

MONTHLY

# Business Review

NOVEMBER 1949

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FINANCE • INDUSTRY • AGRICULTURE • TRADE

FOURTH FEDERAL RESERVE DISTRICT

Vol. 31—No. 11

Federal Reserve Bank of Cleveland

Cleveland 1, Ohio

## Trade Goals for the Christmas Season

**T**HE dollar volume of Fourth District department store sales will rise this month and next in response to the traditional stimulus of Christmas buying. There is little chance, however, that the dollar volume of Christmas trade will equal last year's large total. This does not mean that the prospects are necessarily poor. Rather it means that some measure other than the sales volume of last Christmas may appropriately be used as an additional test. Seasonally adjusted sales indexes provide the means for such a test. Besides the regular index of monthly sales, a newly constructed index of weekly sales of Fourth District department stores may also be utilized. The latter is the same weekly index which, in a preliminary form, was used in an analysis of the seasonal influence of Easter buying, published in the March 1949 issue of this *Review*.

**Last Year as a Goal** Last year's Christmas volume is an unrealistic goal primarily because department store sales this year have settled to lower levels of dollar volume. The year-to-year percentage changes, published by the Federal Reserve System in accordance with traditional and widely understood methods of presenting the current sales picture, have been predominantly "minus" figures this year, with the big questions centering about the size of the drop from last year. Moreover, last year's Christmas is hardly a reasonable goal as a consequence of the effects of this fall's industrial disputes which have dealt a temporary blow to factory payrolls, particularly in this District.

Furthermore, at the outset of any consideration of trade goals it is necessary to note an important distinction between the way in which the management of a particular department store may look at the record and the way in which the observer of

general business trends is forced to view the sales trend. Thus, for example, a store manager is justifiably pleased to find that for a given week or month, his sales are, say, only 9 percent below last year's, while the average sales in his city or in the Fourth District are down 12 percent. From the general public standpoint however, the crucial question is whether the average 12 percent drop in the assumed instance is to be interpreted as unduly large, or as a year-to-year decline which is no more than should be expected under this year's circumstances.

**September Level as a Test** Consider the sales level of September 1949 as a starting point for judging performance during the coming Christmas season. In September, Fourth District department store sales, like those throughout the nation, showed substantial gains over August, allowing for usual seasonal changes. In this District the September pickup from a very poor August average was exceptionally strong. The September level here, however, was slightly below the average of the year to date, seasonal factors considered.

The question then becomes: how will the November and December sales performance stack up against the September record after allowing for the normal rate of rise during the Christmas buying season? If the seasonally adjusted index of sales remains at least equal to that of September, it would probably be sound judgment to consider the Christmas trade season as successful, even though the level would be below last year's. If, however, the adjusted level of Christmas sales should fall below the September performance, a poor season would be indicated.

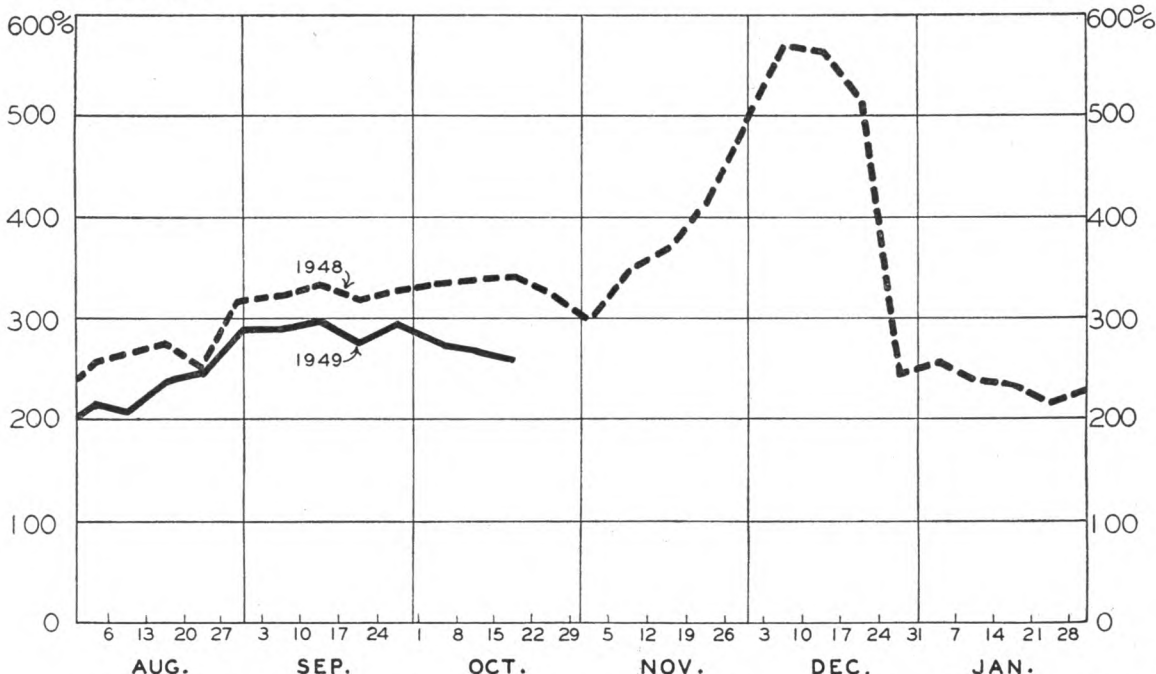
Computed on a monthly basis, the use of September as a test would call for an adjusted index of

## INDEX OF WEEKLY SALES

Fourth District Department Stores, August, 1948—January, 1949, and August to date, 1949  
Unadjusted for Seasonal Variation

(1935-39 = 100)

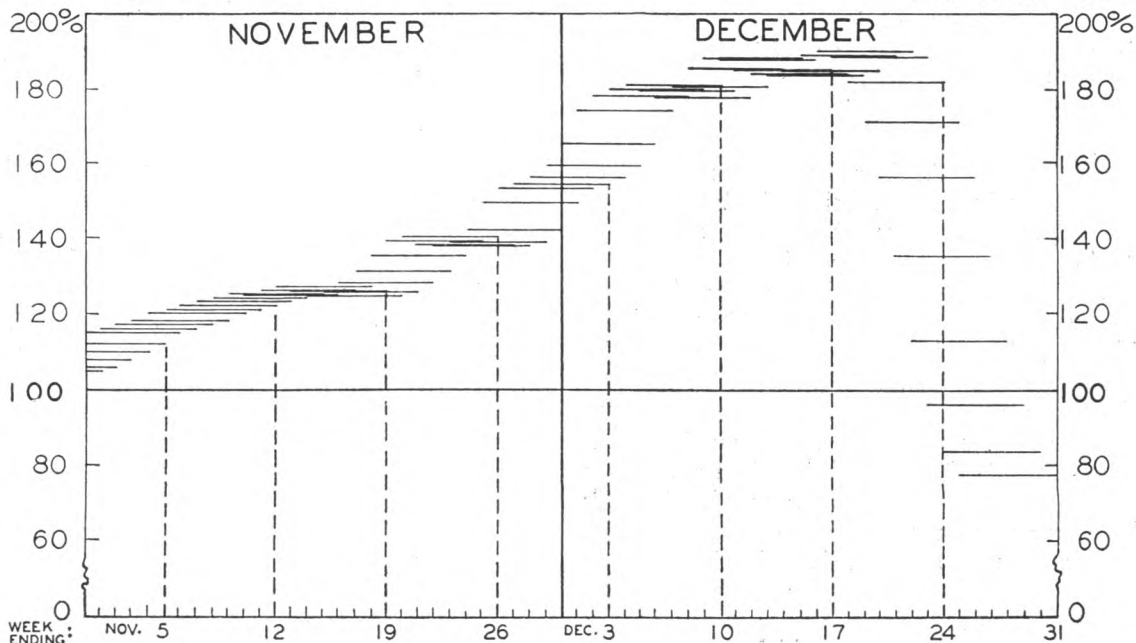
(1935-39 = 100)



... weekly sales by Fourth District department stores, unadjusted for seasonal variation, showed a sharp rise during the latter part of November and early December last year; a slight decline in the week just prior to Christmas was followed by a sharp post-Christmas drop; so far this year the unadjusted index has been trailing last year by a fairly consistent margin.

## TYPICAL PATTERN OF WEEKLY SALES IN THE CHRISTMAS SEASON

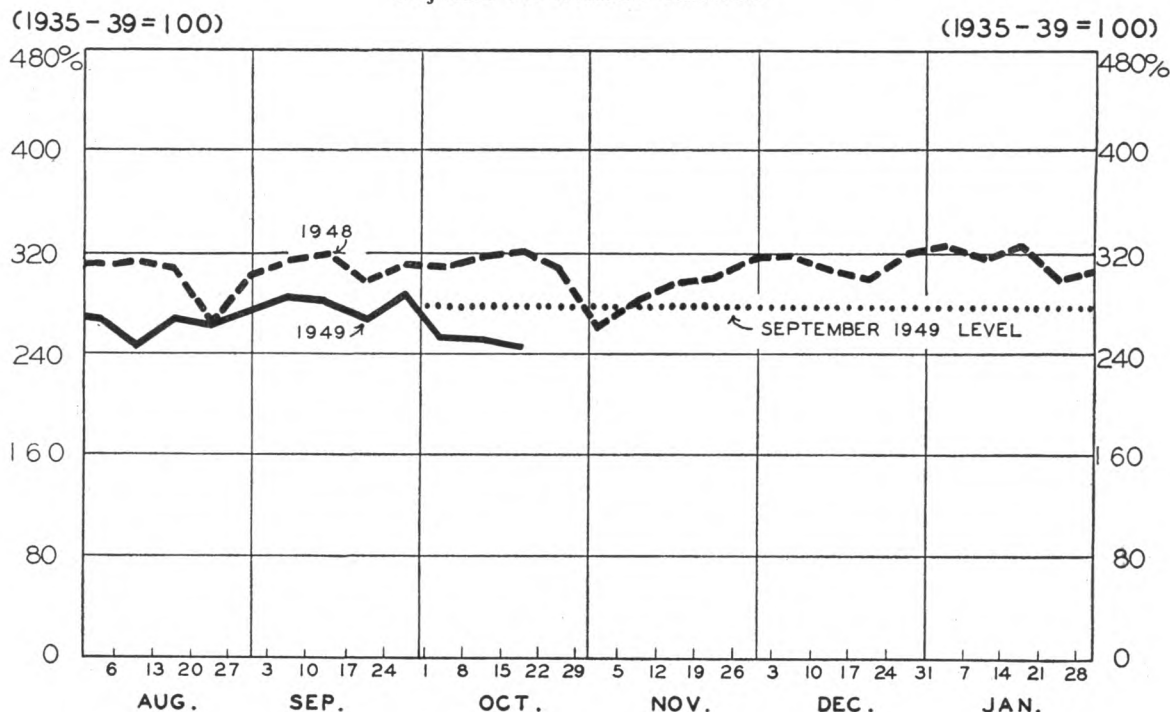
Based on 1939-48 Experience of Fourth District Department Stores  
(For weeks ending on each calendar day of November and December)

AVG. WEEKLY SALES  
FOR YEAR=100%AVG. WEEKLY SALES  
FOR YEAR=100%

... the typical pattern of weekly sales during November and December shows a moderate but persistent rise during November; from about the second week of December up to Christmas a very high level is maintained; the drop following Christmas is sharp.

## INDEX OF WEEKLY SALES

Fourth District Department Stores, August, 1948—January, 1949, and August to date, 1949  
Adjusted for Seasonal Variation



... weekly sales after adjustment for the usual seasonal variations showed a fairly steady course last year, except for a hot-weather dip in late August and a slump in late October and early November; this year's adjusted index so far has been trailing last year's; an extension of the September level is shown as a benchmark for this year's Christmas season.

Fourth District sales for November and December at 279 percent of sales during the base period (average of 1935 through 1949). If this level is maintained during each of the two months, it would mean November sales at 5 percent below last year's November, and December sales at 7 percent below December of last year.

It will be recalled that during last November sales hit a slump, while the December recovery was sufficient to finish the Christmas season with a total which was considered moderately satisfactory. Sales during November and December last year, however, were relatively less satisfactory than in September of that year. This fact helps to explain why year-to-year drops of 5 percent and 7 percent respectively during November and December of this year would be tantamount to maintaining the September 1949 level of adjusted sales, which in turn was 12 percent below year-ago September. The month of October, since it is not usually considered part of the Christmas season, is not considered here in detail. On the basis of the three-weeks data for October which is available at press time, however, it appears that Fourth District sales during October will fall short of the adjusted September level.

**Weekly Sales** The use of September sales as a test for the Christmas season can be applied on a running week-to-week basis, provided the typical pattern of weekly sales during the Christmas season is taken into account. If it is known to what extent sales normally rise between the week ending December 3 and the week ending December 10, for example, it is possible to determine whether or not the actual sales at that time reach a level which is comparable to the average September level of this year, after allowing for the seasonal difference. Such a standard can be met, even though the percentage change from the corresponding week of 1948 is a minus percentage. Just how much of a year-to-year drop can be reconciled with a maintenance of the September level for a given week during the Christmas season is the next problem to be solved. If such a relationship can be established, it will become much easier to interpret the percentage change figures (from a year ago) as they are publicized during each of the weeks of the Christmas season.

In this connection use can be made of the new weekly index of sales of Fourth District department stores, which has been constructed in the form of a seasonally adjusted weekly index as well as an un-

## INDEX OF WEEKLY SALES

Fourth District Department Stores, August-December, 1948 and August, 1949 to Date.

(Including year-to-year changes for October through December equivalent to maintaining September 1949 level of adjusted sales).

1948 week	Unadjusted Index(a)	Adjusted Index	1949 week	Unadjusted Index	Adjusted Index	% Change From Year Ago Actual(c) Needed(d)	
Aug. 7	255	311	Aug. 6	216	266	-15%	
14	264	314	13	207	247	-22%	
21	273	309	20	236	269	-14%	
28	250	263	27	243	262	-3%	
Sept. 4	315	301	Sept. 3	288	273	-9%	
11(b)	320	314	10(b)	289	283	-10%	
18	331	319	17	295	281	-11%	
25	317	297	24	276	268	-13%	
Oct. 2	327	310	Oct. 1	291	287	-11%	-14%
9	331	308	8	273	252	-18%	-9%
16	339	318	15	269	250	-21%	-12%
23	340	321	22	260	245	-24%	-13%
30	320	306	29				-9%
Nov. 6	299	261	Nov. 5				+4%
13	346	281	12				-2%
20	367	294	19				-4%
27(b)	415	300	26(b)				-6%
Dec. 4	493	316	Dec. 3				-13%
11	569	317	10				-11%
18	562	306	17				-9%
25(b)	512	299	24				+19%
Jan. 1,'49(b)	244	319	Dec. 31(b)				-12%

(a) Average daily sales basis; hence makes allowance for differences in number of trading days per week.

(b) Short week: five trading days.

(c) Actual comparison of dollar sales; no allowance for differences in trading days.

(d) Needed to maintain September 1949 level of adjusted sales, as explained in text; percentages are year-to-year changes in dollar sales (unadjusted for seasonal variation or number of trading days) which would be equivalent to September 1949 average level of sales index adjusted for seasonal variation and number of trading days.

adjusted index.<sup>(1)</sup> It is based on a special study of weekly variations in Fourth District sales from 1939 to the present. It will be necessary to describe briefly what this index reveals before attempting to answer the question as to the implication of a September-sales standard for weekly performance during the Christmas season.

**Unadjusted Weekly Index** The first of the three accompanying charts shows the weekly index, unadjusted for seasonal variation. It covers the period from August 1 to the latest week of this year for which reports are available at the

time of writing; it also shows the unadjusted index for the corresponding weeks last year, as well as last year's entire Christmas season and the post-Christmas letdown. The high peak of sales during the weeks ended December 11 and December 18 last year is apparent.

Since the entire unadjusted series is based on average daily sales during the years 1935-39, the influence of holiday closings is removed from the chart. Thus, for example, the position of the curve for the weeks ended December 25, 1948 and January 1, 1949 would have been lower if allowance had not been made for the store closings during Christmas day and New Year's Day. (Note also that the dates on the base line of the chart follow the 1949 calendar rather than the 1948 calendar. Thus the weeks ending December 24 and December 31 this year correspond to the weeks ended December 25 and January 1 last year.)

(1) The adjusted weekly index is now published regularly in the weekly news release on Fourth District department store sales. It will be included in the statistical summaries published in this Review, beginning with an early issue. See also "Note on New Weekly Index" at the conclusion of this article.



### Typical Weekly Pattern

The second chart shows the typical pattern of weekly sales during November and December as revealed by a study of the 1939-48 experience in this District. Computations as shown in this chart provide the link between the unadjusted index shown in the first chart and the adjusted index shown in the third chart.<sup>(2)</sup> It will be noticed that the typical pattern shows the various sales levels for weeks ending on any possible calendar day of November or December, with each week represented by a straight line equivalent in length to six days. The selection of the appropriate volume for any given week depends on the calendar of the particular year which is under consideration. (The dates at the base of the chart apply to the week endings of the 1949 calendar.)

The chart showing the typical pattern of weekly sales during the Christmas season indicates the relation of the earlier weeks of the season to the pre-Christmas climax and the drop after Christmas. Thus, for example, the rise during November is moderate but persistent. From about the second week in December through Christmas a high plateau is reached, followed by a sharp drop in the week between Christmas and the New Year.

### Adjusted Weekly Index

The third chart in the accompanying group shows the adjusted index of weekly sales for last year's Christmas season in its entirety, and for this year's sales from August to the present. The periods covered are the same as in the first chart, showing the unadjusted index. The weakness in sales during the latter part of October and the first part of November last year, which was characteristic of department store sales throughout the country as well as in this District, is revealed clearly by the curve of the adjusted index. It may also be seen that the final week of Christmas trade last year was not as satisfactory as some of the earlier weeks in December.

### "September Test" for Weekly Sales

With the aid of the weekly indexes described above it now becomes possible to consider what the maintenance of this year's September sales level would mean in terms of weekly sales during the Christmas season. On the chart showing the adjusted index for last year and for this year to date, an extension of the September level has been indicated by the dotted line. It can be readily seen that it will be entirely possible to maintain this year's September rate throughout the Christmas season without reaching last year's level of adjusted sales

at any point except during the first week in November when last year's sales were abnormally low. Failure to reach the necessary level for any week can, of course, be offset by performance in excess of the standard during any other week.

How, then, can a prospective weekly announcement of a given rate of decline from last year's dollar sales be interpreted in the light of the standard here discussed? The answer can be seen from the final column of the accompanying table. If, for example, it should in the future be announced that for the week ended December 10, sales of Fourth District department stores were 8 percent below those of the corresponding week last year, it can be seen from the final column of the table that a year-to-year decline of 11 percent would have corresponded to maintenance of the adjusted September level, and hence the sales for the week in question were more favorable than the standard would call for. Or, to use an actual example, the September standard for the week ended October 22 could have been met by a sales level 13 percent below last year's, whereas actually sales were 24 percent below last year, thus indicating an unfavorable performance for the week in terms of the test suggested here.

It will be noticed that the final column of the table shows a target of "plus 19 percent" (over last year) for the last week of Christmas trade. This comparison refers to the total dollar volume of a six-day week this year as matched against a five-day trading week last year, since Christmas this year falls on Sunday. The figure means that the six-day Christmas week this year should show a 19 percent increase in sales over last year's five-day Christmas week in order to maintain the September level of sales adjusted for seasonal variation and number of trading days. Such a computation makes average daily sales the final basis of comparison, and is in accordance with standard practice even though it may be doubted whether six days of trade are always of proportionately larger volume than that of the shorter week.

For the post-Christmas week, a five-day week is involved in both years; this year, because of the legal holiday on Monday, December 26, and last year, because of the holiday on Saturday, January 1. For that week, a sales performance 12 percent below last year's would be sufficient to meet the September standard.

### NOTE ON NEW WEEKLY INDEX

In constructing the adjusted weekly index discussed above, seasonal adjustment factors for weeks ending on each calendar day of the year were computed from a ten-year series of the unadjusted weekly index drawn from Fourth District department store records. The method used to obtain the adjustment factors was first described by Leroy M. Piser, Federal Reserve Bank of New York, in "A Method of Calculating Weekly Seasonal

(2) For example, the "normal" expectation of sales for a week ending December 18 is 183.6 percent of the average weekly sales of any given year. For the actual week ended December 18, 1949, the unadjusted sales index was 562. (See table.) Dividing 562 by 183.6, and multiplying by 100, gives 306, which becomes the adjusted index for the week.

## Some Implications of a Good Harvest

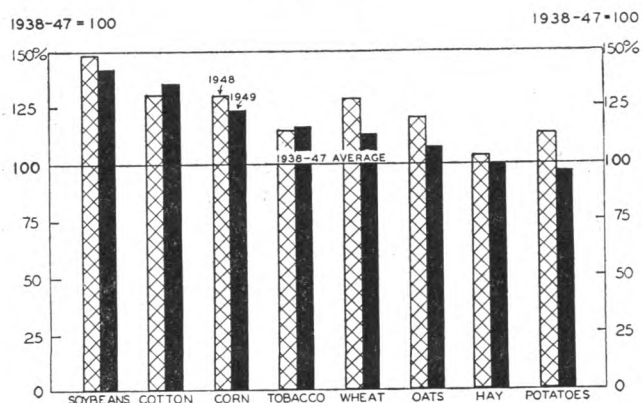
**F**OR the second successive year several major crops have been produced in excess of the quantities consumers will buy at prevailing prices, maintained largely by governmental supports.

To permit prices to drop to levels that would clear the market would result in operating losses for many farmers. Holding prices up, as required by law, entails perplexities of storing the surpluses and of ultimately disposing of them without wrecking the price support programs. Escape from this dilemma, posed on the one hand by statutory supports and on the other by the necessity for avoiding publicly-financed waste, involves a great extension of public control over farmers. The problem has been latent for years, but the concurrence of two especially good crop years and a period of declining demand has brought it to a crux.

Last year the tonnage of crops harvested was the largest in history and this year it is the second largest. A part of the increase over earlier years is attributable to propitious weather, but a considerable portion also results from improved crop practices. These include the use of more fertilizers, insecticides, and weed-killing chemicals; the shift to improved varieties of crops; and mechanization, which allows farmers to make better use of brief periods of favorable weather. These developments have recently accelerated in response to the incentive of strong demand in war and in postwar boom.

### PRODUCTION OF SELECTED CROPS

United States, 1948 and 1949\*  
1938-47 = 100



... the 1949 harvests of six important crops ranged from 7 to 42 percent above average and accentuated the problem of agricultural surpluses which emerged in 1948. Only potatoes fell noticeably below both 1948 and the ten-year average.

\* Indicated October 1.

### Wartime Supports Continued

The original purpose of the present form of agricultural price supports was to induce high-level production of food and other agricultural staples during the war. The emergency legislation contained a provision for continuing the wartime supports two years after the official termination of hostilities. This extension into the postwar period was to prevent a recurrence of the violent breakdown of farm prices which followed World War I. According to its provisions the emergency price supports would have ended automatically with the calendar year 1948 for some commodities, and with marketing of the 1948 crops of the "basic commodities". Two additional enactments, one in 1948 and one last month, further extended high-level price supports to the 1950 crops of basic commodities. For 1951 and subsequent years the prescribed minimums (except for tobacco) of agricultural price support are lower in relation to the general price level than heretofore.

The basic commodities — corn, wheat, cotton, tobacco, peanuts and rice—are subject to the most thorough provisions for permanent price support. The first four together account for about three-fifths of the national crop value.

**Storage** The major difficulty this year was in adequately housing the enormous quantities of grain rolling in from the fields in addition to old-crop carry-overs, which probably aggregated a size never attained before. Stocks of all grains carried over totaled about as big in 1942, but crops that year were much smaller than in 1949. Trouble started with the harvesting of last year's huge crop of corn. The dropping of grain prices below support levels is attributed mainly to the fact that many farmers, unable to provide approved storage, could not avail themselves of price-support loans. The situation was recognized as critical when it became apparent that loans actually made would result in the transfer of unprecedented quantities of grain to Government ownership.

The problem was met by the erection of new storage facilities, conversion of nonstorage structures into granaries, lending to farmers who would expand their own space, and offering farmers a fee for holding their 1948 loan corn another year. Yet, with many elevators, cribs and bins full, the storage problem is now in an acute stage.

**Ultimate Disposal** The next question is: what disposition can be made of the vast quantities of agricultural goods acquired by the Government in price-support operations? Legislative

restrictions prohibit sale in the ordinary domestic markets at prices under the support level, but allow reduced prices on foreign sales and sales for other than primary uses.

Highly perishable products, of which potatoes provide a current example, pose thorny problems. Earlier this year the Department of Agriculture reported:

The Government has found outlets at extremely low prices for the potatoes acquired in the price-support program. The 74,531,515 hundredweight of 1948-crop potatoes purchased or diverted through May 2 have been converted or diverted to the following forms and outlets outside the usual food-trade channels: 36 percent to alcohol; 27 to livestock feed; 26 percent to potato flour and dehydrated potatoes; 5 to starch; 4 to direct distribution (school lunch and institutional use); and 2 percent to other uses or undetermined.

Before the 1948-crop potato operations were completed, \$225 million had been spent and only a small part recovered.

Less difficulty is anticipated in supporting the price of the 1949 potato crop. The law allows a reduction of one-third in the price-support level and the imposition of acreage allotments. Both of these actions were taken and in consequence the harvested acreage was 10 percent lower than a year ago. Department of Agriculture analysts estimate that fulfilling the statutory requirements for the 1949 crop will require purchases of only about one-third the 1948 volume.

**Acreage Allotments** As a practical matter, the price of an agricultural commodity can be supported over a period of years only by restricting the supply of that product. Current problems of "surpluses" are direct outgrowths of attempts to control price without controlling supply. The machinery for controlling the supply of the basic commodities is in existence, however, under the provisions of prewar legislation. It was used extensively until early in the war and has been in operation for tobacco for a number of years. It consists of acreage allotments and marketing quotas. The Secretary of Agriculture will probably find it necessary now to apply one or both of these to each of the eligible crops which have not already received them.

Acreage allotments constitute the milder of the two available forms of production control. If a farmer fails to stay within his allotment he sacrifices only his eligibility to receive price-support money. Even that can be a severe penalty—when the free-market price is far below the support level.

Two crops have acreage allotments without the additional sanction of marketing quotas and two others will probably be so controlled within a few

months. Potatoes are the only nonbasic commodity now subject to allotments. The 1950 plantings have been allotted for wheat also and will probably be allotted for rice and corn before their respective deadlines on December 31 and February 1.

Wheat was reaped this year on more acres than ever before. The Government-underwritten price probably provided the incentive for most of the 7 percent increase over 1948. Allotments specify a 15 percent reduction for next year, but the effect on wheat production may be much less than this. Overplantings and good weather may result in a production nearly as great as this year's good crop.

The 1949 corn crop is second in size only to last year's record. The combined supply of old and new corn has never before been above 4 billion bushels, but this year it reached 4.3 billion. The Secretary of Agriculture is expected to call for an acreage reduction of about 12 percent.

**Marketing Quotas** Marketing quotas, when used, are applied in addition to acreage allotments for the purpose of putting "teeth" into the allotments. The quota is, in effect, the estimated production of the farmer's allotted acreage, but it is subject to revision if his yield per acre appears to be above the anticipated rate. If a farmer under quota restrictions harvests more acres than his allotment, he forfeits not only the right of benefiting directly from price supports but also some of the price actually received for his crop, since he is liable to a stiff fine on his over-quota marketings. Marketing quotas may be invoked only after approval by a two-thirds vote of the producers concerned. If they are rejected by the producers, price supports are sharply lowered or, in a few cases, withheld altogether.

Most types of tobacco have had marketing quotas in effect for about a decade. Producers of the flue-cured type voted a three-year extension this summer. This control on tobacco production has thus far been effective in preventing such an accumulation of stocks as might embarrass the price-support program. It is made easier by the fact that each tobacco type is a strictly regional crop, allowing controllers to deal with a large proportion of all farms within fairly small areas. Even so, tobacco control has its difficulties. A major one is that each acreage reduction tends to encourage farmers to grow more than ever on each remaining acre.

Peanut growers approved quotas for three years beginning with the 1948 crop. Under the stringency of marketing quotas, planted acreage dropped by a fifth this year, cutting production to a point slightly below average.

Production of corn, the number one crop in economic importance, has never been regulated by marketing quotas, but a burdensome surplus has evoked



serious consideration of this device. Supplies may not be sufficiently large, however, to warrant its use for the 1950 crop. Meanwhile, the attempt to check output may be limited to the anticipated acreage allotments.

It is questionable that either the acreage allotment or the marketing quota technique can be very successful as a curb on corn production. Only about one-fifth of the annual crop is sold; the remainder normally is fed to livestock on the same farms that raise it. Since corn is not primarily a cash crop, farmers who grow it are not greatly amenable to control exercised through the cash market. Withholding of price support loans from those who exceed acreage allotments may not hold acreage down very much, and a penalty for over-quota marketings may not restrict production very much. Perhaps supplementary control techniques will be developed for corn.

Cotton will be subject to severe restraint on production in 1950, whether or not the planters approve quotas in the referendum scheduled for December 15. They have the alternatives of accepting a 20 percent acreage reduction enforced by marketing quotas or of relinquishing high-level price supports. The importance of the supports and the probable decision of growers is indicated by the fact that the 1948 cotton loan program left the Government holding one-fourth of the crop, or over seven-tenths of total carry-over. Both the 1948 and 1949 crops were about a third larger than the 1938-47 average, and the unused supply before next year's harvest is expected to total more than three-quarters of an average crop. It is unlikely that the forthcoming restrictions will be sufficient to reduce the supply of cotton to a manageable level by a year from now. Further reductions will probably be necessary then.

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(CONTINUED FROM PAGE 5)

Indexes", *Journal of the American Statistical Association*, September, 1932. It includes use of already established monthly seasonals, entered against the week which includes the 15th of the month. Partly by interpolation, trend-cycle values are derived. Deviations from these values become the basis for a continuous series of weekly seasonal factors.

The Piser method, which was first developed in a field other than department store statistics, makes no special allowance for the shifting date of Easter. To fill in this gap, which is of great importance for department store data, a special method of allowing for the Easter influence on a weekly basis was devised by this Bank. The latter method is used in preparing the Fourth District weekly index of department store sales for the weeks affected by the date of Easter, but it has no direct bearing on the analysis of the Christmas season presented in the foregoing article.

In using the weekly index of Fourth District department store sales as a supplement to the regular monthly index, the following caution should be kept in mind. A direct comparison of the average of four weekly indexes with the nearest corresponding monthly index will not always produce an identity of results. This is for two reasons: first the calendar period covered by the four weeks will not correspond exactly with the monthly period. Second, the department stores which report in the weekly series are fewer than the stores in the monthly sample. Consequently, some discrepancies between the two series appear, in spite of the fact that the monthly series has been used at certain stages of the computation of seasonal factors for the weekly series. The degree of correspondence between the weekly and monthly indexes, however, is considered to be sufficient to justify use of the weekly index as a supplement to the regular monthly index.



## SUMMARY OF NATIONAL BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

(Released for publication October 28, 1949)

Industrial production and employment increased somewhat further in September but, as a result of industrial disputes, were curtailed sharply in October. Department store sales were below seasonal expectations from mid-September to the third week of October. Wholesale commodity price movements were mixed, with only a small decline in the average level. Construction activity continued at high levels. Stock prices advanced moderately and bond prices held firm.

### Industrial Production

Production of manufactures advanced further in September while output of minerals declined 8 per cent. The Board's seasonally adjusted total index was 172 per cent of the 1935-39 average as compared with 170 in August. The index is expected to decline about 20 points in October largely as a result of the steel strike.

Activity in durable goods industries rose about 2 per cent in September, reflecting mainly increases in output of consumers' durable goods and of metal building materials and equipment. Activity in the machinery industries rose 4 per cent in September, after declining steadily over the preceding 8 months with a total reduction of 22 per cent in that period. With work stoppages at most plants, steel production was curtailed to 9 per cent of capacity beginning October 1, compared with 83 per cent in September.

Output of nondurable goods rose about 3 per cent further in September and was at the highest rate since February. Most of the gain represented continued very large increases at textile and paper mills, in part reflecting seasonal influences. Cotton consumption expanded 14 per cent and September deliveries of rayon to textile mills advanced to a new record rate. Paperboard output increased 10 per cent and was also at a new peak rate. Petroleum refinery activity increased somewhat further. Output of most other nondurable goods was maintained in large volume.

Minerals output has declined sharply since the middle of September mainly as a result of work stoppages at most coal mines. Output of iron ore declined more than seasonally in September and in October has dropped sharply as a result of the steel labor dispute. Crude petroleum production, on the other hand, has advanced in September and early October.

### Construction

Total value of construction contracts awarded increased substantially in September reflecting largely a further sharp expansion in residential contracts to a new record rate. Awards for public construction declined seasonally, following a marked drop in August, but the value of public work done has been maintained at a high level reflecting the large volume of awards earlier this year.

### Employment

Employment in nonagricultural establishments increased somewhat more than seasonally from mid-

August to mid-September, but subsequently declined as a result of work stoppages.

### Distribution

Department store sales did not show the usual seasonal increase from the middle of September to the third week of October. Value of sales during the second half of September was 8 per cent smaller than in the corresponding period a year ago and during the first three weeks of October sales were 13 per cent below a year ago. Department store sales had averaged about 6 per cent lower than last year during the first eight months.

Shipments of railroad revenue freight in the first half of September continued at a level about 20 per cent below the same period a year ago. Since the middle of September, however, freight carloadings have dropped sharply, mainly as a result of curtailed shipments of coal, iron ore, and steel products, and in the week ending October 22 were 36 per cent smaller than in the corresponding week of 1948.

### Commodity Prices

The general level of wholesale commodity prices decreased somewhat from mid-September to the third week of October. Prices of hogs and pork showed marked seasonal declines and reductions also occurred in some other farm products and foods. Cattle prices, however, advanced and coffee prices rose sharply. Imported materials generally were lower in the third week of October than in mid-September before many foreign currencies were devalued, while prices of some domestic industrial products such as cotton goods and tires were higher.

### Bank Credit

Business loans at banks in leading cities expanded in September and the first three weeks of October in response to a seasonal rise in credit demand. Loans to consumers and real estate owners and holdings of U. S. Government and corporate and municipal securities also increased.

Treasury deposits at Reserve Banks, which were large at the end of September, were drawn down in the first three weeks of October, supplying banks with a substantial volume of reserve funds. Federal Reserve holdings of Government securities and member bank borrowings at Reserve Banks declined somewhat and member bank excess reserves increased moderately.

### Security Markets

Common stock prices increased somewhat in the first three weeks of October to a new high for the year. Prices of Government securities and high-grade corporate bonds showed little change. The volume of new corporate security issues was small in September and October.

## DEPARTMENT STORE TRADE STATISTICS

## Sales by Departments — September 1949

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

(Compiled October 27, and released for publication October 29)

Radios, Phonographs and Television	+52
Toys and Games	+11
Millinery	+13
Books and Stationery	+1
Neckwear and Scarfs	+1
Art Needlework	-1
Shoes (Women's and Children's)	-3
Gloves (Women's and Children's)	-3
Blouses, Skirts and Sportswear	-4
Infants' Wear	-4
Draperies, Curtains, etc.	-5
Notions	-5
Girls' Wear	-6
Candy	-6
Hosiery	-6
Handbags and Small Leather Goods	-7
Gift Shop	-7
China and Glassware	-7
Lamps and Shades	-7
Toilet Articles and Drug Sundries	-9
Corsets and Brassieres	-9
Costume Jewelry	-10
Shoes (Men's and Boys')	-10
Boys' Wear	-10
Blankets and Comforters	-10
Furs	-10
Men's Furnishings and Hats	-11
Housewares	-11
Aprons, Housedresses and Uniforms	-11
Men's Clothing	-11
Luggage	-13
Woolen Dress Goods	-13
Handkerchiefs	-14
Linens and Towels	-15
Sporting Goods and Cameras	-15
Silverware and Clocks	-15
Fine Jewelry and Watches	-16
Underwear, Slips and Negligees	-17
Inexpensive Dresses (Women's and Misses')	-17
Furniture and Bedding	-17
Domestics, Muslins and Sheetings	-19
Better Dresses (Women's and Misses')	-20
Records, Sheet Music and Pianos	-20
Coats and Suits (Women's and Misses')	-20
Silks, Velvets and Synthetics	-23
Cotton Wash Goods	-24
Laces and Trimmings	-25
Juniors' Coats, Suits and Dresses	-26
Domestic Floor Coverings	-28
Major Household Appliances	-35

## GROUP TOTALS

Miscellaneous Merchandise Departments	-5
Small Wares	-7
BASEMENT STORE TOTAL	-10
Men's and Boys' Wear	-11
GRAND TOTAL (reporting stores)	-11
Women's Apparel and Accessories	-11
MAIN STORE TOTAL	-12
Housefurnishings	-16
Piece Goods and Household Textiles	-17

Sales by Fourth District department stores during September increased more than seasonally from August and reached the highest point since last June. Most departments remained below year ago levels, although the margin of difference was smaller, in general, than it was in August.

Leading the increases from August were many items in the women's apparel and accessories group. Sales of women's and misses' coats and suits were 20% below last year and hosiery sales were 6% below last year, but both of these departments, when seasonal variations are taken into account, showed sharp increases from August levels. Moderate month-to-month gains on a seasonally adjusted basis were scored by women's and misses' dresses and by women's and children's shoes. Sales of accessories generally lagged somewhat behind sales of apparel.

Sales in the men's and boy's wear group were 11% below a year ago, the largest year-to-year drop since early last spring. As in the women's wear group, sales of clothing fared better than sales of accessories. Sales of men's clothing increased more than seasonally from August, while the September increase in sales of men's furnishings and hats was slightly less than normal. In each of these two departments sales were 11% below a year ago.

In the housefurnishings group, sales of radios, phonographs and television continued their recent spurt, with September sales well above August and 52% above September 1948. In most of the departments in this group, however, September proved to be a month of slow sales. Sales of furniture and bedding dropped more than seasonally from the customary August peak for that department, and were 17% below a year ago, the lowest point since January 1946 on a seasonally adjusted basis. Sales of major household appliances, down 35% from a year ago, and sales of domestic floor coverings, down 28%, failed to show the usual September rise.

Sales of piece goods and household textiles as a group were 17% below a year ago. Piece goods, however, showed a slight rise from August, while sales of household textiles (linens, domestics, blankets) were down sharply from the previous month.

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

## Department Store Inventories — Sept. 30, 1949

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

(Compiled October 28, and released for publication October 31)

Coats and Suits (Women's and Misses')	+12
Shoes (Women's and Children's)	+7
Costume Jewelry	+6
Millinery	+5
Juniors' Coats, Suits and Dresses	+3
China and Glassware	+2
Shoes (Men's and Boys')	+2
Books and Stationery	-0
Notions	-0
Corsets and Brassieres	-1
Girls' Wear	-1
Woolen Dress Goods	-2
Luggage	-3
Toilet Articles and Drug Sundries	-3
Blouses, Skirts and Sportswear	-3
Better Dresses (Women's and Misses')	-3
Art Needlework	-4
Gift Shop	-5
Silverware and Clocks	-5
Candy	-5
Men's Clothing	-5
Silks, Velvets and Synthetics	-5
Handbags and Small Leather Goods	-6
Fine Jewelry and Watches	-7
Sporting Goods and Cameras	-7
Boys' Wear	-8
Lamps and Shades	-8
Infants' Wear	-8
Toys and Games	-9
Linens and Towels	-9
Inexpensive Dresses (Women's and Misses')	-9
Laces and Trimmings	-10
Neckwear and Scarfs	-10
Draperies, Curtains, etc.	-12
Underwear, Slips and Negligees	-12
Housewares	-13
Men's Furnishings and Hats	-14
Handkerchiefs	-14
Furs	-15
Aprons, Housedresses and Uniforms	-15
Gloves (Women's and Children's)	-16
Blankets and Comforters	-17
Radios, Phonographs and Television	-18
Cotton Wash Goods	-18
Furniture and Bedding	-19
Domestics, Muslins, Sheetings	-20
Domestic Floor Coverings	-22
Records, Sheet Music and Pianos	-25
Hosiery	-26
Major Household Appliances	-28

## GROUP TOTALS

Small Wares	-2
BASEMENT STORE TOTAL	-2
Women's Apparel and Accessories	-4
Miscellaneous Merchandise Dept's	-8
Men's and Boys' Wear	-8
GRAND TOTAL (reporting stores)	-8
MAIN STORE TOTAL	-9
Piece Goods and Household Textiles	-12
Housefurnishings	-16

Inventories of Fourth District department stores rose more than seasonally during September. Especially in apparel lines, restocking occurred along with improved sales during the month.

The seasonally adjusted gain in inventories for all departments averaged 6% during the month, marking the first substantial rise since last November. At month end, however, stocks were still 8% below year-ago levels. Inventories in a number of important departments failed to rise during the month, and for 19 individual departments the month-end levels of stocks were 10% or more below those of a year ago.

Substantial additions were made to stocks in the women's apparel and accessories group, and at the close of the month inventories in these departments averaged only 4% below a year ago. For example, stocks of women's and misses' coats and suits, where September sales showed marked improvement over previously reduced levels, were 12% above a year ago at the end of the month. Stocks of dresses, where September sales were also favorable, were up sharply from the previous month, but nevertheless were 5% below a year ago at month end. Stocks of women's and children's shoes rose moderately during a month of good sales, and closed 7% above a year ago. All other departments in the women's wear group showed at least some increase in stocks during the month. However, certain departments like hosiery, where stocks were down 26% from a year ago, reported large year-to-year declines mainly because of previous depletions or because of drops in prices from the year-ago period.

Inventories of men's and boys' wear rose normally for the month, and closed 8% below year-ago levels. Stock increases were evenly distributed among the departments in this group. The year-to-year comparisons varied from an increase of 2% for men's and boys' shoes to a decrease of 14% for men's furnishings and hats.

Stocks in the housefurnishings group showed a small average rise during September and closed the month 16% below year-ago levels. Inventories of major household appliances and of radios, phonographs and television showed practically no change during the month, and at the end of September were 28% and 18% respectively below a year ago. Stocks of china and glassware also showed no change during the month, but nevertheless closed 2% above a year ago. In all other departments of the housefurnishings group, stocks rose moderately during September but at month end were substantially below year-ago levels.

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

## FINANCIAL AND OTHER BUSINESS STATISTICS

Time Deposits  
at 58 Banks in 12 Fourth District Cities

(Compiled October 17, and released for publication October 18)

City and Number of Banks	Time Deposits Sept. 28, 1949	Average Weekly Change During: Sept. 1949	Aug. 1949	Sept. 1948
Cleveland (4).....	\$ 890,979,000	—\$ 72,000	—\$ 855,000	+\$ 41,000
Pittsburgh (11).....	460,455,000	+ 167,000	+ 40,000	+ 1,624,000
Cincinnati (8).....	181,750,000	— 95,000	— 152,000	+ 259,000
Akron (3).....	102,438,000	— 97,000	— 98,000	— 30,000
Toledo (4).....	102,522,000	— 241,000	+ 86,000	+ 104,000
Columbus (3).....	82,969,000	+ 14,000	+ 29,000	+ 124,000
Youngstown (3).....	63,459,000	— 83,000	— 96,000	+ 87,000
Dayton (3).....	45,440,000	— 76,000	— 77,000	— 89,000
Canton (5).....	42,455,000	— 86,000	— 56,000	+ 42,000
Erie (4).....	40,223,000	+ 9,000	+ 11,000	+ 26,000
Wheeling (5).....	27,639,000	— 8,000	— 24,000	— 42,000
Lexington (5).....	10,721,000	+ 8,000	— 4,000	+ 4,000
<b>TOTAL—12 Cities..</b>	<b>\$2,051,050,000</b>	<b>—\$560,000</b>	<b>—\$1,254,000</b>	<b>+\$2,150,000</b>

Time deposits at 58 leading banks in the Fourth District declined 0.1 percent during September, marking the sixth consecutive month of decline.

The over-all decline since the end of March is equivalent to about 0.8 percent. Although the sum involved is almost negligible in comparison with total balances, it nevertheless represents the longest sustained decline in the postwar period.

In terms of actual dollars, the reductions at the combined 58 banks ran at a rate of \$560,000 per week during September, as against an expansion of \$2,150,000 per week a year earlier.

## Individual Cities

In Cleveland, Youngstown, and Canton, the trend was downward, as against a net increase during the same period in 1948, and in each city time deposits declined to a new low for the year.

In Pittsburgh and Columbus, the September increase was substantially smaller than last year.

In Cincinnati and Toledo, time deposits declined in contrast to gains during September of last year.

The contraction in time deposits in Akron was larger during the past month than a year ago.

Changes in Consumer Instalment Credit  
September 1949

25 Fourth District Member Banks

(Compiled October 20, and released for publication October 21)

New Loans Made Compared With Mo. Ago	Yr. Ago	Type of Credit	Outstanding at End of Mo. Compared With Mo. Ago	Yr. Ago
— 1.8%	+21.9%	Total consumer instalment credit.....	+1.6%	+19.8%
— 1.7	+ 0.7	Personal instalment cash loans.....	— 2.0	— 0.2
—18.9	+16.2	Repair and modernization loans.....	+1.3	+20.3
		Direct retail instalment loans		
— 8.4	+33.7	(a) Automobile.....	+2.0	+38.8
— 6.5	—17.4	(b) Other.....	—0.5	—10.3
		Retail instalment paper purchased		
+23.8	+88.0	(a) Automobile.....	+3.8	+66.2
+13.6	+27.2	(b) Other.....	+4.8	+17.4

During the month of September the amount of new consumer instalment loans made by 25 Fourth District member banks was off slightly from the preceding (and longer) month, but in the aggregate was 21.9 percent larger than in the same month last year.

Purchases of retail instalment paper, particularly automobile paper ran substantially ahead of a year ago. Direct automobile loans bulked 33.7 percent larger than a year ago, and new loans for repair and modernization purposes exceeded those of last year by 16.2 percent.

The volume of personal instalment cash loans, however, was very little larger this September than last, and loan volume on consumer durables other than automobiles was 17.4 percent below a year ago. The amount of such loans outstanding at the end of September was below that of the comparable date last year.

The rate of repayment on all classes of consumer instalment loans combined was slightly higher than in the corresponding month of 1948. During the month collections were approximately 12 percent of the amount outstanding at the end of the preceding month.

Bank Debits\*—September 1949  
in 31 Fourth District Cities(In thousands of dollars)  
(Compiled October 11, and released for publication October 13)

No. of Reporting Banks	Sept. 1949	% Change from Year Ago	3 Months Ended Sept. 1949	% Change from Year Ago
191 ALL 31 CENTERS.....	\$6,657,429	— 8.9%	\$19,934,050	— 6.7%
10 LARGEST CENTERS:				
5 Akron.....	Ohio \$ 218,251	— 3.7%	\$ 662,345	— 2.8%
5 Canton.....	Ohio 104,405	—13.5	298,766	—17.1
16 Cincinnati.....	Ohio 859,329	— 5.2	2,467,206	— 6.8
10 Cleveland.....	Ohio 1,692,328	—12.0	5,166,849	— 6.9
7 Columbus.....	Ohio 547,839	+ 1.2	1,668,829	— 2.3
4 Dayton.....	Ohio 217,823	— 4.2	641,084	— 7.2
6 Toledo.....	Ohio 317,795	—12.7	995,114	— 9.8
4 Youngstown.....	Ohio 157,744	+ 1.8	436,409	— 9.1
6 Erie.....	Penna. 83,816	— 7.6	248,651	—10.6
51 Pittsburgh.....	Penna. 1,856,748	—11.7	5,577,340	— 5.7
113 TOTAL.....	\$6,055,778	— 9.0%	\$18,162,593	— 6.4%
21 OTHER CENTERS:				
9 Covington-Newport.....	Ky. \$ 36,992	— 5.3%	\$ 109,094	— 8.8%
6 Lexington.....	Ky. 51,997	—17.2	152,584	—14.4
3 Elyria.....	Ohio 16,603	—14.1	49,296	—19.4
3 Hamilton.....	Ohio 38,249	+ 2.0	110,957	— 5.6
2 Lima.....	Ohio 41,125	+ 0.5	129,844	— 2.9
5 Lorain.....	Ohio 17,527	—13.4	51,322	—13.8
4 Mansfield.....	Ohio 38,829	—11.5	110,435	— 9.5
2 Middletown.....	Ohio 31,267	— 7.1	90,638	— 8.3
3 Portsmouth.....	Ohio 18,922	—14.5	55,260	—14.9
3 Springfield.....	Ohio 44,001	— 2.6	132,913	— 4.2
4 Steubenville.....	Ohio 20,475	—16.6	62,755	—14.1
3 Warren.....	Ohio 36,782	— 0.5	105,142	— 7.5
3 Zanesville.....	Ohio 25,741	— 4.7	75,066	— 7.3
3 Butler.....	Penna. 29,575	—13.8	84,174	—17.5
1 Franklin.....	Penna. 6,551	—10.6	19,453	— 8.3
2 Greensburg.....	Penna. 18,973	—16.3	58,887	—12.7
4 Kittanning.....	Penna. 9,975	—18.4	28,006	—19.7
3 Meadville.....	Penna. 11,011	— 8.1	33,958	— 3.4
4 Oil City.....	Penna. 18,433	—11.4	53,547	—13.2
5 Sharon.....	Penna. 24,139	—15.6	75,096	—12.8
6 Wheeling.....	W. Va. 64,484	+ 8.8	183,530	+ 1.2
78 TOTAL.....	\$ 601,651	— 7.7%	\$ 1,771,457	— 9.2%

\*Debits to all deposit accounts except interbank balances.

Debits to deposit accounts (other than interbank accounts) in 31 Fourth District cities totaled \$6,657,000,000 during September, or 8.9% less than in the same month of 1948.

In view of the fact that deposit balances owned by individuals and corporations were actually slightly larger on September 30 than a year earlier, it is clear that the rate of turnover has slowed down perceptibly in recent months.

For the third quarter as a whole, debits were 6.7% below a year ago. The year-to-year drop was 6.4% in the larger cities, and 9.2% in the smaller localities.

For six months or longer, the trend toward reduced debit totals has been more pronounced in the smaller cities than in the large centers, although in both areas, deposits are essentially unchanged from a year ago.

## TEN LARGEST CENTERS

Although third quarter debits were smaller than last year in each of the ten cities the net declines were less than 3% in Akron and Columbus. In Youngstown as well as Columbus debits last month were larger than in September 1948.

## TWENTY-ONE SMALLER CENTERS

Among the smaller localities, only Wheeling shows a gain (1.2%) over the third quarter of 1948. In Lima and Meadville, however, the year-to-year decline was less than 4%.

## Indexes of Department Store Sales and Stocks

	Daily Average for 1935-1939=100			Without Seasonal Adjustment		
	Sept. 1949	Aug. 1949	Sept. 1948	Sept. 1949	Aug. 1949	Sept. 1948
SALES:						
Akron (6).....	282	281	334r	285	239	337
Canton (5).....	343	305	415r	350	268	423
Cincinnati (8).....	296	298	336	299	248	340
Cleveland (10).....	260	248	287	260	218	287
Columbus (5).....	331	327	378r	331	274	378
Erie (3).....	311	291	335	308	242	332
Pittsburgh (8).....	264	259	299	262	220	296
Springfield (3).....	292	282	309	286	234	303
Toledo (6).....	302	279	323	299	235	319
Wheeling (6).....	250	223	283r	255	179	289
Youngstown (3).....	320	297	376	317	258	372
District (96).....	279	269	316	282	234	320
STOCKS:						
District.....	242	229	266r	264	242	290

r—Revised.

