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CONTENTS

FINANCE • INDUSTRY • AGRICULTURE • TRADE

FOURTH FEDERAL RESERVE DISTRICT

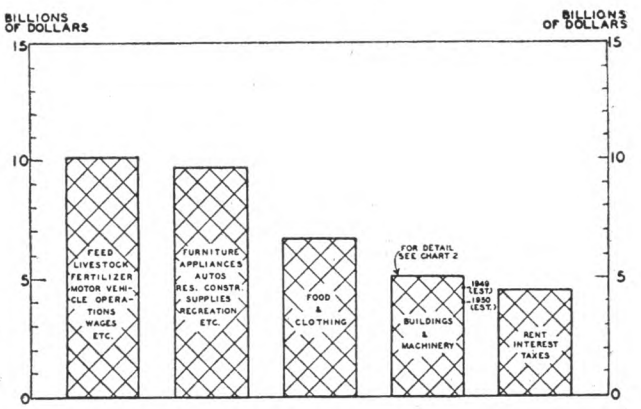
Vol. 32—No. 2 Federal Reserve Bank of Cleveland Cleveland 1, Ohio

Outlook for Farm Expenditures

CASH receipts from farming last year were about nine percent smaller than in the year before, and the Department of Agriculture anticipates a further decrease of about ten percent in 1950. This suggests that expenditures by farmers will also continue to decline.

To estimate the amount of contraction that may occur in the several major kinds of expenditure, however, is quite a different matter. Since some kinds of expenditure tend to be relatively inflexible, some others will have to be curtailed more than proportionately.

FARM CASH EXPENDITURES
U. S.—1948



. . . expenditures on buildings and machinery are the most likely to be reduced under conditions of shrinking income.

Source: U. S. Department of Agriculture data, except for "Food and Clothing" and other living expenses, which were estimated.

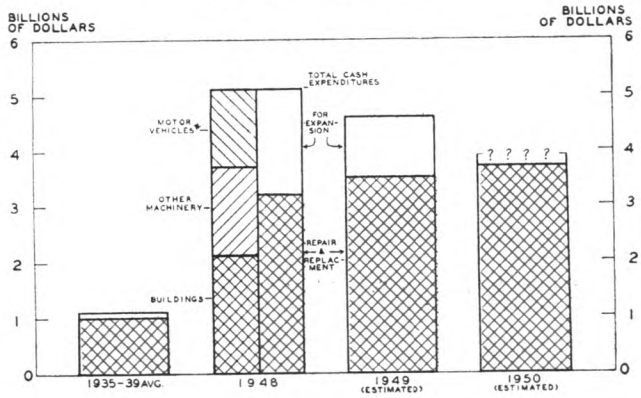
Buildings and Machinery Of the expenditure groups shown in the accompanying chart, "buildings and machinery" is the one most likely to yield to the necessity of conserving funds for what are considered more urgent purposes. This group includes the purchase of trucks, tractors, other machinery, implements, and equipment. It also includes expenses of construction, remodeling and repair of barns, milk houses, corn cribs, and fences.

Farm spending on machinery and buildings has been of record proportions in the postwar years, and it will continue large even after cuts have been made. The value of these fixed assets has grown so markedly that depreciation is larger than the total cash expenditure on farm buildings and machinery in any year prior to 1947. In other words, maintenance of the capital invested without any net additions requires a large amount of cash outlay. Other sustaining influences are lower prices for machinery and better trade-in allowances than a year ago, as well as the fact that many good farmers on productive land know that further investment in buildings or machinery would be profitable and they have funds to pay for such additions.

On the other hand, the conservatism born of falling income leads many farmers to repair rather than replace, and to forego expansion unless there is reason to believe that it will yield a substantially larger net return. Retrenchment can be made in capital expenditures much more easily than in current expenditures, and furthermore, some of the incentives to new investment in production capital have been dimmed. In addition to the disappearance of the early postwar prospects of highly profitable

CAPITAL EXPENDITURES FOR FARM BUILDINGS AND MACHINERY

U. S.—Selected Years



. . . investment in new farm machinery and buildings has been slowing down since 1948, but the mere maintenance of these vastly expanded facilities requires a large volume of spending.

Black-shaded areas indicate three-way distribution of total expenditures in 1948 (peak year).

* Used for production purposes.

Source: U. S. Department of Agriculture data for 1935-39 and 1948. Estimates for 1949 and 1950 based on U.S.D.A. reports.

operation, two other incentives have diminished. The general shortage of machinery on farms is now past and the labor shortage is gone. Falling wage rates for farm labor have recently begun to lessen the attractiveness of replacing farm labor with machinery.

Partially because of declining income and partially because of the highest prices on record, there was some contraction last year in expenditures for farm machinery and equipment. This year, farmers' spending on these items may drop close to the maintenance level, which is about one-fifth below last year's expenditures. In future years, if farm receipts should continue to decline, capital outlays might fall *below* the maintenance level as replacements and repairs are deferred or neglected.

Operating Expenses The flexibility in farmers' plant and equipment expenses is not present in expenses of operation. The cost of using trucks and tractors was the highest on record last year. In fact, operating expenses in general include many costs which are quite stable. Electrification and specialization, as well as mechanization, have helped to raise farm needs for cash higher than ever before. When prices of farm products are falling, it is more important than ever to maintain efficient production at a high level in order to hold down unit costs. Better farmers are not skimping on purchases of fertilizer, lime and good seed.

Eventually the use of fertilizer may drop. Lower consumption has in the past followed closely upon declining income, in spite of the fact that the use of more fertilizer would have helped maintain income for most individual farmers. At present, however, fertilizer purchases are sustained by deferred demand resulting from recent scarcities and by farmers' desire to increase yield per acre on the acreage remaining after Government cutbacks. Total usage in 1950 is expected by the Department of Agriculture to be about as large as last year's record.

Wages constitute one large operating expense likely to be noticeably lower this year than in 1949. Farm wage rates began to decline last year—contrary to the trend in industrial wage rates—and the decline will probably continue. The reduction in farm income tends to discourage the employment of hired labor, and total farm wages paid this year may be as much as ten percent less than last year.

Family Living Expenses Some family living expenditures may be considerably reduced this year. Purchases of furniture, appliances and automobiles, along with the construction, repair and remodeling of farm homes, are important expenditures susceptible to curtailment. With the exception of automobiles these expenditures probably have dropped already from the high levels of 1948. Somewhat larger reductions may occur in such minor outlays as those for vacations, recreation and charitable contributions.

Certain influences, however, are likely to prevent as sharp a decline in farm spending for consumer durables and residences as for the related production items (buildings and machinery). Judgment of whether the more personal expenditures can be afforded is based on their probable promotion of family well-being in relation to the funds available, rather than on the shrewd appraisal of probable efficiency often applied to production capital outlays. There is no indication that farm families as yet have many qualms about drawing upon savings or going into debt to finance family purchases of hard goods; and, moreover, credit is easily accessible. Apparently there are sufficient funds available and sufficient inclination to use them to provide for normal replacement and some additions, as well as for the needs of new families.

Recent developments likewise may tend to sustain farm demand for home improvements and equipment. Rural electrification, which connected half a million new consumers last year, obviously raises the demand for electrical appliances, but it also stimulates farm demand for modern plumbing and modernized houses. The authorization of easy credit and subsidies for low-income farmers by the Housing Act of 1949 will also probably stimulate the improvement of farm residences. Furthermore, many farm families which have postponed needed home improvements in the hope of lower prices may decide

to wait no longer, since there is little likelihood of substantial reduction in building costs in the near future.

The factors tending to sustain farm spending on consumer durables and homes, however, do not completely offset the indications for reduction. Surveys by the Department of Agriculture reveal that farm spending for house furnishings and equipment is usually reduced as net income is reduced, but not quite so sharply. Net farm income is falling somewhat faster than gross receipts, or at the annual rate of about 15 percent. The implication is that this year's expenditures for house furnishings may be down as much as ten percent.

Food and clothing constitute a group of family living expenses that are relatively resistant to contraction. Farmers nowadays buy more than half of the food consumed in their homes, and resistance to a lowering of the standard of living tends to sustain the volume both of food and of clothing purchases. Such declines as are occurring are probably due mainly to lower prices; and since prices are dropping only very slowly, it now appears that food and clothing expenditures may be reduced only four or five percent this year as compared with last year.

Taxes, Rent and Interest The smallest expenditure group (rent, interest and taxes) contains some flexible farm costs as well as some very rigid ones. Rent is one of the items likely to be reduced this year. Farm rents paid are closely related to farm land values, and since the latter are declining, rent can be expected to decline also.

Although payments of Federal income taxes this year are probably lower than the corresponding payments last year, property and motor vehicle taxes are rising. Last year farmers paid about eight percent more in real estate taxes than in 1948.

Interest payments are also increasing. Farmers paid about seven percent more for interest in 1949 than in the preceding year. The rise is occasioned, not so much by higher interest rates, but by an increase in outstanding debt.

Other Sources of Funds The rise in farm debt suggests another important consideration, namely that some farm expenditures are financed by funds from sources other than agriculture. It might be expected, therefore, that total expenditures would decline a little less sharply than cash receipts from farming.

A steady stream of net borrowing is making available additional funds for spending by farm people. Since the war, the total of farmers' debts (excluding price-support loans) has risen more than two-fifths. The major part of the advance has been in short-term debts which are now nearly double the amount outstanding four years ago, while farm real-estate debt is up only about one-sixth.

In the early postwar years the increase in debt is believed to have been incurred as an accompaniment of the large expenditures for machinery, trucks, automobiles, farm improvements and additional land. It is probable, however, that an increasing part of current borrowing is contracted by farmers who have exhausted their financial reserves in capital expansion and must resort to borrowing to defray operating costs. Although the rate of expansion is slackening, some further increase in outstanding farm debt may be expected this year as the downward adjustment in farm spending lags behind decreasing income.

Farmers are also drawing to an increasing extent upon financial reserves. Up until now farmers' holdings of currency deposits and savings bonds have declined only a little from the all-time high reached early in 1948, and the decrease has probably been more closely associated with recent high rates of capital outlay than with reduction of income. However, these liquid assets can, and probably will, provide a cushion for expenditures during the adjustment to lower income levels.

Another large cushion for farm expenditures is provided by the extra income earned by members of the farm family who are engaged in off-farm employment, either on a part-time or a full-time basis. This source of funds supplied over one-fifth of the net income (including the value of farm-furnished food, fuel and housing) of farm families even in the prosperous year of 1948. In that year twice as large a proportion of the farm population earned some nonfarm wages or salary as in 1940. Whether or not this trend will continue depends on the availability of industrial employment.

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Trends in Furniture Sales by Outlets

THE purpose of this article is to bring out some of the postwar differences in sales experience between the typical furniture store, and the furniture section of a department store—two directly competitive outlets.

The furniture departments of large downtown department stores apparently were off to a fast start at the close of the war, and by 1948 were enjoying a sales volume more than double that of 1941.

Sales of furniture stores likewise increased in the postwar period, but much more slowly. At the peak in 1948, sales of furniture stores were only around 55 percent better than in 1941.

It appears, however, that the latter type of store has been less vulnerable to adverse business developments such as consumer resistance which cut into sales in 1949. As indicated on an accompanying chart, sales of furniture stores held up comparatively well last year in contrast to sales of furniture out of department stores.

This tentative conclusion emerges from the analysis described below in which both types of sales were placed upon a statistically comparable basis.

Establishing Comparability A simple comparison of aggregate sales of the conventional "furniture" department of department stores with the total sales of furniture stores is not valid, since furniture stores sell a variety of nonfurniture merchandise such as appliances, floor coverings, and lamps and shades. Consequently, data were obtained from the National Retail Furniture Association on the proportion of total sales which is accounted for by each type of article sold by furniture stores. Through the use of this information it was possible to assign weights to the various departments of department stores which sell approximately the same items sold in furniture stores. The aggregate of these weighted departments has been termed the "department store segment". It corresponds fairly closely with furniture store sales, and it is the sales in this "segment" which are compared with furniture store sales in the accompanying charts.

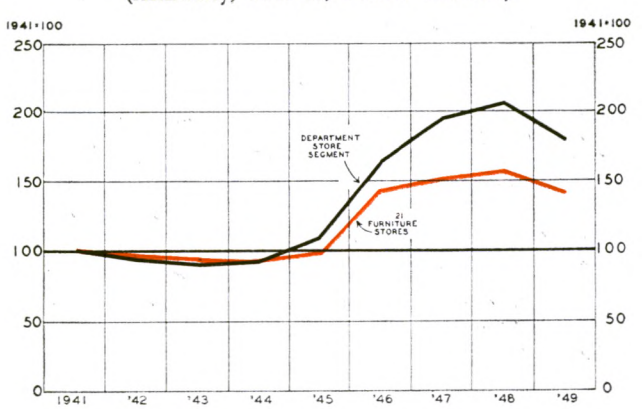
Due to the shifting composition of furniture store sales during the war, when the production of appliances was greatly curtailed, a special set of weights was employed during 1943, 1944 and 1945, the years in which the shift was greatest. Constant weights were used for the remaining years and constant samples of furniture stores and department stores were used throughout.

An occasional slight bias is introduced into the department store segment by the use of constant weights. This segment is penalized somewhat whenever a low level of sales occurs in one of its component parts and it does not receive quite enough credit for very high sales in one of its parts. On the other hand, the use of a constant sample of furniture stores probably results in a lower level of furniture sales, as depicted in the charts, than that which would result from a shifting sample which included the newer, more rapidly expanding furniture stores.

Further slight biases may exist if there are substantial differences in quality lines or in price lines between furniture stores and department stores, and if there are differences between the proportions of the various items sold by furniture stores in the nation as a whole and the proportion of items sold by Fourth District furniture stores. It is believed, however, that none of these biases exerts an influence large enough to affect the validity of general comparisons between the two series.

FURNITURE STORE SALES AND DEPARTMENT STORE SALES OF COMPARABLE GOODS

(Annually, 1941-49, Fourth District)



. . . in 1949, for the first time in the postwar period, furniture stores fared relatively better than the furniture section of department stores.

Trends Since the War An adjoining chart presents the picture of annual furniture store sales as compared with sales of the department store segment. The year 1941 was chosen as a base since the proportions to total sales of the various goods sold by furniture stores were approximately in normal relation during that year. (The relative shares of the total market captured by department stores and furniture stores during 1941, however, was not necessarily normal.)

Sales in the department store segment increased at an appreciably faster rate than furniture store sales in the immediate postwar period. The rapid

growth of sales volume in the department store segment can probably be attributed in part to the rapid growth in sales of appliances immediately after the war. The huge backlog of demand for appliances, the relative ease of handling them and the possibility of more economical use of space all acted upon merchants to increase the popularity of dealing in appliances. As a result there was a large expansion in appliance departments, both in furniture stores and in department stores. This expansion tended to be somewhat larger in department stores, possibly because of the greater availability of space in such stores, and thus the upward surge of appliance sales in the immediate postwar period had a somewhat greater effect on the department store segment.

A factor which is important in evaluating the relatively slow advance in furniture store sales is the rapid growth in sales of household appliance stores. According to Department of Commerce figures sales of household appliance stores averaged only 48% of furniture store sales (on a nationwide basis) from 1935 to 1939. This proportion stood at 46% in 1941, the base year. It rose to 53% in 1946 and thereafter to 66% in 1947, 69% in 1948 and for the first ten months of 1949 sales of household appliance stores were 73% of furniture store sales. Many appliance stores added furniture lines to their offerings. This steady growth in appliance store sales has doubtlessly had a retarding effect on furniture store sales. Appliance stores are believed to compete more strongly with furniture stores than with department stores.

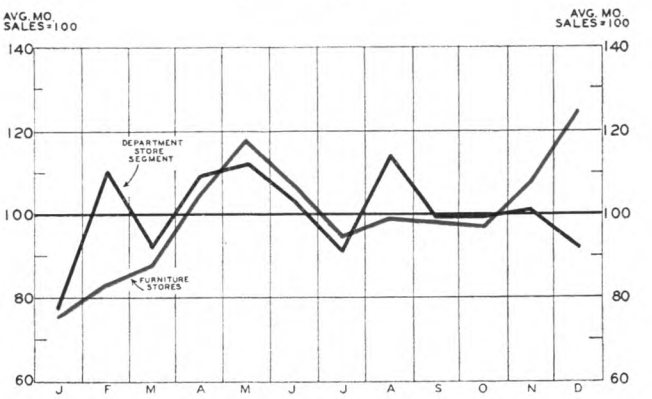
Still another factor which may have an important bearing on the differences in behavior between the two types of furniture outlets is the difference in credit policies between furniture stores and department stores. Department stores tend to do a great proportion of their business on a cash and charge account basis, while furniture stores, in general, place comparatively more emphasis on instalment sales. As a result, the department store segment benefited more than furniture stores from the large amount of cash sales made right after the war from savings accumulated during the wartime shortages.

In 1947 furniture store sales continued to lag in relation to sales of the department store segment. The existence of governmental credit regulations during most of that year may have been one of the factors which served to maintain the gap between furniture store sales and the department store segment. In 1948 dollar sales in department stores reached an all-time peak. The large volume of traffic in department stores probably helped increase their share of the furniture market during that period.

In 1949, however, the relationships between the trends of the two series were reversed. The general slump in retail sales which began approximately in

SEASONAL PATTERNS OF SALES IN FURNITURE STORES AND IN THE DEPARTMENT STORE SEGMENT

(Fourth District)



. . . furniture stores do not follow the department store custom of February and August furniture sales, but rely more heavily upon May and December business.

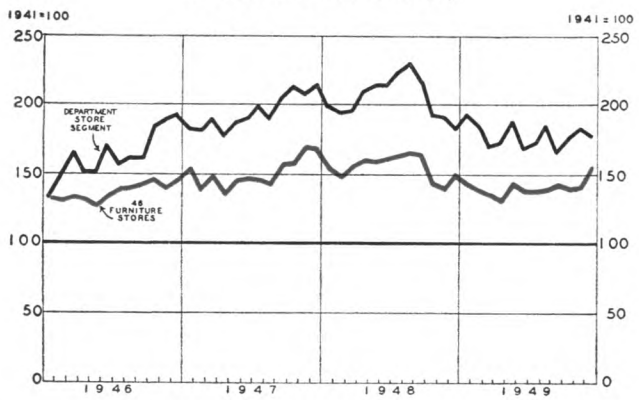
September of 1948 (in the Fourth District) affected sales in the department store segment more severely than it affected sales of furniture stores. The gap between the two series narrowed more or less steadily, until in December of 1949 the margin became the smallest since September of 1946, as indicated in the third chart. The relatively favorable showing of the furniture stores during the past year can be attributed in part to the increasingly important volume of instalment sales and in part to the effect which the general decline in department store sales had on the department store segment.

Seasonal Patterns Sets of seasonal factors were computed for both the department store segment and the furniture store series, based on the eight years 1941 through 1948. These factors, as presented in the second chart show the typical pattern of sales in the department store segment and in furniture stores for any given year. The patterns of the two series show some of the similarity which might be expected, but several striking differences are apparent.

The seasonal factors for sales of furniture and related items by department stores are much higher than those of furniture store sales in February and August. This undoubtedly is a reflection of the annual February and August clearance sales in furniture departments of department stores. Some furniture stores follow the department stores' custom of having regular February and August sales, but there is no general agreement as to timing of sales among the independent furniture stores, with the possible exception of pre-Christmas promotions. Many of the furniture stores have sales whenever it

SEASONALLY ADJUSTED MONTHLY SALES BY FURNITURE STORES AND BY DEPARTMENT STORE SEGMENT

(1946-49, Fourth District)



. . . furniture store volume reached a postwar peak considerably earlier than the department store segment, and declined more moderately thereafter. Both types of outlets, however, seem to be almost equally sensitive to monthly changes in weather and economic conditions.

is felt such sales would be well timed; others have miscellaneous recurrent sales such as anniversary sales and springtime sales.

The second biggest month of sales is May, both for the department store segment and for furniture stores. Large sales are planned for this month in order to coincide with spring marriages, spring housecleaning and anticipated house completions, all of which greatly stimulate sales of furniture.

Another striking difference between the seasonal pattern of the department store segment and the seasonal pattern of furniture store sales occurs in December. In that month furniture store sales normally boom, while sales in the department store segment are normally somewhat below the monthly average for the year. Fourth District furniture store merchants report that all lines sold well this past December. Sales of television sets were a standout item both in December of 1949 and in December of 1948. In December of every year, however, the lower priced items which make suitable gifts, such as lamps, lampshades and chairs, are expected to move very fast.

Department stores also have a high volume of sales during the early part of December, but later in the month the bulk of their sales effort is usually concentrated on soft goods lines. If December is to be a successful month of department store sales, it is particularly important that soft goods sell well, since soft goods make up the larger part of total department store offerings. Consequently, the emphasis on a high level of December sales in the hard goods department store segment is much less than in furniture stores which deal almost entirely in hard goods.

The third chart presents the sales of the department store segment and the furniture store sample on a monthly basis. Although seasonal fluctuations have been removed from both series it is evident that they react in approximately the same way to variations in economic conditions and in weather conditions. Both series rise in late 1947, dip in early 1948, rise again in the middle of 1948 and then drop at the end of 1948. A good month of sales for furniture stores is usually a good month for the department store segment. In either a long term or short term analysis, however, furniture store sales tend to fluctuate somewhat less than those of the department store segment.

The Influence of Total Sales on Individual Departments It has been previously suggested that the expansion and contraction in total department store sales, because of the effects of sales volume in apparel, accessories and other nonfurniture lines, probably exerted a noticeable influence on the behavior of the department store segment in 1948 and 1949. In conjunction with the determination of seasonal factors for the furniture stores and for the department store segment, an attempt was made to determine statistically whether or not the actual volume of department store sales does exert an influence on sales of the furniture lines. Two separate tests were applied, one based on comparisons of three sets of seasonal patterns (total department store sales, sales of the department store segment and furniture store sales,) and the other based on the influence which the year-to-year shifts in the date of Easter have on furniture sales by department stores. These two tests indicated, although they did not prove, that the volume of department store sales does have an appreciable effect upon the sales of this group of departments. Thus, it seems that in general the volume of total department store sales exercizes an influence upon the sales of each individual department. The results of these tests would probably have indicated the effects of total sales much more clearly had there been sufficient data to measure the effects of total sales on a soft goods department, rather than on a hard goods department.

Seasonally Adjusted Indexes of Department Store Sales and Stocks

By Cities, Fourth District, Year 1949

1935-39 = 100

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
SALES													
Akron	310	296	296	308	307	283	294	281	282	268	284	299	292
Canton	361	342	374	376	366	328	333	305	343	309	312	350	341
Cincinnati	310	297	292	305	314	290	299	298	296	289	291	307	299
Cleveland	292	260	256	271	281	263	247	248	260	249	254	263	262
Columbus	360	324	318	346	353	312	331	327	331	315	321	345	332
Erie	336	317	320	352	334	312	302	291	311	315	311	327	320
Pittsburgh	293	264	260	284	275	266	253	259	264	237	238	268	263
Springfield	284	276	266	259	283	267	283	282	292	288	282	294	280
Toledo	296	273	268	297	286	270	280	279	302	249	255	277	268
Wheeling	273	245	238	261	253	228	229	223	250	197	203	236	235
Youngstown	348	325	349	346	336	305	295	297	320	227	283	321	311
District	311	284	279	301	295	281	274	269	279	259	266	283	281
STOCKS													
District	274	275	285	260	267	249	228	229	242	252	258	262	256

Seasonally Adjusted Indexes of Department Store Sales

By Selected Departments, Fourth District, Year 1949

1941 = 100

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
Women's and Misses' *Coats and Suits*	263	210	197	255	196	150	160	171	213	184	211	212	207
Women's and Misses' *Dresses*	230	223	201	209	232	218	205	179	187	193	184	196	205
Women's and Children's *Shoes*	207	212	179	242	207	190	186	208	211	200	191	220	205
Women's *Hosiery*	141	149	145	166	155	155	116	124	146	131	143	167	147
Men's Clothing	225	173	150	183	172	174	177	149	163	156	182	205	176
Men's Furnishings and Hats	205	200	181	213	202	205	233	182	174	165	187	201	196
Furniture and Bedding	185	187	163	169	175	158	160	180	157	164	167	167	170
Domestic *Floor Coverings*	200	193	185	178	193	164	161	177	162	172	193	176	180
Major *Household Appliances*	211	174	182	187	227	206	230	209	199	227	232	212	208
Toys and Games	200	296	223	280	304	298	300	291	294	234	260	315	284
Women's and Misses' *Apparel Group*	236	206	201	244	235	222	211	175	210	194	197	219	210
Women's and Misses' *Accessories Group*	223	209	194	235	212	204	195	203	214	185	198	219	208
Men's and Boys' Wear Group	228	186	174	209	198	196	213	174	180	165	184	205	193
TOTAL STORE*	225	206	202	218	214	204	199	195	202	188	193	205	281

* "Total store" is the regular monthly sales index converted to a 1941 base, and is drawn from a somewhat larger sample of stores than the departmental indexes shown above.

FINANCIAL AND OTHER BUSINESS STATISTICS

Time Deposits at 58 Banks in 12 Fourth District Cities

(Compiled January 5, and released for publication January 6)

City and Number of Banks	Time Deposits Dec. 28, 1949	Average Weekly Change During: Dec. 1949	Nov. 1949	Dec. 1948
Cleveland (4)	$ 901,476,000	+$2,386,000	—$ 299,000	+$2,303,000
Pittsburgh (11)	457,417,000	+ 138,000	— 757,000	— 161,000
Cincinnati (8)	178,561,000	— 98,000	— 617,000	+ 31,000
Akron (3)	102,918,000	+ 146,000	+ 26,000	+ 79,000
Toledo (4)	103,293,000	+ 375,000	— 96,000	+ 150,000
Columbus (3)	83,880,000	+ 173,000	+ 71,000	+ 242,000
Youngstown (3)	62,325,000	— 27,000	— 169,000	+ 55,000
Dayton (3)	44,940,000	+ 24,000	— 117,000	+ 30,000
Canton (5)	41,589,000	— 4,000	— 152,000	— 10,000
Erie (4)	38,793,000	+ 66,000	— 388,000	— 301,000
Wheeling (5)	27,252,000	+ 57,000	— 147,000	— 97,000
Lexington (5)	10,640,000	+ 2,000	— 38,000	+ 11,000
TOTAL—12 Cities	$2,053,084,000	+$3,238,000	—$2,683,000	+$2,332,000

During the month of December, time deposits at leading banks in this District increased at the rate of $3,238,000 per week. This was the first month since March to show a gain in time deposits.

The December expansion was largely seasonal in nature, but in seven of the 12 cities the gains this year were larger than in the comparable interval a year ago.

At the end of December, total time deposits at all 58 banks combined were back up to the end-of-October figure, and approximately on a par with the year-ago aggregate.

In **Cleveland, Pittsburgh, Akron, Toledo, Erie,** and **Wheeling,** the average weekly increase last month was greater than during December 1948. In **Canton** the December contraction was smaller than last year's.

On the other hand, in **Cincinnati** and **Youngstown** time deposits declined last month whereas there was some gain in deposits a year ago. Similarly, in **Columbus, Dayton,** and **Lexington** the expansion this December was smaller than that which occurred in the same month last year.

Adjusted Weekly Index of Department Store Sales*

Fourth District

(Weeks ending on dates shown. 1935-39 average=100)

1949	1950	1949	1950
Jan. 8....325	Jan. 7....272	July 2....286	July 1....
15....318	14....308	9....287	8....
22....325	21....306	16....285	15....
29....298	28....	23....276	22....
		30....271	29....
Feb. 5....302	Feb. 4....		
12....304	11....	Aug. 6....266	Aug. 5....
19....289	18....	13....247	12....
26....274	25....	20....269	19....
		27....262	26....
Mar. 5....271	Mar. 4....		
12....285	11....	Sept. 3....273	Sept. 2....
19....267	18....	10....283	9....
26....275	25....	17....281	16....
		24....268	23....
Apr. 2....302	Apr. 1....		30....
9....307	8....	Oct. 1....287	
16....270	15....	8....252	Oct. 7....
23....277	22....	15....250	14....
30....301	29....	22....245	21....
		29....262	28....
May 7....322	May 6....		
14....277	13....	Nov. 5....259	Nov. 4....
21....299	20....	12....240	11....
28....280	27....	19....255	18....
		26....276	25....
June 4....276	June 3....		
11....284	10....	Dec. 3....288	Dec. 2....
18....293	17....	10....293	9....
25....299	24....	17....302	16....
		24....255	23....
		31....287	30....

* Adjusted for seasonal variation and number of trading days. Based on sample of weekly reporting stores which differs slightly from sample reporting monthly.

Bank Debits*—December 1949 in 31 Fourth District Cities

(In thousands of dollars)

(Compiled January 12, and released for publication January 13)

No. of Reporting Banks		Dec. 1949	% Change from Year Ago	3 Months Ended Dec. 1949	% Change from Year Ago
191	ALL 31 CENTERS	$7,665,625	— 9.3%	$20,543,565	—11.0%
	10 LARGEST CENTERS:				
5	Akron, Ohio	$ 250,469	— 2.2%	$ 722,734	— 2.5%
5	Canton, Ohio	107,354	—20.1	301,662	—18.6
16	Cincinnati, Ohio	947,825	— 6.0	2,646,187	— 7.3
10	Cleveland, Ohio	1,999,930	—11.0	5,296,695	—12.5
7	Columbus, Ohio	591,684	— 2.1	1,671,915	— 4.9
4	Dayton, Ohio	250,210	— 2.6	691,041	— 4.8
6	Toledo, Ohio	395,618	— 5.6	1,068,996	— 8.0
4	Youngstown, Ohio	160,846	— 8.8	430,214	—13.0
6	Erie, Penna.	91,578	— 8.5	255,671	—11.0
51	Pittsburgh, Penna.	2,169,547	—10.8	5,571,025	—14.4
113	TOTAL	$6,965,061	— 8.8%	$18,656,140	—11.0%
	21 OTHER CENTERS:				
9	Covington-Newport, Ky.	$ 42,610	— 1.4%	$ 117,407	— 2.9%
6	Lexington, Ky.	83,203	—47.2	194,567	—30.7
3	Elyria, Ohio	22,032	—10.0	57,546	—12.6
3	Hamilton, Ohio	39,974	— 2.3	116,332	— 1.0
2	Lima, Ohio	42,705	— 7.1	126,969	— 5.7
5	Lorain, Ohio	18,077	—18.2	51,029	—18.2
4	Mansfield, Ohio	45,359	— 3.7	127,459	— 5.9
2	Middletown, Ohio	38,811	+ 1.8	104,886	— 0.5
3	Portsmouth, Ohio	21,620	—11.4	61,514	—11.3
3	Springfield, Ohio	47,978	— 4.6	134,706	— 4.3
4	Steubenville, Ohio	24,044	—12.1	61,888	—19.9
2	Warren, Ohio	39,756	—11.4	108,007	—13.3
3	Zanesville, Ohio	27,431	— 5.0	77,874	— 8.6
3	Butler, Penna.	29,497	—17.3	85,310	—13.5
1	Franklin, Penna.	7,084	—19.5	19,943	—17.3
2	Greensburg, Penna.	21,065	—14.1	57,288	—16.4
4	Kittanning, Penna.	10,707	—11.6	26,942	—20.6
3	Meadville, Penna.	11,793	—21.0	37,599	— 9.9
4	Oil City, Penna.	19,173	—11.2	54,633	—11.8
5	Sharon, Penna.	28,445	—13.3	73,852	—18.9
6	Wheeling, W. Va.	79,200	+ 7.0	191,674	— 1.4
78	TOTAL	$ 700,564	—14.5%	$ 1,887,425	—11.6%

*Debits to all deposit accounts except interbank balances.

In the final month of 1949, debits to deposit accounts (except interbank) in 31 Fourth District cities totaled $7,665,000,000, or 9.3 percent less than in the same month in 1948. For the fourth quarter of 1949, as a whole, the decline from a year earlier was 11.0 percent.

Much of this year-to-year shrinkage unquestionably is the result of the change in the general level of price over the past twelve months.

During the same interval that debits declined 9.3 percent, total deposit accounts against which the debits were drawn increased approximately 2 percent.

TEN LARGEST CITIES

In **Akron, Columbus,** and **Dayton** the December year-to-year decline was only around 2 or 3 percent, whereas in **Canton** the contraction amounted to more than 20 percent. The same four cities occupied similar positions in the fourth quarter array.

TWENTY-ONE SMALLER CENTERS

Of the smaller areas, only **Middletown** and **Wheeling** reported a December debit volume in excess of that of a year ago, although the year-to-year decline in **Covington-Newport** and **Hamilton** was only nominal.

At the other extreme a half dozen cities reported debit totals from 15-20 percent short of last year's figures, either for December or for the fourth quarter as a whole.

Indexes of Department Store Sales and Stocks

Daily Average for 1935-1939=100

	Adjusted for Seasonal Variation Dec. 1949	Nov. 1949	Dec. 1948	Without Seasonal Adjustment Dec. 1949	Nov. 1949	Dec. 1948
SALES						
Akron (6)	299	284	327	485	349	531
Canton (5)	350	312	376	595	387	640
Cincinnati (8)	307	291	316	501	375	515
Cleveland (10)	263	254	284	424	312	457
Columbus (5)	345	321	349	562	408	569
Erie (3)	327	311	336	579	398	595
Pittsburgh (8)	268	238	279	423	302	441
Springfield (3)	294	282	298	508	342	516
Toledo (6)	277	255	302	474	324	517
Wheeling (6)	236	203	253	427	258	459
Youngstown (3)	321	283	349	527	354	572
District (96)	283	266	300	465	332	491
STOCKS						
District	262	258	293	219	279	245

Back figures for year 1949 are shown elsewhere in this issue. For year 1946-48, see August 1949 issue, page 7.