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FINANCE • INDUSTRY • AGRICULTURE • TRADE
FOURTH FEDERAL RESERVE DISTRICT

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Department Store Sales

VARIATIONS AMONG MAJOR DEPARTMENTS

SALES trends among the important commodity lines in department store trade have varied considerably in recent months. Sales of women's coats and suits, for example, have lost ground appreciably since last fall's spurt, while sales by the men's furnishings department have held fairly close to seasonal expectations. Such differences in performance among the major departmental lines, although by no means unusual, are significant elements in the retail situation which should be kept in mind whenever the over-all data on department store trade are used to indicate current trends in consumer buying.

In this connection the customary practice of comparing sales for a given month with those of the corresponding period a year ago may profitably be supplemented by other ways of showing the trend. The case of major household appliances may be taken as an outstanding example. Thus, each month so far this year, sales of major household appliances by Fourth District department stores have been below those of the corresponding month last year by substantial percentages ranging from about 20 percent to 40 percent. Yet a closer examination of the month-to-month changes this year shows that seasonally adjusted appliance sales picked up from the previous month during March, April, May and July; and that the adjusted figure for July was 25 percent higher than the February low.

There is no conflict between these two sets of facts. Both are true, so far as can be ascertained. The difference in emphasis is explainable by the fact that the year-to-year comparisons are made against a standard of high and rising appliance sales during the early part of last year, while the seasonally

adjusted month-to-month comparisons can take a fresh start from a point in time after last fall's sharp downturn in consumer buying of appliances.

While the appliance situation presents an extreme example of the different pictures portrayed through the use of different standards of sales comparisons, the same principle holds to some extent with department store sales of other commodity lines. Accordingly, in order to supplement the already familiar year-to-year comparisons, a special survey has been made of month-to-month sales changes in a number of selected departments of Fourth District stores. The survey has involved the construction of departmental sales indexes, adjusted for seasonal variation. Seasonal patterns for each department, used as adjustment factors, have been estimated from monthly sales records covering the period since January 1941.⁽¹⁾ The first calendar year of the period under review, 1941, has been used as the base period for the new departmental indexes, although that year is not assumed to be necessarily "normal" or characteristic of department store trade.

Household Appliances The month-to-month trend of Fourth District appliance sales, seasonally adjusted, since January 1946 may be seen on an accompanying chart. The sharp rise in 1946 is clearly the result of the postwar revival in the production of these commodities, accompanying the

⁽¹⁾ Since the estimates of seasonal variation are subject to some hazards, the entire series of adjusted departmental indexes described here should be taken as first approximations. They are subject to substantial revision, as better information on recent seasonal patterns becomes available.

release of accumulated consumer demand formerly pent up by wartime restrictions.

The drop in early 1948 shown on the chart was probably the first important sign of a slackening in demand for appliances at the higher price levels which had been reached. A subsequent sales spurt in the spring of last year was probably connected in part with the war scare of that time, when rumors were circulating that the new defense program might once again bring about shortage of such civilian hard goods as appliances.

The real turning point in appliance sales came last summer, according to the seasonally adjusted index shown on the chart. The drop from July 1948 through the end of the year and up to February of this year was very sharp. (The year-to-year type of comparison, in contrast, failed to show a clear indication of decline until the reports of October appliance sales were published.) From March through June of this year, a moderate but genuine pickup in appliance sales, on a seasonally adjusted basis, may be noted on the chart. A further gain occurred in July, although the latter is not shown in the chart. At least part of this favorable development may be ascribed to price reductions and to promotional activities by manufacturers and retailers.

Furniture and Floor Coverings The furniture trend has shown much less violent fluctuations than the appliance trend. As shown on the accompanying chart, seasonally adjusted sales of furniture and bedding by Fourth District department stores rose moderately from the middle of 1946 up to August 1948. Better availability of furniture and a rising rate of new-house completions helped support the upward movement. A considerable part of the sales gain during this period, however, was merely a reflection of rising prices. After August of last year, the sales trend was clearly downward, although the rate of decline was not as drastic as in some other departments. Thus, for the second quarter of this year, the seasonally adjusted index of furniture sales averaged 14 percent below the level of the peak third quarter of last year, as against the 34 percent drop in appliance sales registered during the same period.

Sales of domestic floor coverings have followed a course midway between that of appliances and of furniture. The rise from early 1946 through August of last year was more pronounced than in furniture but less spectacular than in appliances. For the second quarter of this year, the adjusted index of floor coverings sales averaged 22 percent below the level of the third-quarter peak last year. Except for the fact that no sustained pickup is yet observable, the trend of sales in floor coverings has followed a pattern strikingly similar in shape to that of appliances, but with more gentle rates of change on both the upswings and the downswings.

Women's Wear Among the women's wear group of departments, women's and misses' coats and suits is one of the most important, and one which shows especially marked fluctuations in sales. The "new look" began to take hold, at least as regards suits, in the late fall of 1947, resulting in a spurt in the adjusted sales line shown on the chart toward the end of 1947.

The substantial rise in this department, however, occurred in 1948. New style coats to match the suits were sold in huge quantities in October 1948, just at the time when appliances and other hard goods were losing ground. This temporary lift in coat sales helped to delay or obscure the general downtrend in department store sales which was already beginning at that time. The drop in sales of the coats-and-suits department after last October was sufficient to bring the second-quarter average this year to a level 20 percent below the third-quarter peak of last year. However, it may be noted from the chart that this year's second quarter for the department was approximately as high as the average level for the entire year 1947.

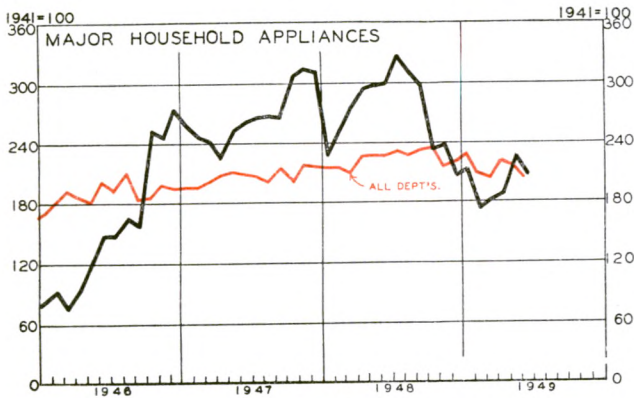
Women's hosiery is an example of a department where seasonally adjusted sales so far this year (except in July) have held up as well or better than last fall. In fact the second-quarter showing of this year averaged 6 percent higher than last year's third quarter. The peak quarter for women's hosiery, however, was the final quarter of 1947, following a wide program of introduction of new styles and colors. Hosiery sales have recently been running about 15 percent under that peak quarter in 1947.

Other departments in the women's wear group which are included in the accompanying table of seasonally adjusted indexes for the past year (but not included in the chart series) are dresses and shoes. Neither of these departments show fluctuations as wide as noted above for the coats and suits department, and neither has shown very marked deterioration since last fall.

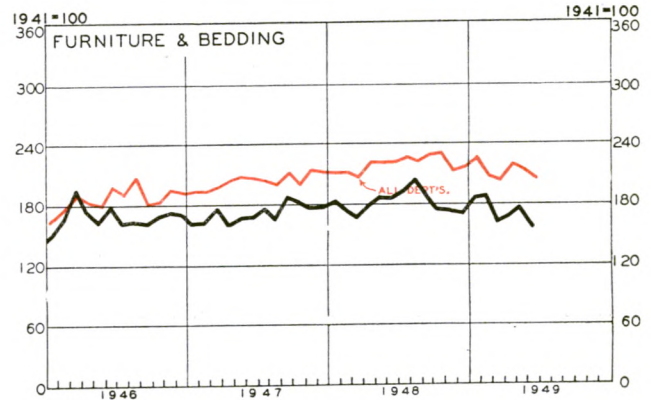
Men's Wear Sales of men's clothing have followed an erratic course, as is well known. The fluctuations have been somewhat less, however, than in women's coats and suits, as may be seen from the accompanying chart. Necessary restocking of men's wardrobes, especially those of veterans, pushed up the seasonally adjusted sales line during 1946 and 1947, although price increases accounted for most of the 1947 gains. A definite slackening in sales of men's clothing occurred during 1948 until the last few months of the year, when a new rise occurred. The peak month was January of this year when clearance sales helped to stave off the drop. Since then, the net decline in sales of men's clothing has been fairly substantial, although most of the drop

SEASONALLY ADJUSTED INDEXES, SELECTED DEPARTMENTS

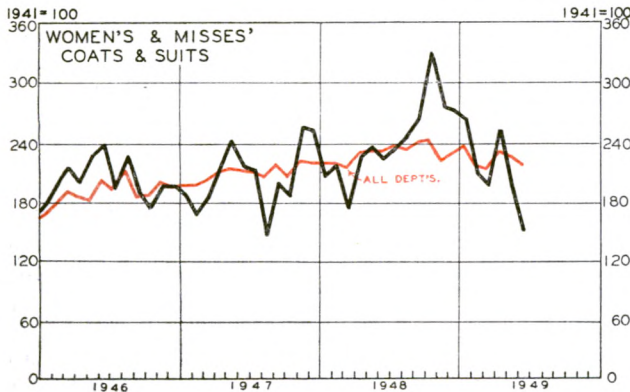
**Fourth District Department Store Sales
January 1946—June 1949**



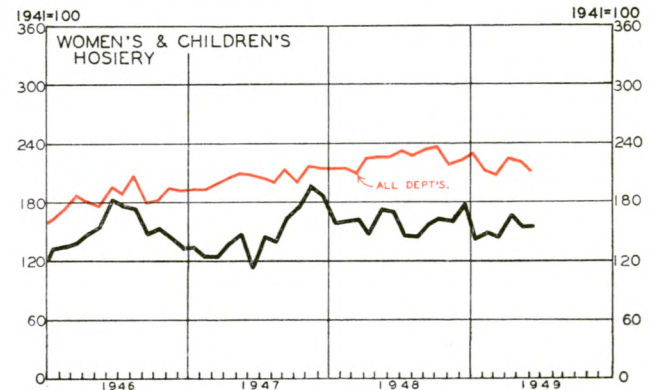
... the all-time high in appliance sales, seasonally adjusted, was reached in July 1948; since then there has been a sharp drop followed by a moderate pickup.



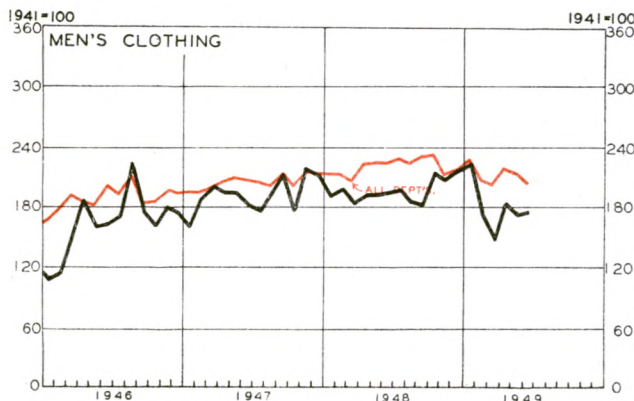
... the uptrend in furniture sales halted in August of last year; since then there has been a clear, although not drastic, downtrend.



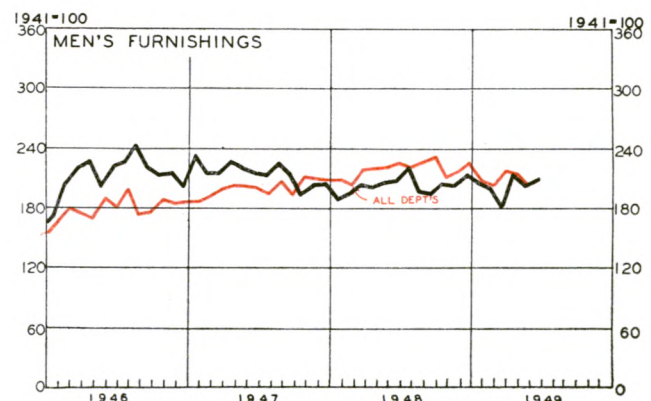
... last year was an especially good year for sales of women's coats and suits, but the high peak reached in October was followed by sharp, irregular declines up to the present.



... hosiery sales this year have been maintained at about 1948 levels, although under the peak reached late in 1947; the postwar increases in dollar sales of hosiery were less than the average store increase in sales.



... sales of men's clothing have been down from the high level of late last fall and January of this year; an earlier let-up had occurred during the first three quarters of last year.



... sales of men's furnishings, on a seasonally adjusted basis, have been relatively steady since the middle of 1946.

SEASONALLY ADJUSTED SALES INDEXES
SELECTED DEPARTMENTS, FOURTH DISTRICT DEPARTMENT STORES

(1941=100)

July 1948 - July 1949

	July 1948	Aug.	Sept.	Oct.	Nov.	Dec.	Jan. 1949	Feb.	March	April	May	June	July
Women's and Misses' <i>Coats and Suits</i>	236	248	265	330	277	275	263	210	197	255	196	150	156
Women's and Misses' <i>Dresses</i>	231	207	224	226	218	223	230	223	201	209	232	218	198
Women's and Children's <i>Shoes</i>	222	209	220	220	206	234	207	212	179	242	207	190	184
Women's <i>Hosiery</i>	146	145	157	162	160	178	141	149	145	166	155	155	112
<i>Men's Clothing</i>	198	186	183	214	207	218	225	173	150	183	172	174	171
<i>Men's Furnishings and Hats</i>	221	198	196	204	202	212	205	200	181	213	202	209	225
<i>Furniture and Bedding</i> ..	191	203	189	175	174	171	185	187	163	169	175	158	150
<i>Domestic Floor Coverings</i> ..	226	232	225	217	203	200	200	193	185	178	193	164	157
<i>Major Household Appliances</i>	326	309	298	233	238	206	211	174	182	187	227	206	217
TOTAL STORE.....	227	223	229	231	212	217	225	206	202	218	214	204	199

occurred in February and March. From April through July a leveling tendency has been observable. The second-quarter level averaged 7 percent below the third quarter of last year and 17 percent below the final quarter of last year, which was the peak quarter for that department.

Adjusted sales of men's furnishings by Fourth District department stores have shown a relatively level course since 1946, in spite of all the adventures with short and long supplies of men's shirts, pajamas, etc. (See accompanying chart.) Special promotional devices and introduction of new styles, as for example in men's ties, have been thought to play a considerable role in this department as has already been noted in the case of women's hosiery. Without seasonal adjustment, however, the fluctuations in sales of the department are especially large. The typical December sales of men's furnishings, for example, appear to be three times as high as average monthly sales of furnishings during the year.

In addition to the seasonally adjusted indexes of sales from January 1946 through June 1949 shown in the accompanying charts for six selected departments, the sales index of total department store sales (all departments) for the same period is repeated on each chart as a benchmark for the individual department.² The accompanying table includes indexes for these six departments and three additional depart-

ments, accounting altogether for approximately one-third of the total volume of department store sales in the Fourth District. The period covered by the table is from July 1948 through July 1949.

⁽²⁾ The "all department" index is the regular monthly sales index converted to a 1941 base, and is drawn from a larger sample of stores than the departmental indexes.

ANNOUNCEMENT

On August 5, 1949, the Board of Governors of the Federal Reserve System announced a reduction in the reserves against deposits required to be maintained by member banks. Required reserves on net demand deposits were lowered from 24 percent to 22 percent for central reserve city banks, from 20 percent to 18 percent for reserve city banks, and from 14 percent to 12 percent for non-reserve city banks. These reductions became effective serially, requirements falling 1/2 percent weekly from August 11 through September 1 for central reserve and reserve city banks, and 1 percent semi-monthly from August 1 through August 16 for non-reserve city banks. Against time deposits, required reserves were reduced from 6 percent to 5 percent for all member banks, effective August 11 for central reserve and reserve city banks, and August 16 for non-reserve city banks.

Industrial Activity in Selected Fourth District Counties

THE expansion of manufacturing activity in the United States from 1939 to 1947 actually did little in the aggregate to disperse the concentration of industry. Manufacturers tended to continue to locate and to expand in certain geographic areas offering comparative advantages, such as a trained labor supply, nearness to raw materials or markets, cheap power, adequate water supply and transportation, and other benefits of site.

The 1947 Census of Manufactures reveals that at the time of enumeration there were 127 counties in the United States with at least 20,000 manufacturing employees. Seventeen of those counties, or about 14 percent are located in the Fourth District.

An accompanying table shows the proportion of the national aggregate contributed by the 17 most highly industrialized counties in this area, in the two most recent census years.

17 Leading Industrial Counties in Fourth Federal Reserve District

	Percentage of U. S. Total	
	1947	1939
Number of establishments.....	4.5%	5.4%
Number of Production Workers.....	9.0	8.5
Value Added by Manufacture.....	9.3	9.8

While the number of production workers increased more rapidly in these 17 counties than in the rest of the country, between 1939 and 1947, the number of establishments and the value added by manufacture failed to match the nationwide rate.

A more comprehensive table which appears on pages 6 and 7 gives more detail regarding changes among counties between censuses not only with respect to value added, but also in regard to number of establishments, number of workers, and other relevant data.

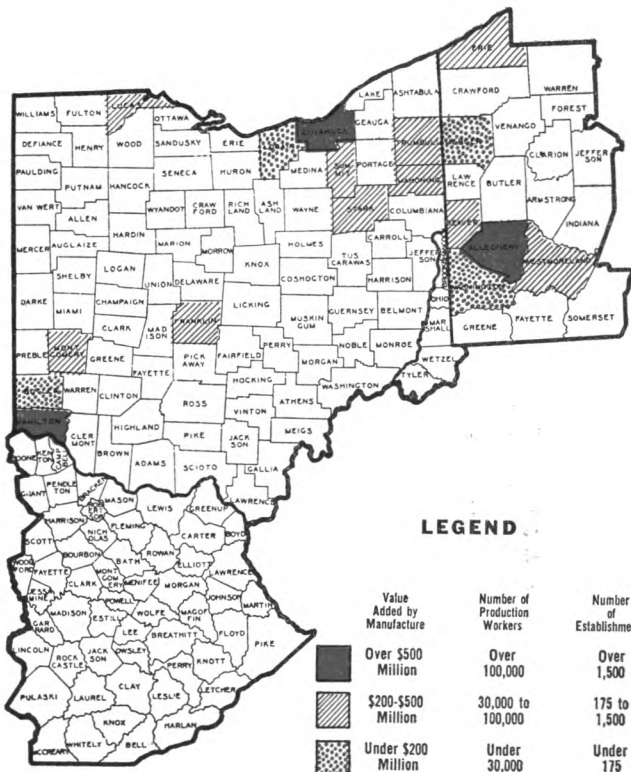
The nature of the dominant industry or industries within a county helps to explain the rate of growth. For example, Franklin county's gain of ten places in national rank in value added by manufacture is associated with the over-all increase in the production of automobiles, construction and mining equipment, aircraft, and roller bearings, all of which bulk large in its output. Lucas county, Ohio, and Mercer county, Pennsylvania, both rose by considerably greater proportions than the nation as a whole. The growth of the automobile industry is closely associated with

the increase in Lucas county, where automobile vehicles, auto electrical equipment, spark plugs, and other motor equipment feature the industrial picture. Mercer's growth is completely tied to the expanding demand for metal and metal products, including electrical machinery and supplies, fabricated iron and steel products and railroad cars.

Lorain and Mahoning counties, dominated by steel works, blast furnaces and rolling mills dropped ten or more places in rank, as did Washington county in Pennsylvania, producer of wire products, tin, and iron and steel products.

Number of Production Workers Another measure of manufacturing activity at different times or places is a comparison of the number of production workers. Such data give a picture of magnitudes of industrial enterprise, although this

LEADING MANUFACTURING COUNTIES IN THE FOURTH DISTRICT—1947



... seventeen counties in the Fourth District each had over 20,000 manufacturing employees in 1947.

NOTE: This is the second article based on the 1947 Census of Manufactures. The first article appeared in the July Monthly Business Review and dealt with the changes that took place among Fourth District states.

Manufacturing Activity in the Leading Counties

COUNTY	Value Added					Production Workers		
	Millions of dollars		% Increase	Rank in U. S.		Number (thousands)		% Increase
	1947	1939		1947	1939	1947	1939	
17 Leading 4th District Counties.....	\$6,914	\$2,401	188	—	—	1,076	662	63
Cuyahoga, Ohio.....	1,488	489	204	6	6	212	126	68
Allegheny, Penn.....	1,143	427	167	8	7	184	124	48
Hamilton, Ohio.....	744	253	194	15	15	101	67	50
Montgomery, Ohio.....	488	162	201	26	28	78	39	98
Summit, Ohio.....	460	167	176	29	27	75	40	87
Lucas, Ohio.....	391	112	250	34	38	57	31	85
Franklin, Ohio.....	286	91	215	42	52	43	26	68
Stark, Ohio.....	280	108	160	45	43	47	29	63
Westmoreland, Penn.....	234	83	182	56	59	42	27	58
Beaver, Penn.....	233	89	163	57	53	39	27	46
Mahoning, Ohio.....	232	99	135	58	48	42	33	28
Erie, Penn.....	225	72	211	62	65	38	19	97
Trumbull, Ohio.....	214	69	209	65	70	35	19	81
Butler, Ohio.....	141	46	205	89	94	23	15	55
Lorain, Ohio.....	132	57	130	98	82	25	15	60
Mercer, Penn.....	122	33	270	106	113	17	11	65
Washington, Penn.....	102	45	128	118	99	19	15	30
U. S. Total.....	74,364	24,487	204	—	—	11,918	7,808	53
127 Industrial Counties.....	49,896	16,164	209	—	—	7,767	5,148	51

gauge tends to underrate areas where industry is most highly mechanized and overrate those relying to a greater extent on manual labor.

During 1947, the 17 most industrialized counties in the Fourth Federal Reserve District employed 1,076,000 production workers while in 1939 these same counties employed 662,000 workers, marking a rise of 63 percent over the period. Meanwhile, the number of production workers in the 127 most industrialized counties in the nation increased only 52 percent. In the country as a whole, this figure rose from 7.8 million to 11.9 million production workers or 53 percent. Not only was the total for the Fourth District counties well ahead of the national totals, but eleven of the 17 counties were ahead of the national rate of increase. The largest amounts of increase were registered in Allegheny and Cuyahoga counties, where the iron and steel industry is predominant.

Number of Business Establishments A third indicator of industrial activity is the number of business establishments. A close relationship exists between the number of firms, or business population, and the general level of business activity as measured by gross national product.

Both the number and size of establishments is related to the nature of the industry.

In 1939, there were 173,802 manufacturing establishments in the United States, while in 1947 there were 240,801, a rise of 39 percent. At the same time, the number of establishments in the 127 most industrialized counties increased by only 29 percent. These figures indicate a greater spawning of concerns in the less industrialized counties of the country. The seventeen Fourth District counties had only 17 percent more manufacturing concerns in 1947 than in 1939, a notably smaller gain than elsewhere in the United States. The table shows the number of manufacturers in the 17 Fourth District counties, and compares their rates of growth with the national rate.

Size of Establishment The large increase in number of workers and the smaller gain in number of manufacturing units in the Fourth District points to an increase in size of establishment. Average number of production workers per establishment rose from 71 to 98, or 38 percent in these 17 counties.

Large size inheres in the nature of the principal industries of the region. Beaver county topped the list with 213 workers per plant in 1947 while Trumbull

es of the Fourth District, 1947 and 1939

Rank	Number of Establishments			Average No. Production Workers per Establishment			Value Added per Production Worker			Avg. Wage per Production Worker 1947	Wages as % of Value Added 1947
	1939	% Increase	1947 Rank in U. S.	1947	1939	% Increase	1947	1939	% Increase		
51	9,376	17	—	98	71	38	\$6,424	\$3,629	77	\$2,891	45
63	2,576	28	7	67	49	37	7,027	3,887	81	2,952	42
79	1,571	1	19	116	79	47	6,200	3,440	80	2,830	46
63	1,525	2	20	65	44	48	7,385	3,773	96	2,532	34
95	461	29	53	131	85	54	6,254	4,119	52	3,035	49
82	341	41	61	156	118	32	6,113	4,144	48	2,444	40
27	499	26	50	90	62	45	6,887	3,632	90	2,954	43
79	521	30	45	63	49	29	6,671	3,551	88	*	*
85	328	17	74	122	88	39	5,934	3,734	59	2,689	45
12	243	28	83	135	109	24	5,569	3,117	79	2,810	50
83	165	11	105	213	162	31	5,992	3,315	81	2,995	50
58	210	23	91	164	158	4	5,482	2,979	84	2,891	53
68	309	19	77	104	62	68	5,903	3,741	58	2,719	46
76	141	25	111	198	136	46	6,141	3,599	71	2,853	46
53	130	18	117	148	112	32	6,257	3,171	97	2,929	47
61	123	31	116	153	120	28	5,350	3,872	38	2,821	53
16	102	14	123	147	106	39	7,105	3,037	134	3,041	43
51	131	15	118	125	110	14	5,376	3,076	75	2,762	51
01	173,802	39	—	49	45	9	6,240	3,125	100	2,538	41
34	111,975	29	—	55	46	20	6,539	3,205	104	2,712	41

Source: Bureau of the Census

* Not Available

ranked second with 198. The location in those two counties of rolling mills and blast furnaces goes far toward accounting for this size since the primary metals industry commonly has large units. Mahoning county, third-ranking in size of establishment, had about three-fifths of its workers concentrated in three big steel companies.

Thirteen of the seventeen counties averaged over 100 production workers per manufacturing establishment. This scale of operation is in sharp contrast to the average for the country which was only 45 workers in 1939 and 49 in 1947. These particular counties have even larger concerns than neighboring counties in their own states, since Ohio averages 80 and Pennsylvania 73 production workers per establishment, despite the fact that Ohio ranks second and Pennsylvania third among the 48 states.

Not only were Fourth District manufacturing businesses among the largest in the United States, but they also continued to grow somewhat more rapidly. The average size in the nation increased 9 percent over the eight-year period. Establishments in all but one of the 17 counties, however, increased at a greater rate, scoring expansions of up to 68 percent. Only Mahoning County, already employing an average of 158 workers per plant in 1939, increased

less than the country's average of 9 percent.

It is an interesting fact that the largest of the Fourth District counties by value added or number of production workers rank well toward the bottom of the listing by size of establishment.

Value Added Per Production Worker Value added per production worker is a rough measure of the economic output of labor.

It is related to the kind of industry as well as average level of skill, degree of mechanization and the efficiency of production. The table compares the value added per production worker in the 17 leading Fourth District counties, the 127 industrial counties and the United States as a whole.

In 1947 the value added per production worker in the 17 leading Fourth District counties was only 3 percent above the national average, while in 1939 it had been 16 percent above. From 1939 to 1947 the value added per worker doubled throughout the country, but in the Fourth District counties it grew by only 77 percent. In ten of the 17 counties in 1947 the figure was lower than the national average. Of these 17, only Mercer, Pennsylvania, gained in the value added by manufacture per worker at a greater rate than the nation as a whole. The falling off of

(Continued on Page 12)

The Outlook for Burley Tobacco Growers

THIS year's proceeds from the sale of burley tobacco—Kentucky's biggest cash crop — will probably fall considerably short of last year's figure, but the aggregate will still be about three and a half times as much as the prewar average. That represents a wider margin over the earlier period than that enjoyed by agriculture in general. Farm cash receipts for the country as a whole are averaging less than three times the prewar level for all commodities and about two and a half times prewar for all crops other than tobacco.

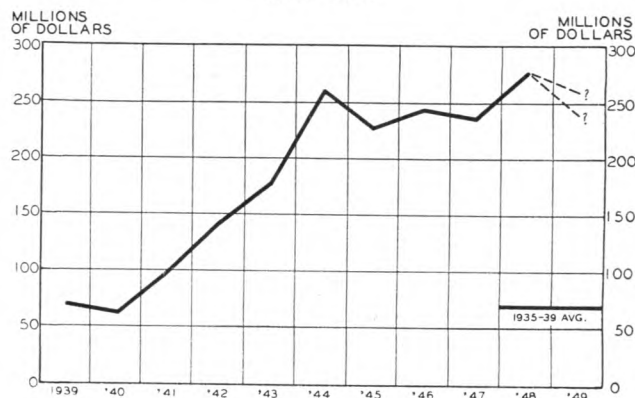
This is especially significant for Kentucky, which grows about two-thirds of the nation's supply of burley, which in turn provides about one-third of the annual cash income of farmers in that state, and a much larger percentage in the major tobacco-producing counties.

It could hardly be expected that the income from burley tobacco would again be as high as the \$277 million indicated for 1948 on the accompanying chart. In that outstanding year growers enjoyed the exceptional situation of a near-record crop and a near-record price. The crop of 603 million pounds was only two percent under the all-time high established in 1946 and the average price of 46.0 cents per pound was only five percent lower than the record average price received for the high-quality 1947 crop.

Large Supply Production of burley tobacco has exceeded consumption in four of the last five years. Although the total of domestic consumption and exports of burley is now the greatest on record and two percent above the previous high of 1946, this disappearance is equivalent to but nine-tenths of last year's production. As a result, the carry-over of stocks in the warehouses of dealers and manufacturers will also break the record this year. When the current marketing year for burley tobacco ends with this month, the carry-over will be well above the previous record established two years ago. This, combined with the large crop now being harvested and cured, makes a total supply larger than that of any previous year.

When it is considered that year-end stocks normally average about one and a half times as large as production, it becomes evident that carry-over constitutes an important part of the available supply and consequently plays a large part in price determination. This situation is peculiar to tobacco among agricultural commodities. A short crop, as in 1947 for instance, does not bring as high a price as it would if the annual production represented nearly all of the supply. Manufacturers buy tobacco two to three years in advance of the time it will be con-

FARM CASH RECEIPTS FROM BURLEY TOBACCO
1939 - 1948



... the unusual combination of attractive prices and high production resulted in peak farm incomes from burley sales in recent years. The 1949 figure will fall below the record high of last year but it will fall within the post-war range.

Source: U. S. Department of Agriculture.

verted into consumer products, chiefly because the leaf must be aged about that long. The excess of existing supplies over these requirements and whatever leeway manufacturers have in the length of aging tend to moderate price fluctuations.

While the new crop is estimated to be smaller than the last one, it probably is substantially larger than the current rate of disappearance. Emboldened by the high yields and good prices of last year, growers generally attempted to plant the entire allotted acres this spring and to grow more tobacco on each acre than ever. The first objective was achieved with the aid of a combination of circumstances, including an abundance of healthy plants to set out, good weather, and sufficient labor. The percentage of allotments which was actually planted is considerably higher than in previous years.

In an effort to achieve a record yield per allotted acre burley farmers used more fertilizer than ever. They were encouraged by the fact that, due to improved cultural practices and favorable weather, yield per acre in each of the past five years has been at least 25 percent above the previous high. Yields last year were more than 50 percent above the peak of 1940. That exceptional record was probably not equaled this year; it is estimated, however, that yield per acre is the second largest on record, having missed the high mark perhaps by around seven percent.

An accompanying chart expresses annual supply in terms of the number of years that would be required to consume it at the current rate. In the past, the

year-to-year movement of price has usually been in the direction opposite to changes in supply. Since the "years' supply" has now risen to the highest point since 1940, it is expected that the average price for the present crop will be lower than last year's price. The 1948 burley crop sold at a season-average price three and a half cents above the support level. This year the support price will be about two cents lower and the average price may be closer to the support "floor". Assuming the most recent (August 1) estimate of the size of the crop and assuming last year's support price as the average selling price, the total cash income will be more than ten percent lower than that of a year ago.

Price Supports The indicated shrinkage of burley income from its recent high level is cushioned by Government price supports as well as by a great and stable demand for tobacco products. Present legislation provides that tobacco prices shall be supported as long as quotas are in effect at 90 percent of September 15 parity (a price calculated to give the producer of a pound of tobacco the same real purchasing power that a pound would have given him during a favorable past period). On eligible tobacco for which no bid above the support level is received the grower may take a non-recourse Government loan. Title to the loan tobacco passes to the growers' cooperative, which contracts with commercial facilities for its drying, packing and storing. After the association has ultimately sold all of the tobacco acquired in a season, receipts in excess of loans and costs are prorated to the growers who

placed the tobacco under loan. Failure to comply with acreage limitations, however, not only excludes a grower from price-support loans, but it also imposes a penalty on all tobacco sales by the non-compliant grower. The penalty is computed only on the excess planting of the producer, but the resultant is pro-rated over all of his marketings.

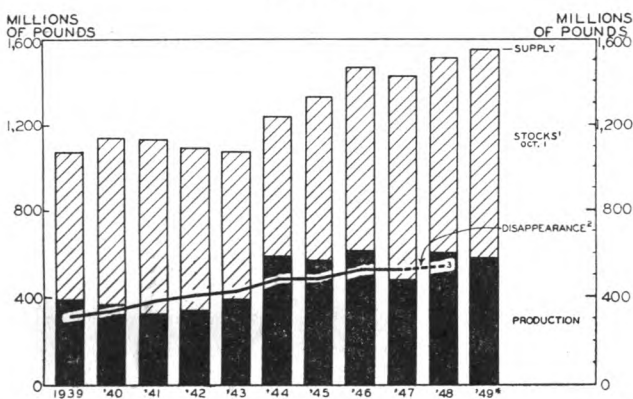
The acreage allotments themselves constitute a fundamental price-supporting measure in that they provide a means of alleviating the effect of surpluses. Tobacco is the only commodity for which marketing quotas (converted into acreage allotments) were continuously in effect throughout the war.

The present situation leads to the likelihood of a substantial reduction in allotments for all growers except those having allotments of less than one acre, which legally cannot be reduced. The national marketing quota for the 1950 crop may be proclaimed by the Secretary of Agriculture at any time between October 1 and December 1 of this year. To become effective, the quota must be ratified within 30 days by two-thirds of the producers. It is expected that the proclamation will be issued around the first of November and that the referendum will be held in the latter part of that month. The last preceding referendum, which committed growers for the three crop years 1947-49, was approved by nearly 98 percent of the burley growers.

With lower acreages anticipated, the total income from next year's crop may be expected to be somewhat lower than this year's income even though prices remain high. It will not be as low, however, as it would have been in the absence of the price-

(Continued on Page 12)

BURLEY TOBACCO
Supply and Disappearance
1939 - 1948



... consumption has been rising for a long time, but in the past five years supply has been increasing more rapidly.

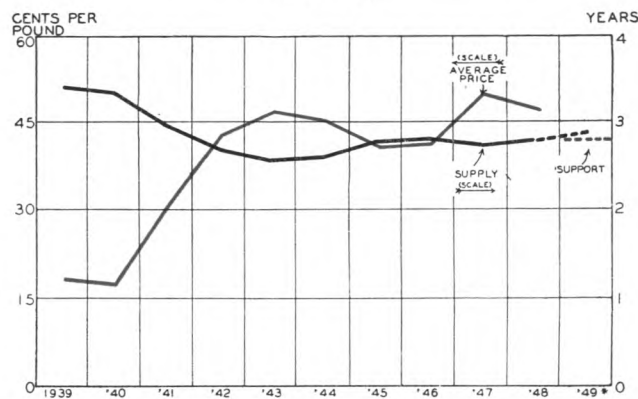
Source: U. S. Department of Agriculture.

¹ Weight at time of original sale.

² Year beginning October 1.

* Estimated.

BURLEY TOBACCO
Price Received by Farmers and Years' Supply on Hand
1939 - 1948



... supply relative to consumption is higher than last year, and consequently the average price of burley is expected to be somewhat lower, and closer to the support level.

Source: U. S. Department of Agriculture.

* Estimated.

DEPARTMENT STORE TRADE STATISTICS

Sales by Departments—July 1949

Percentage Changes from a Year Ago
(Fourth District Reporting Stores)

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

Toys and Games.....	+11
Radios, Phonographs and Television.....	+ 5
Men's Furnishings and Hats.....	+ 1
Aprons, Housedresses and Uniforms.....	- 2
Neckwear and Scarfs.....	- 2
Blouses, Skirts and Sportswear.....	- 3
Books and Stationery.....	- 5
Toilet Articles and Drug Sundries.....	-10
Corsets and Brassieres.....	-10
Gift Shop.....	-11
Pine Jewelry and Watches.....	-11
Underwear, Slips and Negligees.....	-11
Housewares.....	-11
Records, Sheet Music and Pianos.....	-11
Notions.....	-12
Shoes (Men's and Boys').....	-12
Infants' Wear.....	-12
Cotton Wash Goods.....	-13
Draperies, Curtains, etc.....	-14
Costume Jewelry.....	-14
Better Dresses (Women's and Misses').....	-14
Men's Clothing.....	-14
Inexpensive Dresses (Women's and Misses').....	-15
China and Glassware.....	-15
Art Needlework.....	-16
Boys' Wear.....	-16
Blankets and Comforters.....	-16
Girls' Wear.....	-17
Shoes (Women's and Children's).....	-17
Sporting Goods and Cameras.....	-17
Handkerchiefs.....	-17
Handbags and Small Leather Goods.....	-18
Silverware and Clocks.....	-18
Linens and Towels.....	-19
Juniors' Coats, Suits and Dresses.....	-20
Millinery.....	-20
Luggage.....	-20
Lamps and Shades.....	-21
Furniture and Bedding.....	-21
Candy.....	-21
Gloves (Women's and Children's).....	-22
Domestics, Muslins and Sheetings.....	-22
Hosiery.....	-23
Silks, Velvets and Synthetics.....	-28
Domestic Floor Coverings.....	-31
Woolen Dress Goods.....	-32
Laces and Trimmings.....	-34
Major Household Appliances.....	-34
Coats and Suits (Women's and Misses').....	-35
Furs.....	-54
GROUP TOTALS	
Men's and Boys' Wear.....	- 7
BASEMENT STORE TOTAL.....	-11
Small Wares.....	-12
Miscellaneous Merchandise Dept's.....	-13
GRAND TOTAL (reporting stores).....	-15
Women's Apparel and Accessories.....	-16
MAIN STORE TOTAL.....	-16
Piece Goods & Household Textiles.....	-20
Housefurnishings.....	-21

Sales by Fourth District department stores declined during July and were below year-ago levels in almost all departments. The summer slackness was somewhat more pronounced than usual, although it was less severe than percentage drops in dollar sales would indicate, since July this year had one less trading day than June, and one less than year-ago July. Allowing for the difference in trading days, as well as normal seasonal variation, total sales in the District were about 3% below June and 12% below a year ago.

Only three departments reported July sales above year-ago levels. Sales of radios, phonographs and television showed very large gains over June and were 5% above a year ago, thus sharply reversing the unfavorable trend of recent months. Sales of toys and games were up 11% from a year ago in line with the consistent year-to-year gains reported by this department so far this year. Sales of men's furnishings and hats, up 1% from last year, also showed continued strength after allowance for seasonal factors.

Trailing the men's furnishings department were the other departments in the men's and boys' wear group. Sales of men's clothing, for example, were down 14% from last year, although on a seasonally adjusted basis this department has leveled off during the past four months. Altogether, the 7% decline from a year ago averaged by the men's and boys' wear group was the smallest year-to-year drop for any departmental group.

Sales by the women's apparel and accessories group averaged 16% below last year. Coats and suits, which normally move slowly in July, showed the expected drop from June, and the ground lost by this department in recent months was reflected in July sales 35% below a year ago, or a five-year low for the month. Sales of dresses, although large in dollar volume, were not up to seasonal expectations and were 15% under year-ago levels.

Sales by the housefurnishings group, in spite of the success in radios and television already mentioned, averaged 21% below last year. Sales of furniture and bedding, down 21%, and of domestic floor coverings, down 31%, showed continuing weakness. Sales of major household appliances, although 34% below a year ago, increased from the June level in the face of the usual seasonal decline, thus continuing the recovery trend observable in this line in very recent months.

All comparisons refer to dollar volume without adjustment for price changes.

Department Store Inventories—July 31, 1949

Percentage Changes from a Year Ago
(Fourth District Reporting Stores)

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

Gift Shop.....	+15
China and Glassware.....	+ 7
Inexpensive Dresses (Women's and Misses').....	+ 2
Radios, Phonographs and Television.....	+ 2
Silverware and Clocks.....	+ 1
Woolen Dress Goods.....	- 0
Art Needlework.....	- 0
Shoes (Women's and Children's).....	- 1
Corsets and Brassieres.....	- 1
Better Dresses (Women's and Misses').....	- 2
Books and Stationery.....	- 2
Costume Jewelry.....	- 2
Notions.....	- 2
Coats and Suits (Women's and Misses').....	- 3
Handbags and Small Leather Goods.....	- 3
Toys and Games.....	- 3
Shoes (Men's and Boys').....	- 3
Laces and Trimmings.....	- 4
Blouses, Skirts and Sportswear.....	- 5
Luggage.....	- 5
Toilet Articles and Drug Sundries.....	- 5
Men's Clothing.....	- 6
Candy.....	- 7
Sporting Goods and Cameras.....	- 8
Pine Jewelry and Watches.....	- 8
Draperies, Curtains, etc.....	- 9
Juniors' Coats, Suits and Dresses.....	-10
Lamps and Shades.....	-10
Underwear, Slips and Negligees.....	-10
Boys' Wear.....	-10
Girls' Wear.....	-10
Men's Furnishings and Hats.....	-11
Neckwear and Scarfs.....	-11
Aprons, Housedresses and Uniforms.....	-11
Housewares.....	-13
Gloves (Women's and Children's).....	-13
Furniture and Bedding.....	-13
Millinery.....	-13
Linens and Towels.....	-13
Silks, Velvets and Synthetics.....	-14
Blankets and Comforters.....	-16
Furs.....	-17
Handkerchiefs.....	-17
Records, Sheet Music and Pianos.....	-17
Domestic Floor Coverings.....	-18
Cotton Wash Goods.....	-19
Infants' Wear.....	-20
Domestics, Muslins, Sheetings.....	-20
Hosiery.....	-23
Major Household Appliances.....	-24

GROUP TOTALS

Small Wares.....	- 3
Miscellaneous Merchandise Dept's.....	- 6
BASEMENT STORE TOTAL.....	- 8
Men's and Boys' Wear.....	- 8
MAIN STORE TOTAL.....	- 9
Women's Apparel and Accessories.....	- 9
GRAND TOTAL (reporting stores).....	- 9
Housefurnishings.....	-12
Piece Goods and Household Textiles.....	-14

Inventories of Fourth District department stores during July decreased sharply in spite of relatively slow sales. On a seasonally adjusted basis, stocks at month end were 8% below the previous month, and at the lowest level in nearly two years. The total inventory of reporting District stores was 9% below a year ago.

Stocks of housefurnishings were reduced substantially during July and at the close of the month were 12% below a year ago. Inventories of major household appliances, where the sales report was relatively favorable, were 24% below the year-ago level. Stocks of domestic floor coverings and of furniture and bedding were down 18% and 13% respectively. Two departments in the group, however, showed year-to-year rises in inventory. Stocks of radios, phonographs and television, although they declined during July along with a brisk recovery in sales, closed the month at a level 2% above a year ago. Inventories of china and glassware were 7% above a year ago.

Stocks of the women's wear group averaged 9% below a year ago. At the extreme, hosiery stocks were down 23% from last year, although little reduction occurred in June. In contrast, stocks of inexpensive dresses were up 2% from a year ago, although they were lower than at the end of June. Inventories of women's and misses' coats and suits, where sales have been lagging, were only 3% below a year ago and were substantially higher than at the end of the previous month.

Stocks of the men's and boys' wear group were 8% below year ago levels. Among these departments the largest year-to-year decline, amounting to 11%, as well as the sharpest drop from June occurred in men's furnishings and hats, where the July sales report was favorable. Stocks of men's clothing were reduced moderately and were 6% below year-ago levels.

Stocks of piece goods and household textiles, down 14%, showed the largest year-to-year decline of any group, although the change from June was small. In contrast, stocks of small wares were only 3% below a year ago.

All comparisons refer to dollar value of inventory at retail, without adjustment for price change.

FINANCIAL AND OTHER BUSINESS STATISTICS

Time Deposits

(at 58 Banks in 12 Fourth District Cities)

(Compiled August 9, and released for publication August 10)

City and Number of Banks	Time Deposits July 27, 1949	Average Weekly Change During:		
		July 1949	June 1949	July 1948
Cleveland (4)	\$ 895,539,000	-\$452,000	-\$ 688,000	-\$1,133,000
Pittsburgh (11)	459,587,000	— 5,000	—107,000	— 5,000
Cincinnati (8)	182,892,000	—152,000	—163,000	—174,000
Akron (3)	103,319,000	+ 42,000	— 40,000	— 89,000
Toledo (4)	103,058,000	— 48,000	+ 96,000	— 35,000
Columbus (3)	83,059,000	—112,000	+ 34,000	+111,000
Youngstown (3)	64,270,000	— 82,000	—91,000	+ 40,000
Dayton (3)	46,137,000	—100,000	— 63,000	+ 4,000
Canton (5)	43,080,000	— 32,000	— 57,000	— 65,000
Erie (4)	40,134,000	+ 24,000	— 7,000	+15,000
Wheeling (5)	27,791,000	— 67,000	— 2,000	+10,000
Lexington (5)	10,705,000	— 4,000	+ 8,000	—19,000
TOTAL—12 Cities	\$2,059,571,000	-\$988,000	-\$1,080,000	-\$1,340,000

During the month of July, time deposits at 58 Fourth District banks declined at the rate of \$988,000 per week, or about 0.2 percent for the four-week period. This was the fourth consecutive month of contraction since time deposits reached an all-time high at the end of March. The July shrinkage, however, was smaller than a year ago, and is somewhat seasonal in that some of the reduction represents withdrawals of accrued interest. Despite this series of nominal declines, time deposits in all 12 cities combined are still some 2 percent larger than at the same time last year.

Of the 58 reporting banks, 21 reported gains in time deposits over the four-week intervals.

Individual Cities

Akron and Erie were the only two cities of the twelve areas covered, in which time deposits ran counter to the trend during July. In both cities the trend was upward in relation to that of a year earlier, and represented a reversal of the June decline.

In four other cities, Cleveland, Cincinnati, Canton, and Lexington, the July contraction was smaller than in the same month of 1948.

Changes in Consumer Instalment Credit July 1949

25 Fourth District Member Banks

(Compiled August 18, and released for publication August 19)

New Loans Made Compared With Mo. Ago	Yr. Ago	Type of Credit	Outstanding at End of Mo. Compared With	
			Mo. Ago	Yr. Ago
-10.1%	+ 9.4%	Total consumer instalment credit	+2.0%	+20.3%
- 9.6	- 1.4	Personal instalment cash loans	+1.4	+ 3.1
-21.0	+ 0.3	Repair and modernization loans	+2.0	+21.0
		Direct retail instalment loans		
-12.1	+27.7	(a) Automobile	+3.9	+38.2
+ 2.5	-16.2	(b) Other	-3.2	- 9.9
		Retail instalment paper purchased		
- 0.1	+37.6	(a) Automobile	+3.3	+72.2
- 4.9	+ 6.7	(b) Other	+1.2	+14.6

The volume of consumer instalment credit outstanding at the 25 reporting member banks of this District advanced for the fifth successive month to a new record level, 2 percent above the previous peak registered in June, and more than 20 percent above a year ago.

The greatest expansion in dollar volume again occurred in automobile loans (both direct and paper purchased) which, in accord with the continuing high volume of automobile sales in the District, exceeded the postwar high of the previous month by over 3 percent. Outstanding debt incurred for repair and modernization projects also showed an appreciable increase. While direct loans used for the purchase of furniture, household appliances and other nonautomotive products were slightly larger than in June, the amount of such loans outstanding is still noticeably below a year ago when buying of such articles was more active than at present.

In all major classifications, a somewhat smaller volume of new loans was made than in June, when the amount of borrowing almost equaled the record May figure. Meanwhile the rate of repayment of existing loans (exclusive of purchased paper) dropped noticeably from the stable level of the three previous months, to under 11 percent, which was only slightly above the low rate of 10½ percent established in January and February.

Bank Debits*—July 1949

(In thousands of dollars)

(Compiled August 11, and released for publication August 13)

No. of Reporting Banks	July 1949	% Change from Year Ago	3 Months Ended July, 1949	% Change from Year Ago
191 ALL 31 CENTERS	\$6,730,752	- 6.3%	\$20,543,815	- 1.6%
10 LARGEST CENTERS:				
5 Akron	221,761	- 6.6%	658,153	- 6.8%
5 Canton	97,501	-23.3	301,612	-14.0
16 Cincinnati	779,796	-13.2	2,447,024	- 8.2
10 Cleveland	1,788,309	- 3.1	5,313,441	- 2.9
7 Columbus	549,174	-11.2	1,628,010	- 3.5
4 Dayton	211,452	-14.5	632,458	- 9.9
6 Toledo	367,998	- 4.6	1,003,439	- 5.9
4 Youngstown	138,823	-19.6	433,229	- 9.7
6 Erie	83,465	-12.3	248,323	-10.1
51 Pittsburgh	1,908,628	+ 0.7	6,076,609	+ 9.6
113 TOTAL	\$6,146,907	- 5.8%	\$18,742,298	- 1.1%
21 OTHER CENTERS:				
9 Covington-Newport, Ky.	\$ 37,537	- 9.7%	\$ 116,844	- 4.9%
6 Lexington, Ky.	50,606	- 8.7	161,092	- 5.8
3 Elyria	16,096	-26.1	50,098	-18.4
3 Hamilton	35,554	- 7.0	109,747	- 5.8
2 Lima	44,586	- 7.8	122,871	- 8.0
5 Lorain	16,350	-18.1	51,479	-10.4
4 Mansfield	35,340	- 3.4	111,832	- 8.4
2 Middletown	28,902	-10.6	90,766	- 7.4
3 Portsmouth	18,626	-14.9	58,516	-10.8
3 Springfield	44,573	- 9.1	135,518	- 3.0
4 Steubenville	20,709	-17.7	63,808	-14.3
2 Warren	34,654	-13.2	107,103	- 4.8
3 Zanesville	24,299	-11.5	74,316	-11.2
3 Butler	26,440	-16.5	85,079	- 9.9
1 Franklin	6,540	-11.7	19,565	-11.1
2 Greensburg	19,422	-16.2	62,113	- 6.0
4 Kittanning	8,933	-20.9	29,563	- 6.7
3 Meadville	9,916	-11.2	33,585	-10.9
4 Oil City	17,836	-19.2	54,763	-11.9
5 Sharon	27,392	- 6.5	80,320	- 2.6
6 Wheeling, W. Va.	59,534	- 4.3	182,539	+ 2.6
78 TOTAL	\$ 583,845	-11.0%	\$ 1,801,517	- 6.8%

*Debits to all deposit accounts except interbank balances.

During July, a drop of almost half a billion dollars brought the volume of debits to deposit accounts (other than interbank accounts) in 31 Fourth District cities to \$6,731,000,000. This represented an appreciable decline of over 6% from the year ago level, and evidenced for the first time in the postwar period a noticeable shrinkage in debits at the ten larger centers from the comparable month of the preceding year. Debits at the 21 smaller centers were lower than in 1948 for the fourth successive month, in this instance by 11%.

Meanwhile, the volume of deposits continued to expand, contributing to a rate of turnover slower than in the preceding month and in July last year.

TEN LARGEST CENTERS

All but one of the largest centers registered declines from year ago levels, ranging from 3% in Cleveland to 23% in Canton. Pittsburgh was the only center to record a level of debits in excess of last year, although only by 1%. In the three-month period covering May, June and July, Pittsburgh, Cleveland and Columbus reported the greatest year to year improvement or the smallest year to year declines.

TWENTY-ONE SMALLER CENTERS

Without exception all of the 21 smaller centers reported a July debit volume below that of a year ago. The majority of the centers showed declines of between 3% and 13%, while in Elyria, shrinkage was 26%. For the past three months combined, only Wheeling exceeded year-ago debit volume, and then only by a nominal amount.

Indexes of Department Store Sales and Stocks

Daily Average for 1935-1939=100

	Adjusted for Seasonal Variation			Without Seasonal Adjustment		
	July 1949	June 1949	July 1948	July 1949	June 1949	July 1948
SALES:						
Akron (6)	294	283	330	247	266	277
Canton (5)	333	328	405	280	315	341
Cincinnati (8)	299	290	341	230	270	263
Cleveland (10)	247	263	282	200	250	229
Columbus (5)	331	312	368	265	300	295
Erie (3)	302	312	347	236	284	271
Pittsburgh (8)	253	266	284r	182	258	204
Springfield (3)	283	267	307	229	259	249
Toledo (6)	280	270	311	215	251	239
Wheeling (6)	229	228	270r	174	210	205
Youngstown (3)	295	305	349r	224	287	266
District (96)	274	281	313	214	265	244
STOCKS:						
District	228	249	258r	228	244	257

r—Revised. Back figures: Revised index series for period from January 1946 through May 1949 are shown on page 7 of the August 1949 issue. (February 1949 index for Toledo, as shown in that issue, should be corrected to read 273 instead of 263.)

The Outlook for Burley Tobacco Growers

(Continued from Page 9)

support program. Many farmers will attempt to offset the acreage reduction, as they have in the past, by raising more tobacco per acre. The exemption of the very small growers, moreover, means a great deal to many individual farmers. Nearly three-fifths of all burley producers have allotments of one acre or less and account for a fourth of the total acreage.

Stable Demand

The demand for tobacco products is extremely stable as compared with general economic fluctuations. Moreover, the American people are smoking two packs of cigarettes for each one they smoked ten years ago. They are smoking even slightly more than at any time last year. The importance of cigarettes to the burley tobacco region inheres in the fact that about three-fifths of the annual production of burley goes into cigarette manufacture. Considerable quantities also are used in pipe smoking tobacco, the consumption of which tends to move counter to general economic activity and thus to compensate partially for those changes that do occur in cigarette consumption. According to the Department of Agriculture, "any significant rise in unemployment and any sharp falling off of income would probably result in a larger consumption of smoking tobacco than in recent years as smoking tobacco generally costs the user less than the equivalent in cigarettes or cigars."

During the war many people in foreign lands acquired a preference for American cigarettes, pre-

sumably because of the burley content. This preference has caused a considerable increase in exports, both of cigarettes and of burley tobacco. The peak for cigarettes was actually reached last year, but the slight drop since then has been insignificant in comparison with the recent increase in domestic consumption. Exports of unmanufactured burley in the current marketing year have been second only to those of the 1946-47 season. Although the world shortage of dollar exchange has clouded the export outlook, the immediate prospect is for continued strong foreign markets for American tobacco.

Industrial Activity

(Continued from Page 7)

value added per worker reflects the typical low levels and slow rise from 1939-1947 in the prices of primary metals, fabricated metals, and electrical machinery.

Wages Paid It is not possible at this time to compare wages paid in 1947 with 1939 because of the redefinition of manufacturing activity in 1947 to exclude retail bakeries, repair shops and other nonmanufacturing activities included in 1939. The 1939 census wage data are being retabulated and will be released at a later date. In 1947 the 17 counties in the Fourth District paid an average wage of \$2,891 to all production workers, 14 percent above the country-wide average of \$2,538. Wages paid in Fourth District counties ranged from \$2,444 in Summit to \$3,041 in Mercer. All but one of the 17 were above the national average.

