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No. 11

THE EXPANSION OF SAVINGS ACCOUNTS AT FINANCIAL INSTITUTIONS

Wartime Expansion of Savings The volume of savings entrusted in the care of commercial banks, mutual savings banks, savings and loan associations, and the postal savings system doubled in the United States between December 1939 and December 1946. Savings passbooks held by patrons of those institutions totaled some \$60 billion at the close of 1946, compared with about \$30 billion when hostilities broke out in Europe.

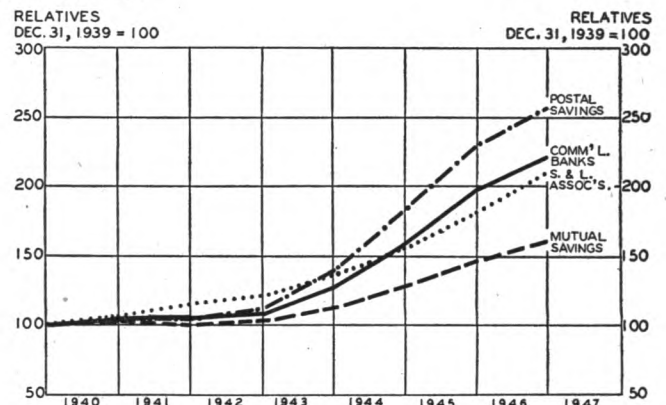
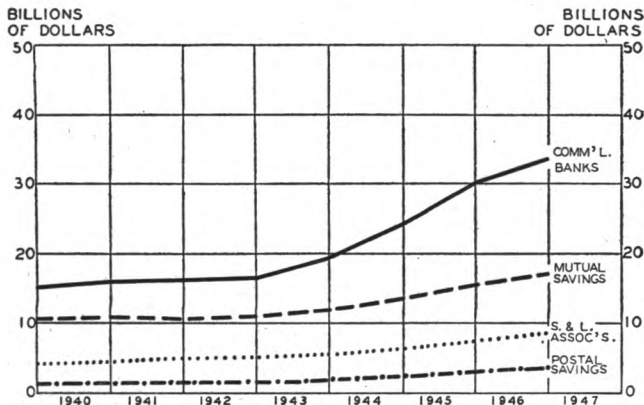
The major part of this expansion in savings accounts occurred in the years 1943-1945 inclusive. In those years, rapid increases in the disposable incomes of individuals took place while supplies of consumer goods and the prices thereof were being limited by wartime controls. This situation left a large residue of income that was channeled into savings. War bonds took a net sum about equivalent to that placed with the four types of financial institutions mentioned above, while policyholders' investment in life insurance companies moved up by about one-half as large an amount.

Comparison of Financial Institutions At the close of 1946, time deposits at all commercial banks totaled slightly more than the aggregate of all savings accounts in mutual savings banks, savings and loan associations and postal savings. Mutual savings bank deposits constituted 27 percent of the total savings represented by these four savings media. The figure for savings and loan associations was 14 percent, whereas postal savings amounted to only 5 percent of that total. The relative importance of these four types of institutions in the savings field changed somewhat during the war, although the changes were not great enough to alter the prewar ranking.

An analysis of the wartime rates of growth discloses that the most rapid gains were experienced by postal savings, followed by commercial banks, savings and loan associations, and mutual savings banks, in that order. Therefore, although all four recipients of savings expanded greatly during the war, the comparative strength of postal savings and commercial banks increased somewhat, while savings and loan associations and mutual savings banks declined slightly in relative importance.

CHANGES IN THE VOLUME OF SAVINGS REPRESENTED BY VARIOUS TYPES OF FINANCIAL INSTITUTIONS IN THE UNITED STATES

Based on year end data—1939-1946



Time deposits of commercial banks represent over half the savings in these financial institutions.

... the percentage rise in time deposits of commercial banks has been exceeded only by postal savings deposits.

Commercial Banks The relative gains experienced between 1939 and 1946 seem to bear little relationship to the rates of interest or dividends paid by the respective types of institutions. Commercial banks on the average paid 1 percent on time deposits between 1939 and 1946, compared with 2 percent by mutual savings banks and the postal savings system, and an average rate of almost 3 percent by savings and loan associations. Yet savers placed more dollars with commercial banks than with the other three classes of savings institutions combined.

Commercial banks ranked a close second in percentage gain over the seven-year period, with total time deposits on December 31, 1946 more than 120 percent above the prewar level. Apparently the differential in the interest rate was offset by many other considerations, such as custom, convenience, risk, and relative liquidity.

Savings and Loan Associations and Mutual Savings Banks Savings and loan associations expanded more rapidly between December 1939 and December 1946 than did the mutual savings banks. One possible explanation is that savers considered the respective types of financial institutions on a par from a safety standpoint because of the existence of the Federal Savings and Loan Insurance Corporation, thus enhancing the persuasive influence of the relatively high dividend rates and the more aggressive promotion policies of the savings and loan institutions. The growth of savings and loan associations does not appear to have been particularly restrained by the possibility that adverse trends in the real estate market could lead to delays in meeting withdrawal requests of shareholders.

Postal Savings Percentagewise, the volume of postal savings accounts advanced more rapidly between 1939 and 1946 than did savings in the other types of institutions, although the dollar volume of postal savings accounts remains an insignificant part of total savings. Aggregate postal savings are relatively small despite the fact that in recent years the 2 percent interest rate paid on postal savings has been above the rates generally paid by the commercial banks and mutual savings banks, and only slightly below the average savings and loan rate. Furthermore, there are no limitations on withdrawals, there are over 8,000 post offices throughout the country ready to accept such deposits, and the accounts are absolutely safe.

Among the factors which inhibit the growth of the postal savings system is the fact that the maximum size account is \$2,500. Also, checks are not accepted for deposit. No joint accounts are permitted, hence upon the death of a depositor the funds are frozen pending the settlement of the estate. Furthermore, the Post Office Department has not been particularly active in endeavoring to attract new accounts. But perhaps the major disadvantage is that the holder of a postal savings account must go elsewhere if he is to have a checking account, if he must borrow

money, if he wishes to obtain credit references, or if he would like to avail himself of some of the many miscellaneous business services that banks provide for their customers.

Mutual Savings Banks in the Fourth District

There are only four mutual savings banks in the Fourth District. The four are located in Cleveland, Pittsburgh, Springfield and Marietta. Their deposits on December 1946 aggregated about \$300 million, or less than 10 percent as much as the figure for time deposits in the commercial banks of the District. For the nation as a whole, however, the corresponding figure is about 50 percent.

Savings and Loan Associations in the Fourth District

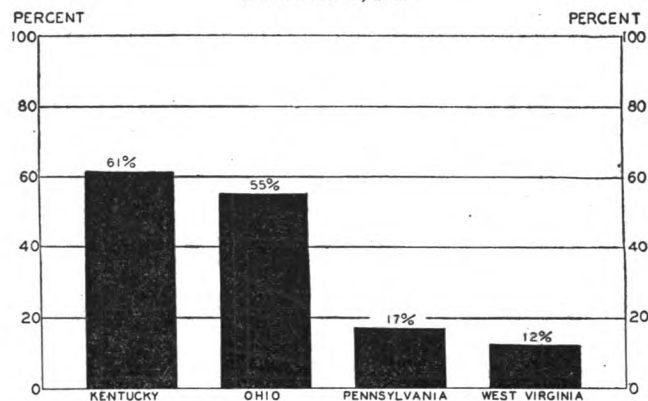
Shares and deposits in Federal and state-chartered savings and loan associations in the Fourth District totaled \$1,540 million in December of 1946, compared with a figure of \$3,475 million for time deposits of individuals, partnerships and corporations at commercial banks. In this District, therefore, the ratio of shares and deposits in savings and loan associations to time deposits at commercial banks is 44 percent, whereas the corresponding figure for the nation as a whole is only about 26 percent. Savings and loan associations thus are relatively stronger in the Fourth District than in the rest of the country.

Distribution of Associations Within the District

There is extreme variation, however, in the concentration of savings and loan associations within the Fourth District. In Kentucky and Ohio the ratios between shares in savings and loan associations, and time deposits at commercial banks, were 61 and 55 percent respectively on December 31, 1946. In Pennsylvania and West Virginia, on the other hand, the corresponding ratios were 17 and 12 percent. These percentages apply only to that portion of each state which falls within the Fourth District.

RATIOS OF SHARES AND DEPOSITS IN SAVINGS AND LOAN ASSOCIATIONS TO TIME DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS IN COMMERCIAL BANKS*

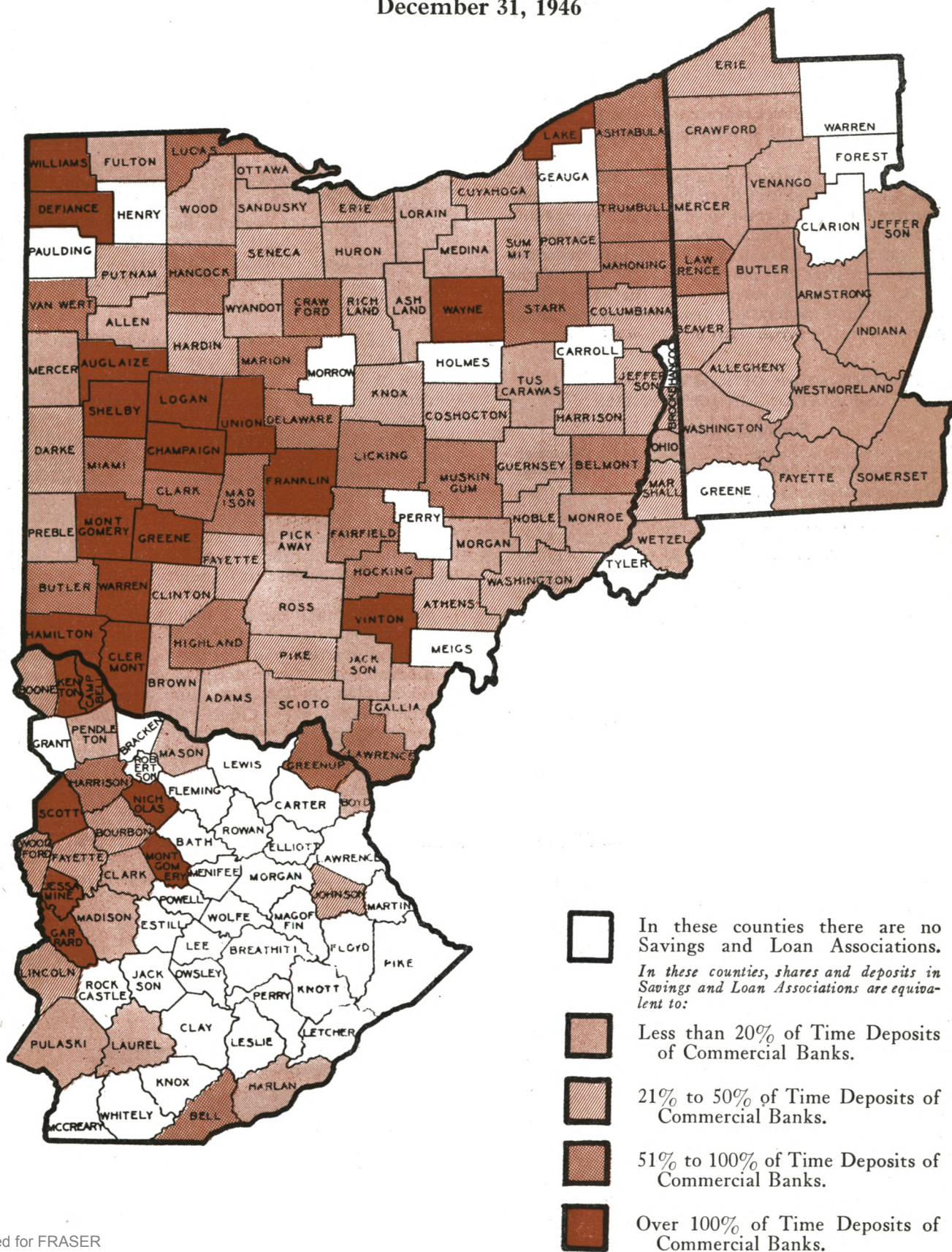
December 31, 1946



... savings and loan associations are particularly strong in Kentucky and Ohio.

* Kentucky, West Virginia, and Pennsylvania data apply only to the parts of the states lying within the Fourth District.

Relative Strength of Savings and Loan Associations in the Fourth District December 31, 1946



The uneven distribution of the associations is still more apparent among the 169 counties located within the District. For example, in 32 of Kentucky's 56 Fourth District counties there are no associations, whereas in 7 counties the shares in savings and loan associations totaled more than the time deposits in commercial banks. In Ohio, with 88 counties, 8 lacked savings and loan associations, but in 16 counties the associations represented a larger volume of savings than did the commercial banks.

In the Fourth District as a whole, slightly over one-fourth of the counties have no associations, while in another fourth the ratio of shares in savings and loan associations to time deposits in commercial banks was 20 percent or less. At the other extreme the ratios ran over 100 percent in 13 percent of the counties. The sharp variation in the strength of savings and loan associations from county to county is presented in the accompanying table and map.

CONCENTRATION OF SAVINGS AND LOAN ASSOCIATIONS IN 169 COUNTIES

December 31, 1946

Ratio of Savings and Loans Assn's to Commercial Banks*	Number of Counties	Percent of Counties
0 percent (no associations).....	45	27%
Less than 21 percent.....	43	25
21-50 percent.....	33	20
51-100 percent.....	25	15
Over 100 percent.....	23	13
	<u>169</u>	<u>100%</u>

* Ratio of shares and deposits in savings and loan associations to time deposits of individuals, partnerships and corporations at commercial banks.

The savings and loan associations in this District have their greatest strength in the metropolitan areas of south-west Ohio and north-west Kentucky, and also in some of the richer agricultural counties of Ohio and Kentucky. The associations are less evident in West Virginia, Pennsylvania and in the

central and eastern parts of the Fourth District portion of Kentucky.

Effect on Time Deposit Growth of Commercial Banks

There has been no noticeable tendency in recent years for time deposits in Fourth District commercial banks to grow more rapidly in locations where savings and loan associations are relatively unimportant.

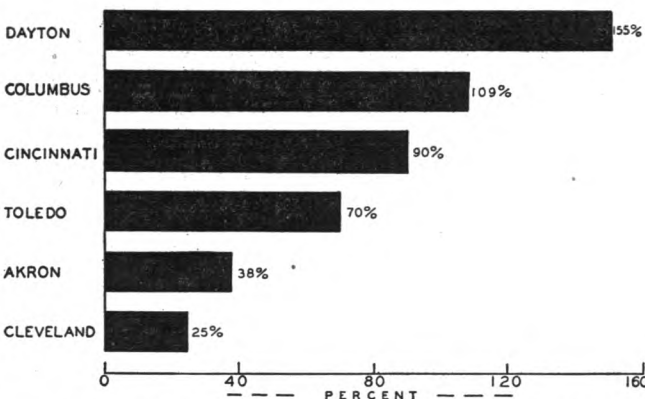
On a statewide basis, it may be noted that in Ohio the time deposits of member banks increased 160 percent between December 1939 and December 1946, whereas in the Fourth District parts of Pennsylvania, Kentucky and West Virginia the corresponding gains were only 57, 45 and 42 percent respectively. Yet savings and loan associations are relatively strong in Ohio and Kentucky, but comparatively unimportant in Pennsylvania and West Virginia.

The lack of any consistent relationship between the prevalence of savings and loan associations and the growth of time deposits in commercial banks is also evident in accompanying charts which show the ratio of shares in all savings and loan associations to time deposits in all commercial banks in six selected Ohio cities, and also the growth of time deposits of individuals, partnerships and corporations at commercial banks in the same cities during the same two-year period. The charts indicate that despite a very sharp variation in the importance of savings and loan associations, the gain in time deposits at commercial banks has been fairly consistent from city to city.

The above analyses and others in process at the Research Department of this bank do not suggest that the commercial banks are losing out in the savings field because of the presence of savings and loan associations. During the war, time deposits at commercial banks advanced more rapidly than did shares in savings and loan associations. In Ohio, for example, time deposits increased 160 percent from December 1939 to December 1946, while savings and loan associations expanded about 76 percent.

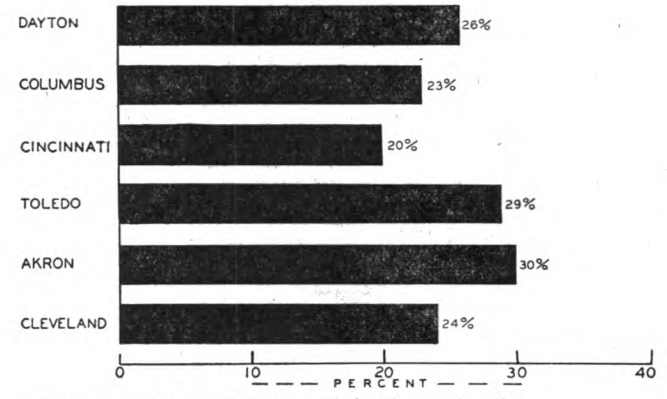
RELATIVE STRENGTH OF SAVINGS AND LOAN ASSOCIATIONS IN SIX CITIES COMPARED WITH THE RATE OF GROWTH IN TIME DEPOSITS AT THE COMMERCIAL BANKS

Ratio of shares in savings and loan associations to time deposits in commercial banks December 31, 1946



... the strength of savings and loan associations varies greatly from city to city.

Percentage gains in time deposits of commercial banks June 1945—June 1947



... but time deposits have expanded quite uniformly.

In the postwar period, however, the reverse situation has prevailed. The comparatively slow recent rate of growth in time deposits was discussed in the October 1 issue of the *Monthly Business Review*. It was largely attributed to the likelihood that a portion of the time deposits of individuals may be regarded as a more temporary investment than shares in the savings and loan associations, with the result that a downward trend in new savings or an increase in withdrawals has a greater effect upon commercial banks.

Conclusion The above discussion does not deny the fact that commercial banks and savings and loan associations compete for savings. Many individuals are influenced by the fact that savings and loan associations in the Fourth District

are currently paying more attractive dividend rates, averaging about 2 percent in Ohio, 2½ percent in Pennsylvania, 2½ to 3 percent in Kentucky, and 3 percent in West Virginia. Furthermore, most of the more important associations offer their shareholders the protection afforded by the Federal Savings and Loan Insurance Corporation.

Although interest rates paid by commercial banks seldom exceed one percent, these institutions are patronized by many savers because they offer a more comprehensive line of banking services and because insured savings placed with them could prove to be more liquid and more readily withdrawable in times of adverse conditions in the residential real estate market.

TRENDS IN DEPARTMENT STORE SALES BY CITIES

The upward trend in dollar volume of department store sales throughout the war and postwar period has been shared by all the principal cities of the Fourth District. The gains, however, have not been uniform.

Since the war's end, three cities in this District have shown outstanding gains. During the first nine months of this year, sales in Canton, Cincinnati, and Pittsburgh were 40 to 42 percent above the 1945 level. Youngstown, Cleveland, Columbus, Toledo and Erie showed gains during the same period ranging from 31 to 35 percent. Less noticeable gains were registered by Wheeling, Akron, and Springfield, where the percentage increase from the year 1945 to an average of the first nine months of 1947 ranged between 22 percent and 28 percent. These figures take into account the factor of seasonal variations, but omit adjustment for increases in the price level. Details are shown in an accompanying chart.

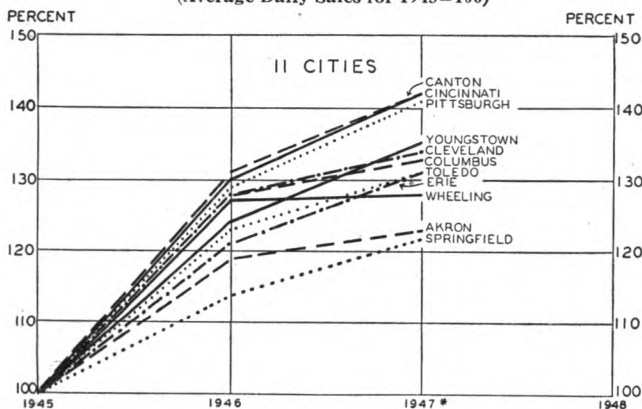
The relative position of certain of the cities changed between 1946 and the first nine months of 1947.

Youngstown improved its position substantially during the first nine months of 1947, while Erie came from behind to tie Toledo in terms of the latest index showing gains since 1945. Wheeling showed practically no gain in the first nine months of 1947 as compared with the year 1946, and therefore lost rank in the scale.

Variations Among Cities Since 1935-39

If the 1947 standing of the cities is measured in terms of a prewar base, a slightly different picture emerges. Certain cities, such as Canton and Cincinnati, maintain their lead whether the starting-point is 1935-39 or the victory year of 1945, but some other cities show a noticeable difference between their war and postwar records to date. Akron and Springfield, for example, did relatively well in department store sales during the war, but have lost position since 1945. Pittsburgh, on the other hand, was not outstanding in department store sales during the war, but showed an unusually high rate of gain between 1945 and the first nine months of 1947.

INDEXES OF DEPARTMENT STORE SALES
1945-1947
(Average Daily Sales for 1945=100)



INDEXES OF DEPARTMENT STORE SALES
1945-1947
(Average daily sales for 1945=100)

CITY	1945	1946	(First 9 months) * 1947
Canton	100	130	142
Cincinnati	100	131	142
Pittsburgh	100	129	141
FOURTH DISTRICT	100	127	136
Youngstown	100	124	135
Cleveland	100	128	134
Columbus	100	128	133
Toledo	100	123	131
Erie	100	121	131
Wheeling	100	127	128
Akron	100	119	123
Springfield	100	114	122

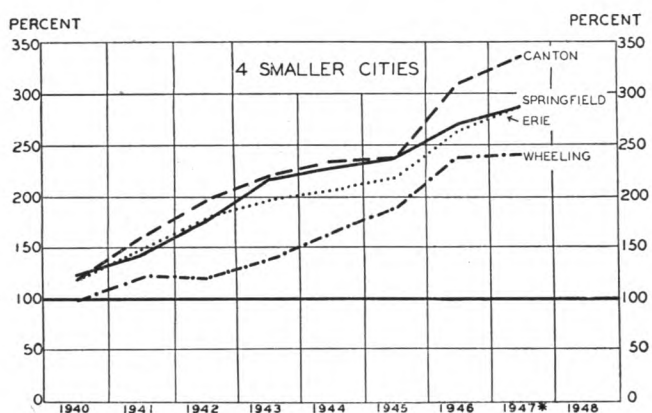
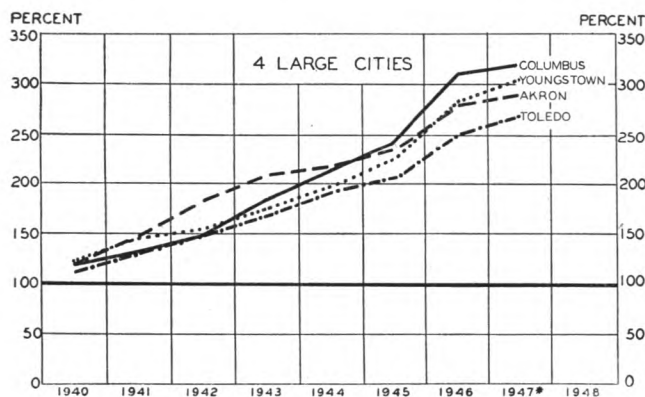
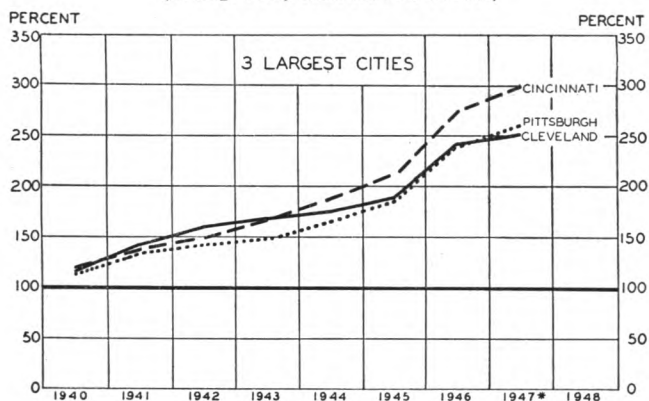
Note: Cities are ranked in descending order in terms of column 3.
* Adjusted for seasonal variation.

* Based on first nine months of 1947 adjusted for seasonal variation.

The trend of department store sales since the prewar period can be seen in the adjoining charts. The average of the years 1935-39 is used as a starting-point. For convenience, the eleven principal cities of the District are divided into three groups, according to size. Among the three largest cities of the District, for example, Cincinnati leads in gain over the prewar period. Pittsburgh overtook Cleveland between the year 1946 and the first nine months of 1947, ending as second in the group of three with respect to gains over the prewar period.

INDEXES OF DEPARTMENT STORE SALES 1940-1947

(Average Daily Sales for 1935-39=100)



INDEXES OF DEPARTMENT STORE SALES

1940-1947

(Average daily sales for 1935-39=100)

	3 Largest Cities								
	1935-39	'40	'41	'42	'43	'44	'45	'46	'47*
Cincinnati . . .	100	116	136	149	165	186	211	276	299
Pittsburgh . . .	100	112	131	141	148	164	184	238	259
Cleveland . . .	100	114	140	157	165	174	188	241	251
Fourth Dist.	100	114	138	153	167	182	201	256	274

	4 Large Cities								
	1935-39	'40	'41	'42	'43	'44	'45	'46	'47*
Columbus . . .	100	116	129	147	183	210	240	308	318
Youngstown . .	100	118	146	153	174	196	225	280	303
Akron	100	116	148	182	207	215	233	277	287
Toledo	100	108	128	147	167	189	203	249	266

	4 Smaller Cities								
	1935-39	'40	'41	'42	'43	'44	'45	'46	'47*
Canton	100	117	158	196	218	232	236	307	336
Springfield . .	100	121	142	175	216	227	235	269	286
Erie	100	117	148	177	195	204	217	262	286
Wheeling	100	98	121	119	136	163	187	237	239

* First 9 months adjusted for seasonal variation.

The record of the four next largest cities, Columbus, Toledo, Akron and Youngstown, shows that Columbus and Youngstown were outstanding in total gains since the prewar period. Akron got off to a good start in the early war years, but was unable to hold its relative position in 1945 and in the postwar period to date. Of the cities in this group, Columbus showed the greatest staying power in department store sales.

The four smaller cities among the eleven principal cities of the District show wide variations in gains in department store sales since the prewar period. Canton clearly is outstanding, with an increase of 235 percent between the average of 1935-39 and the first nine months of 1947. From 1943 to 1945 Springfield was leading Erie in gains from the prewar period, but the postwar successes of Erie brought that city to the same relative position as Springfield, when the 1947 position is measured against a prewar starting-point. Wheeling lagged in rate of gain during the early war years, then picked up substantially during the late war years and during 1946. Failure to register any appreciable increase in dollar sales during the first nine months of 1947 as compared with 1946 has left Wheeling in last place among the eleven cities, when the present level of department store sales is compared with prewar levels.

Adjustment for Price Changes

All the indexes discussed above run in terms of dollar sales. Thus they reflect price changes as well as changes in physical volume of trade. The adjoining chart shows indexes of dollar sales adjusted for estimated price changes, covering total department store sales in the Fourth District from 1940 to 1947. The index of price change which has been used as an adjustment factor for this purpose is drawn from the

* Based on first nine months of 1947, adjusted for seasonal variation.

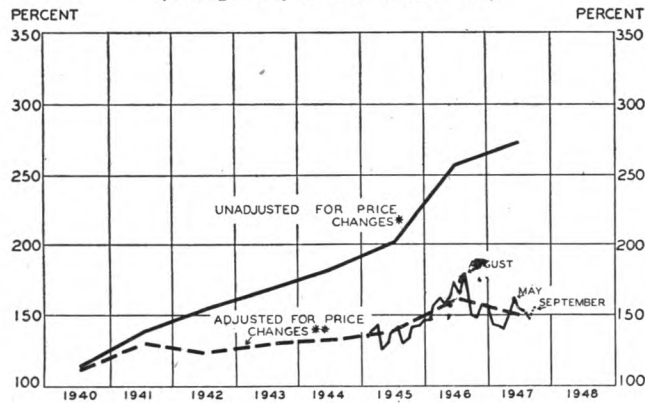
clothing and house-furnishings components of the consumers' price index of the United States Bureau of Labor Statistics. For this purpose the index of clothing prices has been weighted three times as heavily as the index of house-furnishings prices in order to give effect, approximately, to the proportions of these commodity groups in department store sales during the major part of the period under review. The consumers' price index used here is drawn from price data of national coverage. Such an adjustment factor, as applied to any individual city, would be an even rougher approximation than the adjustment of data covering the District as a whole.

The indexes of department store sales in the Fourth District, as adjusted for estimated price changes, show moderate gains during the war period, followed by a greater gain for the year 1946 as a whole. Within the year 1946, however, the upward movement was

halted; when price changes are taken into account. A peak was reached in August 1946, followed by a sharp drop in the Fall of 1946. Dollar sales in late 1946 held up fairly well, but the year-to-year gain was chiefly a reflection of higher prices. During 1947, sales, when adjusted for price changes, show an uneven record at a level lower than that of 1946 as a whole, and substantially lower than that of the first eight months of 1946. In broad outline, the department store sales of the individual cities would probably show a similar pattern.

Although the above adjustment for price changes is only an approximation, it is important to take account of some such adjustment in viewing the gains in department store sales in the Fourth District and in the various cities during and after the war, especially since mid-1946. The apparent loss in physical volume of department store trade during 1947 to date as compared with 1946 has occurred during a period when the physical volume of production has been generally maintained at high levels and the volume of non-agricultural employment, according to recent national reports, has reached an all-time peak.

INDEXES OF DEPARTMENT STORE SALES
1940-1947
Fourth Federal Reserve District
Adjusted for Estimated Price Changes
(Average Daily Sales for 1935-39=100)



* Annual indexes of department store sales, 1940-1946; average of first nine months 1947 adjusted for seasonal variation.
** Same, adjusted for price changes by factors based on clothing and house-furnishings components of consumers' price index, United States Bureau of Labor Statistics. Factors are weighted as follows: clothing 3, house-furnishings 1, total 4. Price data are national in coverage.
Adjusted indexes are also shown on monthly basis from January 1945 through September 1947. Indexes for August and September 1947 are based on preliminary estimates of price changes.

INDEXES OF DEPARTMENT STORE SALES
1940-1947

Fourth Federal Reserve District
Adjusted for Estimated Price Changes
(Average daily sales for 1935-39=100)

Year	Unadjusted Index of Sales	Index of Price Change	Index of Sales Adjusted for Price
1935-39.....	100	100	100
1940.....	114	102	112
1941.....	138	106	130
1942.....	153	124	123
1943.....	167	129	129
1944.....	182	138	132
1945.....	201	146	138
1946.....	256	160	160
1946 (first 8 mos.).....	253*	155	163*
1946 (last 4 mos.).....	260*	171	152*
1947 (9 mos.).....	274*	183	150*

* Adjusted for seasonal variation.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

(Released for Publication October 25, 1947)

Industrial output and employment expanded somewhat further in September. Value of retail trade increased, reflecting partly a further rise in prices. In the early part of October department store sales declined. Prices of wheat, hides, rubber, and steel scrap showed marked advances, while prices of most other basic commodities showed little change.

Industrial Production

Output of manufactured products and minerals showed some further rise in September, and the Board's seasonally adjusted index of industrial production advanced three points to 185 percent of the 1935-39 average. This was the same as the May index and five points below the postwar peak in March of this year.

Activity in durable goods industries as a group increased further in September owing mainly to larger output of steel and of most types of machinery and transportation equipment. Steel production was temporarily curtailed around the middle of the month as a result of an industrial dispute, but advanced sharply in the latter part of the month and continued to rise in October, reaching a scheduled rate of 97 percent of capacity. Output of passenger automobiles and trucks rose sharply in September, but declined again in the early part of October. Production of railroad equipment, chiefly freight cars, showed a substantial gain in September, reflecting in part improved supplies of materials. Output of building materials was maintained in large volume to meet demands arising from the advanced rate of construction activity.

The Board's index of nondurable-goods output showed a slight increase in September, reflecting mainly increased production of rayon textiles, paperboard, and petroleum products. Activity at cotton mills and output of manufactured food products and some other nondurable goods showed little change from the level of the preceding month.

Minerals production rose further in September, reflecting a new record rate of crude petroleum output and a substantial gain in coal production. Output of bituminous coal advanced seven percent and was close to the same volume produced in September of last year. Output of fuels continued to rise in early October, under the pressure of exceptionally strong demand.

Employment

Nonagricultural employment increased by 450,000 persons in September, and was at the record level of 43 million, according to Bureau of Labor Statistics figures. The increase largely reflected seasonal gains in nondurable goods manufacturing and trade, and in the number of school employees of state and local governments.

Construction

The value of new construction activity on projects under way, as estimated by the Departments of Commerce and Labor, increased somewhat further in September.

Work was started on 88,000 new dwelling units in Sep-

tember, an increase of 2,300 from August, and work was completed on 77,000 units. The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined in September following a sharp increase in August, and was at about the level of other recent months. Declines occurred in most lines, but the greatest reduction took place in public utilities, which had increased most markedly in August.

Distribution

Department store sales increased by more than the usual amount in September, owing in part to the advent of cooler shopping weather and the expenditure of proceeds from redemption of terminal leave bonds. Sales at other retail stores also increased, reflecting chiefly higher prices for foods and a larger volume of purchases of durable goods. In the early part of October department store sales declined considerably from the high rate reached at the end of September.

Shipments of railroad revenue freight continued to advance in September and the early part of October. The usual large seasonal rise in loadings of miscellaneous freight and further gains in coal shipments accounted for most of the increase.

Commodity Prices

The general level of wholesale commodity prices in the middle of October was at the advanced level reached in the middle of September. Prices of wheat and some other farm products and foods reached new high levels. Prices of butter, corn, and meats, however, declined, following earlier sharp increases. Wholesale prices of most groups of industrial commodities continued to show advances in the early part of October.

Retail prices rose further by about one percent from July to August with the largest increases shown in prices of foods and fuels. Further marked advances in retail food prices have occurred since August.

Bank Credit

Commercial and industrial loans at banks in leading cities continued to increase substantially during September and the first half of October. Real estate and consumer loans also showed further growth. Holdings of Government securities declined somewhat, reflecting Treasury retirement of bonds maturing on October 15.

Additions to monetary gold stock continued to supply reserve funds to banks. Treasury balances at Reserve Banks, which were expanded considerably in late September as a result of large quarterly tax receipts, declined in October. The effects of these fluctuations on the reserve positions of banks were offset by changes in Federal Reserve holdings of Government securities, which increased in the latter part of September and declined during the first three weeks of October.

DEPARTMENT STORE TRADE STATISTICS

Sales by Departments—September 1947

As compared with a year ago
(Compiled October 24, and released for publication October 27)

Major Household Appliances	+73
Domestic Floor Coverings	+31
Sportgoods (Including Cameras)	+29
Infants' Wear	+28
Notions	+24
Men's Clothing	+24
Luggage	+22
Corsets and Brassieres	+22
Shoes (Women's and Children's)	+22
Boys' Clothing and Furnishings	+22
Furniture and Beds	+20
Neckwear and Scarfs	+20
Juniors' and Girls' Wear	+19
Lamps and Shades	+18
Silks and Velvets (Woolen Dress Goods)	+18
MAIN STORE TOTAL	+17
Millinery	+17
Housewares	+16
Leather Goods (Small)	+16
Aprons and Housewares	+15
China and Glassware	+15
Men's and Boys' Shoes	+15
Restaurants	+14
Domestics and Blankets	+13
Hosiery (Women's and Children's)	+13
Gloves	+11
Cotton Wash Goods	+10
Silverware and Jewelry	+9
Coats and Suits (Women's and Misses')	+9
Women's Underwear	+8
Books and Stationery	+8
Furs	+8
Draperies and Curtains	+8
Beauty Salon	+7
Blouses, Skirts and Knit Goods	+6
Dresses (Women's and Misses')	+5
Art Needlework and Art Goods	+2
Toilet Articles and Drug Sundries	-0-
Men's Furnishings (Hats and Caps)	-0-
Laces and Trimmings	-0-
Handkerchiefs	-1
Photographic Studio	-6
Toys and Games	-7

Nearly all merchandise departments shared in the year-to-year increase in department store trade during September. Main store departments in the aggregate ran 17% ahead of a year ago, while basement store volume (not included in the accompanying table) was 29% ahead of the September 1946 figure. For a number of months, basement sales have shown greater increases than those recorded by upstairs departments. The persistent rise in prices appears to have been a factor in the relatively greater growth of basement store trade.

As has been the case since early in the postwar period, the widest year-to-year gain occurred in major household appliances where September volume was the second largest on record for any month.

Other house-furnishings such as domestic floor coverings, furniture and beds, lamps and shades, housewares, china and glassware, and blankets, etc., moved out into consumers hands at rates ranging from 13% to 31% ahead of a year ago. Draperies departments, however, reported sales only 8% above last year.

Sportgoods up 29% continue to show a substantial gain over a year earlier. Dollar volume of sales of infants' wear was 28% greater than September 1946 and established a new all-time high for the month. Other items of ready-to-wear accessories in which September sales volume was more than 20% above a year ago and at record high for the month included corsets and brassieres, women's and children's shoes, and neckwear and scarfs. Sales of women's hosiery increased more sharply than usual for this time of year.

Nearly all sections of men's and boys' wear reported record volumes for the month, with gains over last year ranging from 15% in the case of shoes, to 24% in men's clothing. Only men's furnishings sales failed to show any improvement over a year ago.

Other departments in which sales volume was no greater than, or fell behind, year ago levels were: toilet articles, laces and trimmings, both unchanged from September 1946, and handkerchiefs off 1%, photographic studios, off 6%, and toys and games, off 7%.

None of these percentages takes into account changes in the price level during the respective periods.

Indexes of Department Store Sales and Stocks

Daily Average for 1935-1939=100

	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	Sept. 1947	Aug. 1947	Sept. 1946	Sept. 1947	Aug. 1947	Sept. 1946
SALES:						
Akron (5)	290	298	280r	296	253	286r
Canton (6)	346	329	327	342	289	324
Cincinnati (8)	305	288	285	311	242	291
Cleveland (10)	234	244	219	266	217	249
Columbus (5)	331	319	322	331	271	322
Erie (3)	305	291	261	302	250	258
Pittsburgh (8)	276	256	194r	281	222	198r
Springfield (3)	299	299	263	296	245	260
Toledo (6)	269	278	239	280	233	249
Wheeling (6)	256	243	235	264	197	242
Youngstown (3)	312	297	277	321	271	285
District (96)	290	273	249	293	237	251
STOCKS:						
District	222	219	221	246	236	246

Inventories by Departments—September 30, 1947

As compared with a year ago
(Compiled October 30, and released for publication October 31)

Major Household Appliances	+196%
Men's Clothing	+86
Domestic Floor Coverings	+82
Men's and Boys' Shoes	+56
Shoes (Women's and Children's)	+53
Cotton Wash Goods	+37
Sport Goods (including Cameras)	+36
Silks and Velvets	+25
China and Glassware	+19
Hosiery (Women's and Children's)	+14
Furniture, Beds, Mattresses and Springs	+3
Luggage	+3
Domestics, Blankets and Towels	+3
Men's Furnishings (including Hats and Caps)	+2
Corsets and Brassieres	+2
MAIN STORE TOTAL	+2
Women's Underwear	-5
Silverware and Jewelry	-6
Boys' Clothing and Furnishings	-11
Housewares	-12
Infants' Wear	-13
Draperies and Curtains	-13
Dresses (Women's and Misses')	-14
Toys and Games	-15
Toilet Articles and Drug Sundries	-15
Books and Stationery	-16
Notions	-17
Art Needlework and Art Goods	-17
Coats and Suits (Women's and Misses')	-21
Millinery	-23
Gloves	-25
Laces and Trimmings	-26
Lamps and Shades	-30
Aprons, Housewares and Uniforms	-32
Handkerchiefs	-34
Leather Goods (Small)	-37
Furs	-37
Blouses, Skirts and Knitgoods	-39
Neckwear and Scarfs	-40
Juniors' and Girls' Wear	-41

Department store inventories in the Fourth District increased during September. The rise from August was greater than seasonal, but at the end of the month inventories were 2% lower than the level of a year ago. This is the first year-to-year decrease in total stocks since the first quarter of 1945.

Although most departments registered year-to-year declines, there was wide variation ranging from a gain of 196% in stocks of major household appliances to a decrease of 41% from a year ago in the case of juniors' and girls' wear, bringing such stocks to the lowest September figure in three years.

Stocks of men's clothing, up 86% over last year, continued at very high levels. Supplies of men's and boys' shoes, up 56%, were at the highest level on record for any month.

Stocks also moved upward during September to attain new all-time highs in domestic floor coverings, up 82% from a year ago, and in sport goods which were up 36%. Other departments which reached high levels for this time of year were women's and children's shoes, up 53%, cotton wash goods, up 37%, silks and velvets, up 25%, and china and glassware, up 19%.

Except for women's and children's shoes, hosiery, and corsets and brassieres, inventories of all departments in the feminine apparel and accessories section were below the levels of a year ago, and in many instances the lowest in several years. Stocks of handkerchiefs, down 34%, and handbags and other small leather goods, off 37%, were the smallest for the season in five years or longer. Stocks of neckwear reached a four-year low for September.

Three-year lows for the month were established for lamps and shades toilet articles, toys and games, and books and stationery.

These comparisons refer to dollar volume and not to physical inventories.

September Department Store Sales by Cities*

(Compiled October 22, and released for publication October 24)

CITY	% Change From		Sales During Sept. (Sept. 1941=100)			
	Aug. '47	Sept. '46	1941	1943	1945	1947
Wheeling	+34	+9	100	102	138	182
Cincinnati	+28	+5	100	117	147	203
Pittsburgh	+26	+42	100	107	129	139
Fourth District	+23	+17	100	107	127	161
Cleveland	+23	+7	100	90	102	137
Columbus	+22	+3	100	136	177	236
Springfield	+21	+14	100	157	171	192
Erie	+21	+17	100	130	139	170
Toledo	+20	+12	100	124	144	182
Youngstown	+19	+13	100	106	135	176
Canton	+18	+6	100	133	137	200
Akron	+17	+4	100	129	136	178

* Based on daily average sales.

Daily average sales in Fourth District department stores during September were 23% greater than in August, or substantially in excess of the normal seasonal expectancy, and 17% ahead of September a year ago. Dollar volume was the highest on record for the month, and the second-highest for any month, after adjusting for normal seasonal trends.

INDIVIDUAL CITIES

The widest gain over the preceding month occurred in Wheeling, where the September volume was 34% above the August level. Cincinnati was

(over)

FINANCIAL AND OTHER BUSINESS STATISTICS

Bank Debits*—September, 1947

(In Thousands of Dollars)

(Compiled October 10, and released for publication October 13)

	September 1947	% Change From Year Ago	3 Months Ended Sept. 1947	% Change From Year Ago
ALL 30 CENTERS	\$6,206,405	+14.2%	\$18,202,543	+9.9%
10 LARGEST CENTERS:				
Akron Ohio	216,241	+1.4	641,287	-2.2
Canton Ohio	102,628	+9.9	298,663	+11.7
Cincinnati Ohio	827,379	+18.5	2,368,207	+9.0
Cleveland Ohio	1,594,121	+14.3	4,742,827	+9.4
Columbus Ohio	437,312	+16.2	1,321,515	+5.2
Dayton Ohio	219,710	+19.3	657,578	+18.3
Toledo Ohio	357,583	+13.2	1,085,955	+8.6
Youngstown Ohio	138,555	+27.3	413,581	+25.3
Erie Penna.	85,141	+25.9	246,667H	+17.5
Pittsburgh Penna.	1,671,966	+11.6	4,798,803	+11.6
TOTAL	\$5,650,636	+14.1%	\$16,575,083	+9.9%

20 OTHER CENTERS:

Covington-Newport. Ky.	\$ 36,188	+7.3%	\$ 105,565	-2.6%
Lexington Ky.	52,176	+10.4	146,724	+0.5
Hamilton Ohio	33,997	+16.0	96,715	+17.0
Lima Ohio	39,318	+15.1	115,999	+13.2
Lorain Ohio	17,441H	+34.4	51,381H	+28.4
Mansfield Ohio	37,581H	+25.4	107,628	+19.3
Middletown Ohio	29,743	+11.4	84,647	+2.0
Portsmouth Ohio	19,634	+16.1	56,833	+15.8
Springfield Ohio	41,321	+13.3	123,752	+6.8
Steubenville Ohio	20,564	+4.9	61,621	+3.8
Warren Ohio	34,469	+17.4	97,963	+11.5
Zanesville Ohio	23,587	+13.1	69,967	+13.4
Butler Penna.	27,051	+10.4	86,621	+17.7
Franklin Penna.	6,349	+2.3	20,337	+3.6
Greensburg Penna.	18,486	+16.6	53,876	+7.2
Homestead Penna.	7,428	+9.8	22,693	+7.1
Meadville Penna.	10,327	+16.2	31,153	+16.6
Oil City Penna.	20,059	+22.2	56,534	+14.5
Sharon Penna.	24,527	+23.5	74,811H	+20.6
Wheeling W. Va.	55,523	+12.5	162,640	+6.8
TOTAL	\$555,769	+14.6%	\$1,627,460	+9.8%

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

* debits to all deposit accounts except interbank balances.

Bank debits in 30 Fourth District cities during September totaled \$6,206,000,000 the second highest figure on record. The September total was approximately \$300,000,000 or 5 percent higher than the August figure.

Compared with a year ago, September 1947 debits were up approximately 14 percent as against the more moderate year-to-year advances of 7 percent in August and 8 percent in July. Each one of the 30 cities covered by this release reported that debits were higher than a year ago.

The relatively high figures for September probably reflect the fall upturn in trade and industrial production, as well as the recent upward movement in the price level.

TEN LARGEST CITIES

Youngstown debits were 27 percent above a year ago, making it the seventh consecutive month in which that city has led the larger centers in the year-to-year comparison.

Cities, other than Youngstown, which exceeded the average year-to-year gain of 14 percent were Erie (26%), Dayton (19%), Cincinnati (19%), and Columbus (16%). Cleveland and Toledo were close to the average for all the large cities, while Canton, Akron and Pittsburgh were lower.

TWENTY SMALLER CENTERS

Lorain led the smaller centers in percentage gain over a year ago for the third successive month, this time with an advance of about 34 percent. The average gain for all the smaller centers was 14.6 percent, or almost the same as the percentage for the 10 largest cities. Other centers with outstanding gains over the figures of a year ago were Mansfield (25%), Sharon (24%) and Oil City (22%).

The above table shows the volume of debits to all deposit accounts (except interbank balances) in 30 cities of the Fourth District. Most of the debits represent transfers of funds by check although debits to (withdrawals from) savings deposits and U. S. Treasury deposits at reporting banks are also included.

Time Deposits—12 Fourth District Cities

(Compiled October 8, and released for publication October 9)

City and Number of Banks	Time Deposits Sept. 24, 1947	Average 5 Weeks Ended July 30, 1947	Weekly Change During:	
			4 Weeks Ended Aug. 27, 1947	4 Weeks Ended Sept. 24, 1947
Cleveland (4)	\$ 862,068,000	+ \$448,000	+ \$219,000	+ \$ 182,000
Pittsburgh (12)*	363,245,000	- 3,000	+ 64,000	+ 248,000**
Cincinnati (8)	182,669,000	- 46,000	- 369,000	+ 206,000
Akron (3)	102,711,000	+ 49,000	+ 41,000	+ 73,000
Toledo (3)	91,297,000	+ 14,000	+ 155,000	+ 91,000
Columbus (3)	72,424,000	+ 43,000	+ 16,000	+ 123,000
Youngstown (3)	61,452,000	- 29,000	+ 42,000	+ 3,000
Dayton (3)	49,703,000	- 77,000	+ 29,000	+ 36,000
Canton (4)	39,210,000	- 65,000	- 45,000	+ 50,000
Erie (4)	39,142,000	+ 113,000	+ 164,000	+ 77,000
Wheeling (6)	29,181,000	+ 45,000	+ 16,000	+ 14,000
Lexington (5)	10,556,000	+ 8,000	- 4,000	- 3,000
Total—12 Cities	\$1,903,658,000	+ \$500,000	+ \$154,000	+ \$1,000,000

* The number of reporting banks in Pittsburgh is changed from 13 to 12 because of the merger of two reporting banks.

** Adjusted for the absorption of two non-reporting banks by two reporting banks.

During September, time deposits at 58 banks in the largest cities of the Fourth District increased \$1 million per week, compared with the postwar low in August of only \$154,000 per week. The September gain represents the most rapid rate of advance in the past five months.

The average weekly gains during 1947 are listed below:

Month	Gain	Month	Gain
January	\$5,808,000	April	\$1,213,000
February	1,039,000	May	705,000
March	1,002,000	June	788,000
		July	\$ 500,000
		August	154,000
		September	1,000,000

In September of this year, time deposits increased in ten of the twelve cities from which reports are received. Outstanding gains were reported by Columbus, where the increase was the largest since February, and Cincinnati, which reported a substantial gain after four successive months of decline.

The Akron and Dayton increases were the largest in four months, while the Pittsburgh figure was the highest in three. Erie reported an increase for the ninth successive month. Cleveland, Toledo, Youngstown and Wheeling also experienced gains, while reductions in time deposits occurred in Canton and Lexington.

Retail Trade

DEPARTMENT STORES (96)	Percentage Changes From Preceding Year		
	SALES Sept. 1947	SALES First 9 Months	STOCKS Sept. 1947
Akron	+ 8	+ 5	-0-
Canton	+10	+10	a
Cincinnati	+10	+ 7	-10
Cleveland	+11	+ 7	+ 4
Columbus	+ 7	+ 4	-11
Erie	+23	+11	+11
Pittsburgh	+48	+10	- 3
Springfield	+19	+ 6	a
Toledo	+17	+ 8	- 7
Wheeling	+14	-0-	- 9
Youngstown	+17	+ 9	a
Other Cities	+40	+26	+ 4
District	+21	+ 9	- 3
WEARING APPAREL (14)			
Cincinnati	- 4	- 5	+14
Cleveland	- 3	- 7	+ 9
Pittsburgh	+25	- 8	-20
Other Cities	+18	-0-	-21
District	+ 7	- 5	- 7
FURNITURE (57)			
Canton	a	a	a
Cincinnati	+16	+ 4	+14
Cleveland	+ 7	+ 7	+35
Columbus	+20	+ 7	-10
Dayton	+36	+ 9	a
Pittsburgh	a	a	a
Allegheny County	+37	+24	a
Toledo	+ 3	+11	a
Other Cities	+19	+20	+37
District	+18	+12	+25

a Not available.

Figures in parentheses indicate number of firms reporting sales.

September Department Store Sales by Cities

second with a month-to-month gain of 28% and Pittsburgh third with an advance of 26% in daily average sales.

The large gain of 42% over September 1946 in Pittsburgh is attributable to the closing of stores in that city during the power strike last year. Erie was the only other city to match the average District gain of 17%, while Springfield, Toledo and Youngstown were closely grouped within a range of 12% to 14% above last year.

Columbus continues to show the widest gain over prewar sales. September volume was 243% of September 1941. In Canton, Cincinnati, Springfield and Toledo, current volume ranged from 205% to 214% of the September 1941 level.

These percentage changes have not been adjusted to reflect the rise in retail prices over the respective periods.