchmen, and clerks are not covered by the agreement.

**Grievances.** Local disputes are to be settled by an arbitration umpire selected jointly by the operators and the union. National disputes are to be settled by collective bargaining between the parties.

**Safety.** The Federal Mine Safety Code is designated as the criterion of mine safety. Each local

union is to appoint a safety committee to inspect all properties and equipment with authority to remove all workers from any immediate danger area.

**Duration.** Although the new agreement is to run to June 30, 1948, it has been provided that the miners are to work only "if willing and able" to do so.

**Economic Implications** Coal production was resumed early in July and other sectors of the economy were enabled to continue production with a minimum of disruption. The costs of a long strike are incalculable in terms of wages and product lost. Exports of coal so essential for the recovery of Europe can now continue and unnecessary hardship in that area has been avoided. Against these obvious benefits must be weighed both short- and long-term costs.

First, unless productivity-per-man increases noticeably, output of coal will be smaller than during the first half of 1947 when the weekly average of about 12.5 million tons was barely enough to meet domestic and export requirements. Estimates of production for the first two weeks following resumption of mining are not too reassuring.

The National Coal Association reported bituminous coal output of 6.2 million tons for the short week ended July 12 and only 12 million tons for the week ended July 19. In the last week before the miners stopped work, 12.9 million tons were produced. The present work week provides for 15 percent less working time.

It is obvious that 12 million tons of coal a week are not sufficient to sustain domestic industry at its present high level of activity and also to supply essential fuel to the European economy. Coal exports in May approximated 8.4 million tons.

Conceivably, production could be augmented by Saturday work at premium pay rates. It is reported, however, that but few mines this past year were able to work a full six days because of inability to recruit a labor force for the sixth day even at overtime pay. The new wage scale with its larger take-home pay may exaggerate this condition. Moreover, because of the "willing and able" clause, there is no assurance that production will be continuous through the next twelve months.

Second, basic costs in nearly every industry have increased. Prices for coal were raised immediately from 75 cents to \$1.25 per ton. This rise in fuel costs has affected steel, pig iron, metal working industries, cement, electric utilities, railroads, refractories, clay construction materials, and countless others. Some industries may absorb some or all of the additional costs, but reports indicate that many will pass them along to their customers. Fuel prices for household consumers have also been increased. When coupled with the outlook for feed grains, these increases point to generally higher prices.

Third, this new coal agreement has induced demands for further wage increases by unions which reached agreements earlier in the year. The rubber and pottery unions, for example, are requesting reopening of contracts.

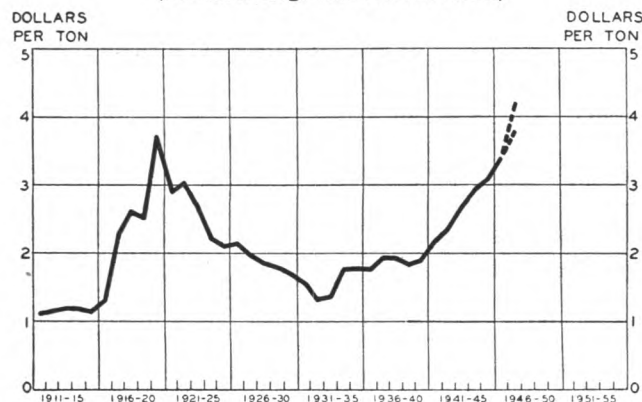
Fourth, the long run competitive position of coal is further weakened for the day when adequate pipe lines will enable the flow of gas and oil to be increased. Moreover, higher coal prices tend to stimulate the use of petroleum and to hasten the depletion of this valuable resource. Large and well-financed bituminous mines can offset part of the wage increase with better mechanization and greater capital investment, but the smaller and marginal mines will be hard pressed to meet this competition. Fewer mines and miners and larger mining companies may well be the end-product of the new high level of coal prices.

The accompanying chart shows the trend of bituminous coal and lignite prices from 1911 to the present time. These figures represent the annual average value per ton, f. o. b. mine. From a low point of \$1.11 per ton, prices rose steadily during and after World War I to a peak of \$3.75 in 1920. For the next twelve years coal prices receded and reached a low of \$1.31 in 1932. In the ensuing recovery the rise has been particularly steep since 1940, when the greatest wage increases occurred.

The Bureau of Mines preliminary estimate for 1946 was an f. o. b. mine value of \$3.40. Assuming a conservative average increase of 80 cents a ton as a result of the recent wage agreement, prices for the whole of 1947 would average about \$3.80 a ton since this increase would apply only to the last six months of the year. On an annual basis the increase of 80 cents would carry coal prices to \$4.20, or the highest level in modern industrial history. Due to the extremely strong position of labor in the mines, there is little likelihood that a price collapse similar to that of 1920 is imminent.

**Strip Mining in Ohio** The General Assembly of the State of Ohio has approved legislation regulating the strip mining of bituminous coal. The act becomes effective January 1, 1948.

**Bituminous Coal Prices**  
(Annual Average Value F. O. B. Mine)



Source: Bureau of the Mines.

Strip operators will be required to obtain annually a \$50.00 permit from the Division of Mines. In addition, a performance bond must be posted with the Division of Mines at the rate of \$100 per acre for the land the operator estimates will be stripped in the ensuing year. Liability under such bond will continue for the duration of the particular operation and for five years thereafter, unless released by the Division.

To obtain a release of bond, strip operators are required by the act to do the following:

1. Cover the exposed face of the unmined coal at the base of the pit with overburden to a depth of at least three feet.
2. Seal off with an earth fill any break-through to underground workings in the coal.
3. Provide access roads and fire lanes on the areas of land affected for the purpose of the prevention and suppression of fire in accordance with a prescribed plan approved by the state forester.
4. Level off all peaks and ridges of spoil banks to a minimum width of 15 feet cross section.
5. If drift mining is to be continued at the premises, these locations must be designated and it shall not be necessary to replace the overburden on the haulage way to the coal until such mining is completed.
6. Within one year after strip mining operations on the premises are terminated, the operator shall plant trees, shrubs, or grasses upon the land affected at a cost not in excess of \$50 an acre. The planting must be done in accord with a plan approved by the director of the Ohio Agricultural Experiment Station and designed for soil building, erosion control, water conservation or flood control as best determined by the director. All required planting shall be done in the normal planting season with reasonable diligence by the operator. In cases of forest planting, the operator may elect the type of tree and decide whether the future use is to be for lumber, pulpwood, or some other purpose. The trees, shrubs, or grasses are to become the property of the land owner unless otherwise agreed.

The operator must file a detailed planting report and within one year the director shall inspect the premises. If the work has been done in a workmanlike manner, and in accordance with the recommended plan, the director shall certify performance and recommend a release of bond.

Assurance that the conservation plan will be carried out seems to be guaranteed by the additional requirement that the bond per acre shall be raised to \$200 upon filing of an annual report of the exact extent of stripping accomplished during the year or upon completion of the operation if prior to that time.

Failure to obtain a permit before stripping operations begin, carries a penalty of from \$100 to \$1,000 per day.

If restoration of stripped land is carried forward as provided by this legislation, it should do much to restore the land to some sort of productive use. These uses might range from profitable reforestation to grazing or recreational opportunities which would include hunting, fishing, and boating. Such development would go far toward meeting the strenuous objections that have been raised in the past against the destructiveness of strip mining of coal.

While it is not yet possible to estimate the per-ton-cost of carrying out this program, it is certain to be substantial and will tend to narrow somewhat the present differential between strip and deep-mining costs.

On the other hand, the increase in reclamation cost is more than offset by the recent coal-wage settlement which increased wages \$1.20 a day and shortened working hours. In Ohio mines, the strip miner produces about four times the tonnage of the underground worker. Hence, a wage increase on an hourly basis bears much less heavily on the strip operator and increases his competitive advantage.

The steadily rising wage scale in the coal industry has greatly stimulated strip mining. In Ohio, only 9.7 percent of the 21,000,000 tons of coal produced in 1935 was strip mined. By 1940, 21 percent of production was stripped. In 1945, however, production of coal had risen to 31,500,000 tons and 41 percent was strip mined. In the last decade, tonnage of Ohio strip mines has increased six-fold while the output of deep shaft mines has remained virtually stationary.

**Steel** Production of steel in the United States for the first half of 1947 amounted to about 42,250,000 tons or a rate of 93.4 percent of capacity. Output in the like period of 1946 was hampered by labor disputes and totaled only 27,350,000 tons. June operations were reduced about 375,000 tons from May and approximately 6,950,000 tons of steel ingots and steel for castings were produced.

The shortage of coal and the uncertain outlook for continued production after the coal miners' annual holiday served to reduce steel output to 73 percent of capacity during the first week of July, a new low for the year to date. By mid-July, the national steel-making rate had rebounded to about 90 percent according to *Steel*.

Mill operations in the District were particularly hard hit due to the fact that coal inventories tend to be smaller in this region than in areas located at greater distances from the coal fields. At the low point, production sank to 33 percent at Cleveland, 40 percent at Youngstown, 42 percent at Pittsburgh, 63 percent at Wheeling, and 72 percent at Cincinnati.

District production rates at the end of July according to *Steel* had risen to 99½ percent of capacity in Pittsburgh, 92 percent in Cleveland, 86½ percent in Wheeling, 90 percent in Youngstown, and 87 percent in Cincinnati.

The new coal-wage settlement has had an inflationary effect upon prices in the ferrous industry. Early

price advances included: steel-making scrap, up \$1 to \$5 a ton; pig iron, up \$3.00 to \$3.50 a ton; beehive coke, up \$2 to \$3 a ton; bituminous coal, up 75 cents to \$1.25 a ton. Late in July, several important steel producers advanced their selling prices on various finished products from \$6 to \$10 per ton. Hot-rolled products were up about \$6 and cold-rolled items about \$7. Nails were increased as much as \$10 per ton. These prices not only reflect greater coal costs, but also the higher steel wage scale in effect since April and the rapidly advancing cost of steel scrap.

The extent to which such price adjustments will be passed along by manufacturers of consumer and industrial equipment will depend upon individual circumstances. Margins in many cases seem adequate to absorb at least some of the cost increments.

Despite the higher price structure which appears inevitable, the coal settlement is likely to assure high level steel production for some time to come and to advance the date when the supply and demand for ferrous metals will be brought into better balance.

Blast furnaces in the United States consumed about 6,250,000 gross tons of iron ore in June according to the Lake Superior Iron Ore Association. Total consumption for the first half of the year amounted to 38,750,000 gross tons as compared with 23,100,000 tons in the first six months of 1946. Stocks of iron ore at furnaces and on Lake Erie docks were 21,000,000 tons on July 1, 1947, as compared with 25,750,000 on the same date last year.

On July 15, there were 273 American Great Lakes Ore vessels in service with a total trip capacity of 2,673,650 tons as compared with 257 boats a year ago with a trip capacity of 2,600,000 tons. These capacity figures are based on a 20-foot draft.

**Iron** The index of foundry equipment sales reached a new peacetime high in June at a level of 650 (1937-9=100) as compared with 549 for the previous month and 492 in June 1946. The index includes net orders closed for both new equipment and repair jobs.

Shipments of gray iron castings in May continued above the million-ton level for the fifth successive month when a new record of 1,097,307 tons slightly bettered the April total. Cumulative shipments for the first five months of 1947 total 5,372,000 tons as compared with 3,788,000 tons for the like period in 1946.

Malleable iron casting shipments declined eight percent in May from April to reach a level of 75,500 tons. Shipments, however, were 21 percent above May 1946.

**Rubber** Consumption of natural and manufactured rubber by domestic manufacturers averaged 97,400 long tons per month for the first five months of the year according to estimates of the Rubber Manufacturers Association. This represented an increase of 17.5 percent over the corresponding period in 1946. In addition, about 25,000 tons a month of reclaimed rubber were used.

The composition of the rubber consumed, however, has changed radically. The use of natural rubber has increased 218 percent to a monthly average of about 43,250 long tons while consumption of manufactured rubber has dropped 22 percent to a monthly average of 54,100 long tons. About 15 percent more reclaimed rubber was consumed in the first five months of the year.

The easing of the natural rubber supply was reflected in a new directive issued by the rubber division of the Department of Commerce, effective July 14. Foamed latex products may incorporate use of natural rubber up to 75 percent instead of the former 50 percent. Products which previously were prohibited from using natural rubber, may now contain it up to 10 percent of hydrocarbon content by weight. Special limitations on use of pale crepe types of rubber have been removed.

Allocation and inventory controls on general purpose synthetic rubber were eliminated as well as quantitative controls over natural rubber latex. Small users of either natural or manufactured rubber need no longer report their operations. Existing limitations on the use of natural rubber in automotive tires were continued although the Commerce Department indicated that changes would be made this month.

The Office of Rubber Reserve has announced that a Government-owned synthetic rubber plant in Los Angeles, with an annual capacity of 30,000 tons, will be closed at the end of the summer to bring production of manufactured rubber into closer balance with demand.

Shipments of passenger car casings by factories in May were virtually unchanged from April and totaled about 5,900,000 units. Production declined three percent to 6,525,000 casings and factory inventories rose 14.5 percent to about 5,000,000 casings.

Factory operations for the year through May have resulted in an increase in passenger tire production of 30 percent, an increase in shipments of 19 percent, and a rise of 111 percent in inventories.

The market for both passenger and truck and bus casings has changed substantially from the comparable period in 1946.

	First 5 Months 1947	1946	Percentage Change
<b>Passenger Casings:</b>			
Shipments:			
Original Equipment	7,970,000	2,815,000	+183%
Replacement.....	21,450,000	22,295,000	- 4
Export.....	700,000	210,000	+233
TOTAL.....	30,120,000	25,325,000	+ 19
<b>Truck and Bus Casings:</b>			
Shipments:			
Original Equipment	2,450,000	1,330,000	+84%
Replacement.....	4,050,000	4,730,000	- 14
Export.....	690,000	310,000	+123
TOTAL.....	7,190,000	6,370,000	+ 13%

Source: The Rubber Manufacturers' Association.

The demand for tires for original equipment has increased substantially and reflects the higher rate of output achieved by the automotive industry. Replacement demand, on the other hand, has slacked-off with the greatest relative decline taking place in the truck and bus types. As the domestic demand is being met satisfactorily, exports have increased considerably. May exports of passenger car tires in 1947 were almost as large as the total for the first five months of 1946.

**Consumer Durable Goods** Production of the major consumer durable goods in the first six months of 1947 established new records in nearly every line. The accompanying table compares monthly average factory sales or shipments for 1941 with the first six months of 1947.

#### Monthly Average Factory Sales

	1941	6 Months 1947	Percentage Change
Electric Ironers.....	18,000	44,718	+148%
Vacuum Cleaners**..	139,094	300,370†	+116
Washing Machines... (electric and gasoline)	163,324	334,318	+105
Gas Ranges**.....	125,000	178,000†	+ 42
Radios*.....	1,019,832	1,435,107	+ 41
Electric Ranges.....	56,988	74,645†	+ 31
Electric Refrigerators.	275,297	237,145†	- 14

† Five months.

\* Production.

\*\* Shipments.

Sources: American Washer and Ironer Manufacturers' Assoc., Vacuum Cleaners Manufacturers' Assoc., National Electric Manufacturers Assoc., Radio Manufacturers Assoc., and Bureau of the Census.

With the exception of electric refrigerators, the unit volume of all items produced and sold is greatly above that of 1941. Refrigerator manufacturers are reported to be having difficulty in obtaining sufficient sheet steel and in some cases electric motors. Range manufacturers are likewise holding down production because of the lack of ferrous metals.

Of the seven classes of durable goods, vacuum cleaners and radios are the only ones reported by retailers to be in sufficient supply to offer consumers a complete selection from which to choose different makes, models, and price lines.

The Radio Manufacturers' Association reports a better balanced production for the first six months of 1947 as compared with 1946. Table model radios which represented 77 percent of output in 1946 dropped to 63 percent this year. Console production rose from 7 percent to about 11 percent, with 93 percent of these being radio-phonograph combinations. Production of FM-AM receivers has increased sharply from last year as well as output of television sets.

In the washing machine field, representative retailers report that immediate delivery of some makes of spinner and automatic type machines can be obtained. Total industry sales in June were 349,000 machines and of these, 106,000 machines were of the spinner and automatic varieties.

(Continued on Page 12)



# SUMMARY OF NATIONAL BUSINESS CONDITIONS

*By the Board of Governors of the Federal Reserve System*

(Released for Publication July 30, 1947)

Industrial production declined somewhat further in June and the early part of July. Value of retail trade continued to show little change, after allowance for seasonal changes. Prices of commodities traded in the organized markets generally advanced, and prices of coal and iron and steel were increased.

## Industrial Production

Total output of manufactures and minerals, as measured by the Board's seasonally adjusted index, which reached a postwar peak of 190 percent of the 1935-39 average in March, had declined to 183 by June and a further reduction is indicated in July.

Durable goods production continued to decline slightly in June, reflecting mainly further small reductions in demand for various metals and metal products and building materials. Automobile passenger car production, however, which has been limited by the available supply of steel sheets, increased in June. In July the rate of automobile production was reduced again, reflecting partly a temporary curtailment in supplies of steel. Production of steel was curtailed in the early part of July as a result partly of uncertainties surrounding the signing of a new wage contract in the bituminous coal industry, but at the end of July steel operations again were scheduled at a rate of 94 percent of capacity.

Contraction in nondurable goods production continued in June, reflecting chiefly earlier declines in domestic demands for these goods as well as some slackening in export demands. Further reductions in output in the textile industry accounted for most of the decline in June, but there were also decreases in activity in most other nondurable goods lines except meat-packing, petroleum refining, and newsprint consumption.

Production of minerals decreased somewhat in June as a decline in production of bituminous coal more than offset gains in output of anthracite and crude petroleum.

## Employment

Employment in most types of nonagricultural establishments continued to show little change in June, after allowance for seasonal changes. Further reductions in employment in the textile and rubber industries were offset by increased employment in automobile plants and in some non-manufacturing lines.

## Construction

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined 10 percent from May to June, reflecting chiefly a further decrease in awards for most types of private construction. Awards for public construction, following increases in earlier months of the year, showed little change. New dwelling units started, according to preliminary estimates of the Bureau of Labor Statistics, continued to increase in June

and amounted to 75,000 units as compared with 65,000 in June 1946.

## Distribution

Department store sales in June and the first three weeks of July showed about the usual seasonal decline and were 6 percent greater than in the same period last year. The Board's seasonally adjusted index of sales was about 290 percent of the 1935-39 average in May and June as compared with 270 during the first four months of the year. Value of sales at most other retail stores, after allowance for seasonal changes, has been slightly lower in recent months than during the first quarter of the year.

Despite a marked expansion in grain shipments in June and the early part of July, total loadings of railroad revenue freight declined considerably, reflecting the temporary curtailment in coal shipments in this period and a further decline in shipments of manufactured goods.

## Commodity Prices

Prices of commodities traded in the organized markets generally advanced somewhat in June and the early part of July. Prices of coal, pig iron, and various steel products were also increased in this period. Wholesale prices of chemicals and some other products were reduced. Toward the end of the month prices of wheat and cotton declined considerably.

Retail prices of foods increased somewhat in June and the consumers' price index of the Bureau of Labor Statistics, at 157 percent of the 1935-39 average, was slightly above the March peak.

## Treasury Finance and Bank Credit

On July 2, the Federal Open Market Committee of the Federal Reserve System directed the Federal Reserve Banks to terminate the policy of buying all bills offered at the fixed rate of  $\frac{3}{8}$  percent and to terminate the repurchase option privilege on Treasury bills; the new policy applied to bills issued on or after July 10. The average rates bid on the weekly bill offerings rose to .74 percent for the issue of July 24.

Additions to monetary gold stock during June and the first three weeks of July, together with a return flow of currency from circulation during July following a seasonal increase prior to July 4, resulted in a growth in member bank reserve balances. Required reserves increased, reflecting a further growth in deposits at member banks.

Commercial and industrial loans at banks in leading cities outside New York increased somewhat between early June and mid-July, following a decline which had been in progress since early April. Real estate and consumer loans continued to increase. Government security holdings at banks in leading cities increased by over 600 million dollars between June 4 and July 16 with most of the additions at New York city banks.

## DEPARTMENT STORE TRADE STATISTICS

## Sales by Departments—June, 1947

As compared with a year ago

(Compiled July 26, and released for publication July 29)

Major Household Appliances.....	+80%
Domestic Floor Coverings.....	+19
Sport goods (including Cameras).....	+14
Men's Clothing.....	+12
Silverware and Jewelry.....	+11
Notions.....	+7
Infants' Wear.....	+6
Men's and Boys' Shoes.....	+6
Cotton Wash Goods.....	+6
Corsets and Brassieres.....	+4
Neckwear and Scarfs.....	+4
Restaurants.....	+4
Lamps and Shades.....	+4
Draperies and Curtains.....	+3
China and Glassware.....	+2
Beauty Salon.....	+1
Dresses (Women's and Misses').....	-0
Luggage.....	-1
Housewares.....	-1
MAIN STORE TOTAL.....	-1
Men's Furnishings (Hats and Caps).....	-2
Art Needlework and Art Goods.....	-2
Gloves.....	-3
Furniture and Beds.....	-3
Books and Stationery.....	-3
Millinery.....	-4
Women's Underwear.....	-4
Shoes (Women's and Children's).....	-5
Domestics and Blankets.....	-5
Boys' Clothing and Furnishings.....	-6
Blouses, Skirts and Knit Goods.....	-6
Juniors' and Girls' Wear.....	-9
Coats and Suits (Women's and Misses').....	-9
Handkerchiefs.....	-10
Silks and Velvets (Woolen Dress Goods).....	-11
Laces and Trimmings.....	-11
Photographic Studio.....	-11
Toilet Articles and Drug Sundries.....	-16
Toys and Games.....	-17
Aprons and Housedresses.....	-19
Leather Goods (Small).....	-19
Hosiery (Women's and Children's).....	-23
Furs.....	-46

## Inventories by Departments—June 30, 1947

As compared with a year ago

(Compiled July 31, and released for publication August 1)

Major Household Appliances.....	+330%
Men's Clothing.....	+147
Men's and Boys' Shoes.....	+110
Domestic Floor Coverings.....	+97
Shoes (Women's and Children's).....	+76
Sport Goods (Including Cameras).....	+57
Cotton Wash Goods.....	+56
Hosiery (Women's and Children's).....	+49
Silks and Velvets.....	+38
Men's Furnishings (Including Hats and Caps).....	+36
Furniture, Beds, Mattresses and Springs.....	+35
China and Glassware.....	+27
Draperies and Curtains.....	+23
Aprons, Housedresses and Uniforms.....	+20
Corsets and Brassieres.....	+16
Domestics, Blankets and Towels.....	+15
MAIN STORE TOTAL.....	+11
Women's Underwear.....	+11
Silverware and Jewelry.....	+9
Luggage.....	+5
Housewares.....	+3
Dresses (Women's and Misses').....	-4
Books and Stationery.....	-8
Boys' Clothing and Furnishings.....	-9
Millinery.....	-9
Notions.....	-10
Laces and Trimmings.....	-12
Toilet Articles and Drug Sundries.....	-14
Art Needlework and Art Goods.....	-17
Lamps and Shades.....	-19
Infants' Wear.....	-19
Toys and Games.....	-23
Gloves.....	-24
Neckwear and Scarfs.....	-26
Handkerchiefs.....	-26
Leather Goods (Small).....	-30
Coats and Suits (Women's and Misses').....	-32
Furs.....	-37
Juniors' and Girls' Wear.....	-40
Blouses, Skirts and Knitgoods.....	-41

The record level of Fourth District department store trade established in May did not hold through June even after allowing for the normal seasonal shrinkage.

Main store sales in June were below a year ago, although basement store volume (not shown on accompanying table) was up 13 percent for the year.

The widest year-to-year declines in the upstairs-store departments occurred in women's and misses' ready-to-wear apparel. The most important decreases in that section were recorded in aprons, etc., off 19 percent, and the lowest in three years. Women's and misses' coats and suits, as well as juniors' and girls' wear, were 9 percent below a year ago.

Several items of ready-to-wear accessories reached the lowest sales volume in three years. Among them were women's and children's hosiery, 23 percent below June 1946; small leather goods, off 19 percent; handkerchiefs, 10 percent lower; women's and children's shoes, with a decline of 5 percent; and gloves, off 3 percent.

Sales of toilet articles and drug sundries, etc., likewise were the lowest for the month since 1944. The volume in toys and games since the first of the year has persistently fallen short of the 1946 rate.

At the other extreme, in a number of house furnishing lines, June sales were the highest on record for the month. Major household appliance departments had one of the best months on record. Sales of this merchandise have fluctuated within a comparatively narrow range but at record-high levels for the past nine months.

Other items of home furnishings reporting record sales for the month were domestic floor coverings, with a 19 percent gain over last year; lamps and shades, up 4 percent; draperies and curtains, up 3 percent; and china and glassware, with an increase of 2 percent.

Dollar volume was also the highest for any June on record in sport goods departments, up 14 percent; men's clothing, up 12 percent; men's and boys' shoes, up 6 percent; silverware and jewelry, up 11 percent; infants' wear, up 6 percent; and corsets and brassieres, where dollar sales were 4 percent above 1946.

Changes in unit volume are not necessarily comparable to the foregoing changes shown in dollar volume.

## Indexes of Department Store Sales and Stocks

Daily Average for 1935-1939=100

SALES:	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	June 1947	May 1947	June 1946	June 1947	May 1947	June 1946
	1947	1947	1946	1947	1947	1946
Akron (6).....	305	299	308r	281	290	283r
Canton (5).....	344	361	314	330	347	301
Cincinnati (8).....	314	303	301	283	309	271
Cleveland (10).....	271	274	251	249	258	231
Columbus (5).....	327	324	320r	304	314	297r
Erie (3).....	303	312	285	269	294	253
Pittsburgh (8).....	254	259	255	251	269	253
Springfield (3).....	289	282	266	287	294	264
Toledo (6).....	272	264	260	253	264	242
Wheeling (6).....	248	231	265	221	248	236
Youngstown (3).....	307	322	298	288	315	280
District (95).....	284	298	272r	267	283	256r
STOCKS:						
District (95).....	231	238	206	222	241	198

## June Department Store Sales by Cities\*

(Compiled July 25, and released for publication July 27)

CITY	% Change From		Sales During June (June 1941=100)				
	May '47	June '46	1941	1943	1945	1946	1947
Springfield.....	-2	+9	100	144	159	186	202
Columbus.....	-3	+2	100	145	186	248	254
Akron.....	-3	-1	100	134	156	203	201
Cleveland.....	-3	+8	100	122	141	186	201
Toledo.....	-4	+4	100	133	160	208	217
Canton.....	-5	+10	100	142	156	199	218
Fourth District.....	-6	+4	100	120	144	198	206
Pittsburgh.....	-7	-1	100	106	131	193	191
Erie.....	-8	+6	100	131	147	194	207
Cincinnati.....	-9	+3	100	127	159	223	230
Youngstown.....	-9	+3	100	114	151	199	205
Wheeling.....	-11	-6	100	114	161	219	205

\*Based on daily average sales.

Department store sales in the Fourth District in June declined somewhat more than seasonally from the record-breaking May volume, but held above a year ago by a 4 percent margin.

(Continued on Page 11)

# FINANCIAL AND OTHER BUSINESS STATISTICS

## Bank Debits\*—June, 1947

(In thousands of dollars)

(Compiled July 12, and released for publication July 14)

	June 1947	% Change from year ago	3 Months Ended June 1947	% Change from year ago
ALL 29 CENTERS.....	\$6,068,447	+15.8%	\$18,192,566	+17.7%
10 LARGEST CENTERS:				
Akron.....	221,621	+ 0.1	674,061	+ 7.2
Canton.....	98,705	+16.3	299,788H	+21.4
Cincinnati.....	797,653	+16.3	2,353,142	+16.9
Cleveland.....	1,595,207	+13.3	4,728,588	+15.7
Columbus.....	445,528	+19.3	1,377,870H	+16.1
Dayton.....	217,414	+21.7	650,768	+24.1
Toledo.....	361,676	+18.7	1,055,870	+22.4
Youngstown.....	142,906H	+41.7	422,699H	+46.1
Erie.....	75,125	+ 7.2	234,784	+17.2
Pittsburgh.....	1,581,111	+17.5	4,814,691	+18.9
Total.....	\$5,536,946	+16.0%	\$16,612,261	+17.9%

### 19 OTHER CENTERS:

Covington-Newport... Ky.	\$ 35,665	+ 0.8%	\$ 103,860	+ 3.5%
Lexington..... Ky.	50,568	+ 4.1	147,476	+ 7.4
Hamilton..... Ohio	33,521	+22.0	100,281H	+27.9
Lima..... Ohio	37,765	+18.1	115,605	+21.5
Lorain..... Ohio	16,259	+29.9	48,549H	+33.2
Mansfield..... Ohio	36,808H	+27.2	107,433H	+31.8
Middletown..... Ohio	28,130	+ 8.8	83,902	+15.8
Portsmouth..... Ohio	18,810	+23.2	57,515	+22.1
Springfield..... Ohio	39,838	+11.3	125,668	+15.5
Steubenville..... Ohio	20,246	+ 5.5	61,560H	+11.4
Warren..... Ohio	34,687H	+30.5	102,707H	+23.8
Zanesville..... Ohio	25,923H	+36.3	71,229H	+21.8
Butler..... Penna.	27,152	+19.5	81,505H	+17.9
Franklin..... Penna.	6,878	- 4.1	20,227	- 4.0
Greensburg..... Penna.	17,505	+ 8.7	52,306	+16.6
Homestead..... Penna.	7,610	+ 8.5	21,893	+12.0
Oil City..... Penna.	18,686	+ 5.5	56,299	+ 4.4
Sharon..... Penna.	22,323	+15.7	68,553H	+21.9
Wheeling..... W. Va.	53,127	+ 7.2	153,737	+ 5.2
Total.....	\$ 531,501	+14.0%	\$ 1,580,305	+15.7%

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

\* debits to all deposit accounts except interbank balances.

During the second quarter of 1947, bank debits in 29 Fourth District cities continued to run well ahead of totals for last year. Aggregate debits for the past three months exceeded the figure for the corresponding quarter of a year ago by 18 percent. This increase may be compared with year to year gains of 21 percent in the first quarter of this year and 20 percent in the last quarter of 1946.

During June, total debits were 16 percent higher than a year ago, while corresponding figures for April and May were 18 and 20 percent respectively. The dollar volume of debits in June amounted to \$6,068,000,000, the highest monthly figure attained this year.

### TEN LARGEST CITIES

Youngstown led the large cities for the fourth successive month in percentage gain over year ago figures. Second quarter debits in that city totaled 46 percent more than in the comparable quarter of 1946. June and second quarter debit totals in Youngstown established new all-time highs. Debit totals for the second quarter in Columbus and Canton likewise were at a record high level.

Total debits in June at the ten largest centers exceeded last year's figure by 16 percent. Cities, other than Youngstown, with percentages significantly above that figure were Dayton (22%), Columbus (19%), Toledo (19%), and Pittsburgh (18%).

### NINETEEN SMALLER CENTERS

In eight of the nineteen smaller centers, debit totals for the second quarter were at an all-time high. The eight cities were Hamilton, Lorain, Mansfield, Steubenville, Warren, Zanesville, Butler and Sharon.

In Mansfield, Warren and Zanesville, June figures likewise established new highs. Zanesville debits in June exceeded the \$25,000,000 mark for the first time.

## Time Deposits—12 Fourth District Cities

(Compiled July 7, and released for publication July 9)

City and Number of Banks	Time Deposits June 25, 1947	Average Weekly Change During:		
		5 Weeks Ended Apr. 30, 1947	4 Weeks Ended May 28, 1947	4 Weeks Ended June 25, 1947
Cleveland (4).....	\$ 858,223,000	-\$ 105,000	+\$278,000	+\$395,000
Pittsburgh (13).....	339,145,000	+ 225,000	+ 269,000	+ 340,000
Cincinnati (8).....	183,551,000	+ 474,000	- 32,000	- 66,000
Akron (3).....	102,339,000	+ 204,000	+ 178,000	+ 59,000
Toledo (3).....	90,247,000	+ 35,000	+ 50,000	+ 53,000
Columbus (3).....	71,779,000	+ 93,000	- 67,000	+ 78,000
Youngstown (3).....	53,378,000	+ 15,000	- 44,000	+ 48,000
Dayton (3).....	50,063,000	+ 34,000	+ 70,000	- 33,000
Canton (4).....	39,918,000	+ 77,000	+ 11,000	- 10,000
Erie (4).....	37,617,000	+ 121,000	+ 19,000	+ 19,000
Wheeling (6).....	28,833,000	+ 31,000	+ 20,000	+ 11,000
Lexington (5).....	10,543,000	+ 10,000	- 29,000	+ 22,000
TOTAL—12 Cities	\$1,865,636,000	+\$1,213,000	+\$701,000	+\$788,000

Time deposits\* at 59 banks in the largest cities of the Fourth District advanced to a new all-time high during the month of June. The average weekly gain amounted to \$788,000, compared with \$701,000 in May and \$1,213,000 in April. The May and June rates of increase were the slowest experienced in the postwar period to date. During the second half of 1946 the average weekly increase was about \$1,850,000, while in the first half of last year the figure was \$3,500,000.

During June, time deposits increased in seven of the twelve cities from which reports are received. The outstanding gains occurred in Cleveland and Pittsburgh. In Pittsburgh the average weekly advance was the largest reported since January, while the Cleveland figure was the largest since February. In both cities current time deposit totals are the highest on record.

Time deposits also moved into record high ground during the month in Akron, Columbus, Youngstown and Erie. An increase was likewise experienced by Lexington, but total time deposits in the reporting banks of that city are still slightly below the all-time high recorded in April.

Total time deposits declined slightly during June in Cincinnati, Toledo, Dayton, Canton and Wheeling. Although this was the second successive month of decline for Cincinnati and Canton, total time deposits in those cities are only a fraction of one percent under the all-time highs set in April.

\* Representing chiefly savings deposits owned by individuals, but time deposits of partnerships and corporations are also included.

## Retail Trade

Percentage Changes  
From Preceding Year  
SALES SALES STOCKS  
June first 6 June  
1947 months 1947

### DEPARTMENT STORES (95)

Akron.....	- 1	+ 5	+19
Canton.....	+10	+15	a
Cincinnati.....	+ 3	+10	+ 5
Cleveland.....	+ 8	+ 9	+17
Columbus.....	+ 2	+ 7	+ 2
Erie.....	+ 6	+12	+20
Pittsburgh.....	- 1	+10	+ 7
Springfield.....	+ 9	+ 6	a
Toledo.....	+ 4	+10	- 2
Wheeling.....	- 6	- 3	+ 3
Youngstown.....	+ 3	+12	a
Other Cities.....	+29	+28	+ 7
District.....	+ 4	+10	+ 9

### WEARING APPAREL (14)

Cincinnati.....	- 7	- 3	+27
Cleveland.....	-10	- 4	+30
Pittsburgh.....	-16	- 8	- 6
Other Cities.....	- 3	+ 1	-19
District.....	- 9	- 3	+ 7

### FURNITURE (59)

Canton.....	+12	+ 9	+39
Cincinnati.....	+ 3	+ 7	+20
Cleveland.....	- 0	+ 9	+44
Columbus.....	+20	+10	+12
Dayton.....	- 3	+ 4	a
Pittsburgh.....	a	a	a
Allegheny County.....	+14	+24	a
Toledo.....	a	a	a
Other Cities.....	+10	+20	+49
District.....	+ 8	+14	+35

a Not available.

Figures in parentheses indicate number of firms reporting sales.

## June Department Store Sales by Cities

(Continued from Page 10)

Dollar-wise, aggregate sales were 106 percent greater than in the comparable month in prewar 1941.

### Individual Cities

The May-June decline was least pronounced in Springfield where volume dropped only 2 percent and ran 9 percent ahead of June 1946.

The shrinkage in Akron, Cleveland, and Columbus, likewise was limited to minor dimensions of around 3 percent. Cleveland stores reported a

sales volume 8 percent in excess of a year ago, whereas in Akron and Columbus, trade was approximately on a par with the same month of 1946.

In Canton, Pittsburgh, and Toledo, the May-June sales decline was close to the District average of 6 percent, although Canton showed the largest (10 percent) year-to-year gain among the eleven cities.

Declines from the preceding month ranging from 8 percent to 11 percent were reported from Cincinnati, Erie, Wheeling, and Youngstown. In the case of Wheeling the reduction in sales brought the June total 6 percent below the 1946 level.

In all but one city, June 1947 was more than double the June 1941 figures. These percentages however, are not adjusted for changes in retail prices.

## INDUSTRIAL REVIEW

(Continued from Page 8)

**Ceramics** The ceramic industry continues to report very heavy order backlogs with production close to practical capacity in most plants. Demand continues brisk for most lines of dinner and china ware, although some slowing up has occurred in the demand for off-quality ware or seconds, much of which is exported.

The pottery workers union has requested a reopening of the wage contract. Bargaining is on an industry-wide basis and the workers obtained an eight and one-half cent increase in January. They are now seeking to obtain an additional increase of six and one-half cents per hour. Negotiations will be conducted in the latter part of August.

The tableware branch of the glass industry reported a falling off of orders about the middle of May. By the middle of July, however, the rate of incoming orders had returned to a satisfactory level. New wage negotiations were scheduled to take place at the end of the month.

Polished plate glass production in June, as reported by the Hughes Statistical Bureau, totaled about 21 million square feet. Production declined from May by about 2.1 million square feet but was 4.7 million square feet above June 1946. Shortages of soda ash continue to hamper most producers.

**Machine Tools** Machine tool shipments in June were estimated at 24.7 million dollars by the National Machine Tool Builders' Association. Sales declined about one million dollars from May and were at the lowest level of the year.

The industry is concentrating on the problem of having new models of machine tools ready for the national show in Chicago from September 17 to 26, inclusive. Tools will be displayed and operated under actual shop conditions.

Informed sources state that in many cases such extensive improvements have been incorporated in the new tools as to render existing equipment obsolete. This development should begin to stimulate the industry in the fourth quarter of the year and offer the metal working industries new opportunities to cut costs.

