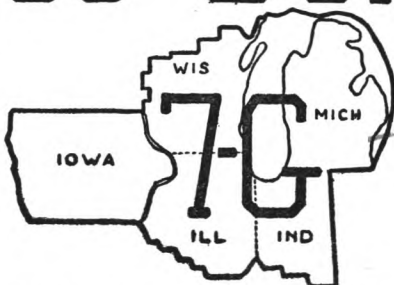


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

Volume 13, No. 4

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

March 31, 1930

General Summary

A continuance of trends operative in the first month of the year was manifest through February in business and financial conditions in the Seventh district.

Reserve bank credit in use declined further, principally in the item of rediscounts for member banks. Both security and commercial loans of member banks gained, but totaled less than last year at the same time. February volume of check payment was smaller than in January or a year ago. Commercial paper sales and transactions in bankers' acceptances have been unusually heavy. Money rates in Chicago the middle of March were lower than a month previous.

In manufacturing lines, the steel industry maintained a high level of operations during February, the rate of output exceeding that for the United States as a whole; steel foundry operations, however, have been declining. Automobile production and distribution again showed improvement, though remaining considerably below the level of a year ago. Building activity continued exceptionally low in February, and the furniture industry manifested no betterment aside from a seasonal expansion in shipments. Industrial employment increased but was still under last year.

Distribution of commodities was smaller in general this year than in February 1929, the volume of trade at department stores and in most wholesale lines showing declines in the comparison, although chain store sales continued heavier in the aggregate and retail shoe and hardware trade were larger. As compared with January, trends were mixed in wholesale trade, and department store sales declined.

In agriculture and its products, may be noted the

continued small movement of grain, although wheat receipts at markets gained slightly over January. Production and sales of packing-house products and those of butter were under a year ago and less than in the preceding month. Despite further reduction in butter inventories during February, stocks remained exceptionally heavy.

A survey of business failures in the district reveals notable increases in number and liabilities during the past four months over corresponding months of 1929 and in comparison with October of that year, in which month occurred the break in the securities markets.

Credit Conditions and Money Rates

A further decrease in reserve bank credit extended in this district, occurred during the period February 11 to March 12. As in preceding weeks the decline took the form of a smaller volume of discounts for member banks. This decrease in discounts resulted chiefly from inflow of funds from outside the district both through ordinary inter-district settlements and through operations of the Treasury. Deposits of member banks at the reserve bank increased about fourteen million dollars.

The demand for commercial loans in Chicago has increased somewhat during the past four weeks, although it is still less than last year. Security loans on March 12 reached their highest level this year, an upward trend having been operative since the low point on February 11. The present level, however, is now slightly under that of a year ago. In Chicago, current rates are below those quoted the middle of February; the prevailing rate on customers' commercial loans averaged 5 to 5½ per cent at six large banks, while loans at ten smaller banks were made at 4¼ to

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	MARCH 12 1930	FEBRUARY 11 1930	MARCH 13 1929
Total Bills and Securities.....	\$139.6	\$-26.8	\$-134.3
Bills Discounted	38.4	-27.5	-175.7
Bills Bought	29.8	+ 1.7	+ 1.9
U. S. Government Securities.....	71.5	+ 0.6	+ 40.7
Total Reserves	543.1	+40.5	+151.6
Total Deposits	345.5	+13.4	- 6.9
Federal Reserve Notes in Circulation	298.7	+ 1.2	+ 21.1
Ratio of Total Reserves to Deposit and Federal Reserve Note Li- abilities Combined	84.3%	+ 4.5	+ 22.2

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	MARCH 12 1930	FEBRUARY 11 1930	MARCH 13 1929
Total Loans and Investments.....	\$3,206	\$+74	\$-211
Loans on Securities.....	1,274	+54	- 5
All other Loans.....	1,276	+10	-118
Investments	656	+10	- 88
Net Demand Deposits.....	1,849	+83	- 44
Time Deposits	1,200	+23	- 67
Borrowings from Federal Reserve Bank	17	-19	-167

Compiled March 26, 1930

6 per cent. On collateral loans the prevailing rate was $5\frac{1}{2}$ to 6 per cent at both the large and small institutions. Brokers' demand loans brought 5 to 6 per cent. The average rate earned on loans and discounts by six large Chicago banks during February was 5.89 per cent, compared with 5.95 in both January this year and February 1929. In Detroit, the corresponding item for five banks was 6.07 per cent, as against 6.11 per cent in January and 5.90 per cent for the corresponding month a year ago. The prevailing rate on commercial loans in Detroit for the week ending March 15 was $5\frac{1}{2}$ to $6\frac{1}{2}$ per cent.

COMMERCIAL PAPER

Sales of commercial paper by reporting dealers in the Middle West showed a seasonal decline of less than 2 per cent in February and were 76 per cent larger than last year. Demand was active during the month, and there was a substantial supply of paper. Selling rates continued the downward trend in evidence since October, and were quoted as $4\frac{3}{4}$ to $5\frac{1}{4}$ for high (mostly 5 per cent) and $4\frac{1}{2}$ per cent for low, with the customary charge around $4\frac{1}{2}$ per cent, although a considerable amount of paper moved during the first ten days of February at $4\frac{3}{4}$ to 5 per cent. Outstanding commercial paper of five dealers in the Middle West showed further expansion, being 5 per cent greater than on January 31 and 16 per cent above a year ago.

Sales of four Chicago dealers totaled somewhat larger during the first half of March than for the corresponding weeks of February. The supply of paper was fair to good and the demand very good. Quotations opened on March 15 at 4 per cent for low to $4\frac{1}{2}$ per cent for high, with a preponderance of paper moving at 4 and $4\frac{1}{4}$ per cent.

CHICAGO OPEN BILL MARKET

Unusual activity was displayed in the Chicago bill market from February 13 to March 12. Purchases of five reporting dealers were larger than for any corresponding period since our records began (January 1923), being 81 per cent greater than in the preceding four weeks and more than double those of a year ago. The volume of bills bought from accepting banks totaled substantially larger than from January 16 to February 11 or the corresponding period last year, while purchases from others attained new peak levels. Sales aggregated more than twice those in the preceding period and were 82 per cent greater than a year ago, with local banks taking advantage of the prevailing rates and purchasing the largest volume on record, in contrast to their limited purchases a month previous. Sales to country banks were substantially reduced and were lower than for the corresponding weeks of 1929. Supplies ranged from moderate to good at the beginning of the period but were only fair at the close. Demand was fair to very good. A continued preference for 90- and 60-day

VOLUME OF PAYMENT BY CHECK SEVENTH DISTRICT (Amounts in millions of dollars)

	FEB. 1930	PER CENT OF INCREASE OR DECREASE FROM	
		JAN. 1930	FEB. 1929
Chicago	\$3,559	-16.2	-17.9
Detroit, Milwaukee, and Indianapolis	1,309	-17.5	-13.9
Total four larger cities.....	4,868	-16.5	-16.9
34 smaller centers.....	884	-15.2	-4.9
Total 38 centers.....	5,751	-16.3	-15.3

maturities was shown. The bills offered the Chicago market covered transactions in grain, tobacco, automobiles, sugar, cotton, packing-house products, textiles, merchandise, machinery, and a large list of miscellaneous commodities. Two reductions in rates were made during the period, with quotations closing on March 12 at $3\frac{3}{8}$ per cent for 30- to 120-day offerings and at $3\frac{1}{2}$ per cent for those of five and six months' maturity.

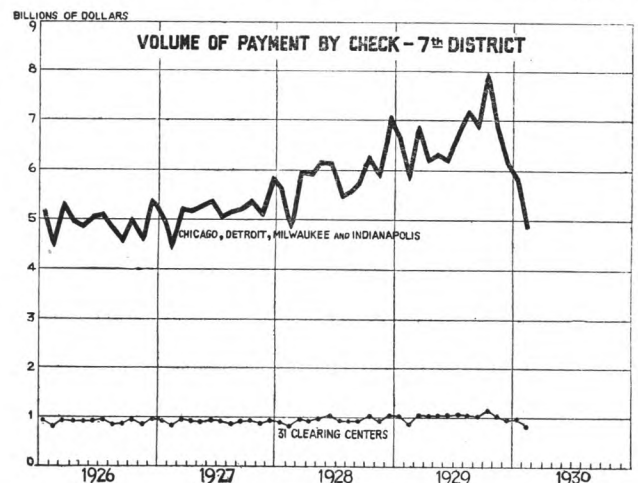
BANKERS' ACCEPTANCES

Reports from fourteen accepting banks in the Seventh district showed some further decline in aggregate value of bills accepted during February as compared with December, although the volume remained at peak levels and was 179 per cent heavier than for the same month last year. Purchases were two and one-half times as great as in February 1929; they contained more of the banks' own bills and a smaller quantity of bills of other banks than in January, in anticipation of the decline in acceptance rates. Sales gained 6 per cent and were considerably greater than in the corresponding month of 1929. The liability for outstanding acceptances totaled about the same as on January 31 but was more than double that of a year ago. Acceptance holdings of these banks increased during the month, and on February 28 were larger than for any other reporting date since September 1924; holdings of the accepting banks' own bills totaled considerably in excess of the previous peak recorded in August 1924. The Federal Reserve Bank of Chicago increased its acceptance purchases to \$39,274,732 in February and had about one-third more of this class of investment in its portfolio on February 28 than at the end of January.

Bills accepted by three Chicago banks aggregated 18 per cent less in value for the first half of March than for the corresponding weeks of February; the bills were drawn for grain, machinery, sugar, iron and steel, packing-house products, coffee, copper, coal, industrial spirits, merchandise, chemicals, textiles, yeast, butter and eggs, paper, and miscellaneous commodities.

SAVINGS DEPOSITS

Deposits in regular savings accounts for 195 banks in the Seventh Federal Reserve district showed a very small increase on March 1 as compared with February 1, although the number of accounts fell off slightly.



Figures cover checks drawn on clearing house banks, and are estimates for the calendar month, based on weekly reports to this bank.

The increase in deposits in two states, Illinois and Iowa, offset the small declines of the other three. The average account for the district likewise increased somewhat over the preceding month. In the year ago comparison, deposits declined almost 4 per cent, with all states participating. The number of depositors also was below the year ago total, although Indiana, Iowa, and Wisconsin each had an increase of more than one per cent. The average account figure dropped 3 per cent under the corresponding date in 1929. Twenty-six reporting banks in the city of Chicago showed an increase of almost two and one-half million dollars between the period from February 1 to March 1, with a gain of approximately fifteen hundred accounts.

SECURITY MARKETS

No outstanding trend developed in the bond market during February; prices in general remained almost unchanged, with any noticeable fluctuations mainly on the very high grade securities which continued in better demand. New offerings for the month declined sharply to approximately one-half of those in January, although the total was somewhat higher than the abnormally low second month of 1929. The issues included railroads, public utility, municipal, and Canadian groups, and were absorbed satisfactorily. Institutional investors, such as life insurance companies and banks, were reported as the important purchasers of the month. During the first two weeks of March a higher degree of activity, resulting from the easier money conditions, featured the trade in bonds and was accompanied by a general upturn in prices. The average price of twenty leading stocks* on the Chicago Stock Exchange continued the upward trend operative since the latter part of January; on March 11 it reached a new high record for the year at \$150.20 which compares with the low of \$128.64 on January 20.

*Chicago Journal of Commerce.

BUSINESS FAILURES

According to reports made by R. G. Dun & Company, the year 1929 witnessed a marked decrease in the number of business failures and the aggregate liabilities sustained in the United States. Dun lists 22,909 failures out of 2,212,779 firms actively engaged in business and liabilities of \$483,250,196, as compared with 23,842, out of 2,199,000 firms, failing in 1928 and carrying liabilities amounting to \$489,559,624. That the 1929 liabilities reached a point as high as 483 million was due to the enormous increases in November and December, as the level maintained the first ten months was considerably below that of 1928.

The Seventh district, also, showed a decline in number of failures and aggregate liabilities in 1929 as compared with 1928, although the liability figure for the latter year was somewhat out of proportion due to the failure in August of one or two very large firms. Inasmuch as there are no figures available as to the total number of firms in business in the Seventh district, it is impossible to evaluate accurately the significance of these decreases.

As a check to the improvement experienced during the first half of the year, came the security market deflation in October with its effects carrying over into 1930. The accompanying table shows that although

liabilities showed marked expansion in November, the number of failures did not increase materially until after the first of the year with the balancing of books. It will also be noticed that the Seventh district was more severely affected than the United States as a whole, with February liabilities increasing almost 140 per cent over the 1929 figure for the same month.

	SEVENTH DISTRICT				UNITED STATES			
	NUMBER OF FAILURES		LIABILITIES (IN MILLIONS)		NUMBER OF FAILURES		LIABILITIES (IN MILLIONS)	
	'29-30	'28-29	'29-30	'28-29	'29-30	'28-29	'29-30	'28-29
October	243	285	\$4.5	\$6.1	1,822	2,023	\$31.3	\$35.0
November	298	235	6.2	5.6	1,796	1,838	52.0	40.6
December	307	302	9.6	4.7	2,037	1,943	67.5	40.8
January	428	325	8.0	5.2	2,759	2,535	61.2	53.9
February	376	297	8.8	3.7	2,262	1,965	51.3	34.0
Total 5 mos.	1652	1444	\$37.1	\$25.3	10,676	10,304	\$263.3	\$204.3

Source: R. G. Dun & Co.

Agricultural Products

GRAIN MARKETING

Slightly more wheat was received at interior primary markets in the United States during February, but the volume totaled less than a year ago and somewhat under the five-year average for the month. Reshipments were at a very low level. Foreign demand remained rather limited, owing to competition of French, Argentine, and Russian wheat and continued surpluses in importing countries of Europe. Trading in wheat futures on the Chicago Board of Trade was 11 per cent heavier than in January and 72 per cent more than for the corresponding month of 1929. Prices continued to decline. Total supplies of wheat in the United States remained larger than a year ago, as shown by March 1 figures, although farm stocks were considerably less. Commercial stocks showed a slight reduction on March 15 from the beginning of the month.

Corn receipts and reshipments at the same centers continued to decline in February and were below last year, although above the 1925-29 average. The movement of oats was unusually small for the month. Total stocks of corn in the United States decreased 4 per cent on March 1 from a year ago and those of oats were about 18 per cent less. However, warehouse supplies of corn were one-third smaller and those of oats were 45 per cent larger than for the same date in 1929. Prices showed a further recession and reached very low levels at the close of the month.

MEAT PACKING

Production at slaughtering establishments in the United States decreased seasonally in February and continued less than a year ago, because of reduced livestock marketings. Payrolls at the close of the month showed a decline of 5 per cent in number of employes,

	FLOUR PRODUCTION IN SEVENTH DISTRICT			COMPANIES INCLUDED
	FEBRUARY 1930			
	PER CENT INCREASE OR DECREASE FROM			
	JANUARY 1930	FEBRUARY 1929		
Production (bbls.)	- 7.7	+ 9.0	26	
Stocks of flour at end of month (bbls.)	- 1.2	-17.1	24	
Stocks of wheat at end of month (bu.)	- 7.9	+ 4.2	24	
Sales (volume)	+13.5	+81.7	13	
Sales (value)	+24.5	+77.6	13	

Production includes wheat and other flours; all other items refer to wheat flour only.

10 per cent in hours worked, and of 7 per cent in earnings compared with the preceding period. Demand in domestic markets was slow during February for dressed beef, veal, and fresh pork; rather draggy for lamb; and fair for smoked meat, dry salt pork, boiled ham, and sausage. A substantial volume of lard moved into trade channels during the month. Sales billed to domestic and foreign customers showed a seasonal decline of about 3 per cent in February from January and continued approximately 2 per cent under last year. Prices of pork products, beef rounds, and some cuts of veal averaged higher than in January, while those of lamb, mutton, and carcass veal declined. Beef quotations ranged from steady to a little lower than a month earlier. Prices of practically all of these commodities, however, trended downward after the middle of February. The approach of the Lenten season found domestic trade about fair. March 1 inventories of packing-house products at slaughtering establishments and cold-storage warehouses in the United States were about average for the month and less than a year ago, though seasonally more than on February 1. Stocks of lard and dry salt pork decreased, however, from the 1925-29 March 1 average, while holdings of beef and lamb were above last year.

Shipments for export appear to have been somewhat heavier than in January, although some of the reporting firms experienced a decrease. Foreign demand was rather quiet during the period. Lard prices in European markets averaged close to Chicago parity, while meats were quoted at somewhat less than the United States basis.

DAIRY PRODUCTS

Butter manufacturing in the Seventh Federal Reserve district showed a seasonal decline in output of about 3 per cent in February from January and was 5 per cent less than a year ago, according to a compilation for fifty-one reporting creameries. Sales billed to customers decreased 14 per cent in volume from January and 4 per cent from the corresponding month of 1929. Quotations trended downward after February 15 but averaged about the same for the month as in January. Available statistics indicate that production in the United States decreased to a greater degree than in the Seventh district. Butter consumption for the country as a whole declined in 1929, probably reflecting in part heavier consumption of substitutes. Production increased during the year as a result of a larger supply of butter fats from dairies and also because of diversion to this industry of the raw material ordinarily used in the

manufacture of cheese. These factors appear to account for the unwieldy carry-over of butter at the beginning of 1930. March 1 inventories of the commodity at cold-storage warehouses and packing plants in the United States, however, showed a substantial reduction from January and February 1, although holdings were nearly three times as large as the 1925-29 average for the month and more than 34,500,000 pounds in excess of last March.

Receipts of American cheese at Wisconsin primary markets indicate that production of the commodity at factories within that state increased 11 per cent during the four weeks ended March 1 over the preceding period and was 8 per cent heavier than a year ago; redistribution from warehouses in these centers declined 4 per cent from a month earlier and was in about the same volume as last year. Prices held fairly steady. The production of cheese in the United States was at a lower level than consumption during 1929, in contrast to conditions that obtained in other divisions of the dairy industry. Inventories of the commodity at packing plants and cold-storage warehouses in the United States showed a seasonal decline on March 1, and were less than a year ago and only slightly above the 1925-29 average for the month.

Coal

Unseasonable temperatures throughout the Middle West during the month of February effected a steadily declining demand for domestic coals which combined with slowness of industrial consumption resulted in a rapid accumulation of stocks in retail yards and forced curtailment of operations at mines in the Seventh district. It was not until the very close of the month that the weather became sufficiently cold to start a movement of coal. New business on steam coals was very scarce; the letting up was emphasized with respect to the cheaper grades. Owing to the shortage of screenings, occasioned by curtailed production of prepared sizes, retailers were able to fill orders for the fine coal from stocks on hand, thus reducing materially the excessive supplies obtaining at the beginning of the month, with a temporary firming of the price range.

Illinois production of bituminous coal in February amounted to 4,761,825 tons, as compared with 6,590,275 tons mined in January and 6,509,196 in February 1929. The decrease in production for the United States was less marked, output in February aggregating 39,555,000 tons compared with 49,778,000 tons mined in January and 47,900,000 in February 1929. The number of men employed in the Illinois mines during February amounted to 49,580, a decrease of approximately 1,100 from the preceding month; the average number of days worked was 15.4 as compared with 19.7 in January, and the number of mines operated declined to 172 from 178 in January.

Industrial Employment Conditions

Some improvement in manufacturing employment for the Seventh Federal Reserve district was reflected in slight increases in both number employed and pay-rolls at 1,771 plants. The general level for ten groups is brought by this gain to approximately that in the middle of December, but continues lower than for the

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, February, 1930	158	804	318	97
Federally Inspected Slaughter, U. S. February, 1930	561	4,034	1,187	329
January, 1930	713	5,001	1,225	374
February, 1929	569	4,478	953	311

AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MARCH 15, 1930	FEBRUARY 1930	JANUARY 1930	FEBRUARY 1929
Native Beef Steers (average).....	\$12.65	\$12.30	\$12.75	\$11.90
Fat Cows and Heifers.....	8.75	8.75	9.25	9.10
Calves	10.75	11.65	13.95	14.00
Hogs (bulk of sales).....	10.50	10.65	9.75	10.25
Yearling Sheep	8.75	8.85	10.85	13.85
Lambs	10.60	10.95	13.00	16.40

corresponding period of last year. The vehicles group continued the expansion begun between December 15 and January 15, and four other groups which declined prior to January 15, registered increases during the period January 15 to February 15—wood products, textiles, leather, and metals. With the exception of textiles, these groups have been in continual decline since October. The upturn in the metal products group was effected largely by expansion in the steel industry of this district, which has been operating at more than 90 per cent capacity. Three highly seasonal industries—paper and printing, stone, clay and glass products, and food products—continued to decline. Rubber products firms in Wisconsin reported a large reduction in employes and their earnings.

In non-manufacturing activities continued declines occurred in all lines with the exception of coal mining, which had a 23 per cent increase in payroll amounts during the period covered, largely due to improved activity in the latter part of January. More recently, however, reduced demand for domestic coal has brought about curtailment. Total non-manufacturing employment declined in all states of the district, with the greatest loss in Wisconsin. Building and construction work fell off more than during the same period of 1929 and 1928, but the decline was much less than in the preceding month, with Wisconsin alone showing smaller payrolls, while the Seventh district portion of Illinois and the three other states had increased aggregate earnings. The decline in merchandising is largely found in retail lines, including mail order business, while wholesale trade showed greater steadiness in all sections, with an increase in Wisconsin both in men and in payrolls.

Corresponding to the increase in industrial employment in Illinois, the ratio of number of applicants to jobs available in cities which have free employment offices fell off to 246 from the January figure of 257, but exceeded the February 1929 ratio of 169. Improvement in the unemployment situation was reported for Chicago, Cicero, Decatur, Springfield, and Aurora, while Peoria and Rock Island reported increased labor surplus. The average for five reporting cities in Indiana showed an opposite trend to that in Illinois, the February ratio of 181 comparing with 164 in January and 136 in February 1929. At offices in Iowa this ratio was higher than for any month in the past two years,

being 346 as against 315 in January, and 336 in February 1929.

Manufacturing

IRON AND STEEL PRODUCTS

Demand for steel products from mills in the Chicago district was sufficient during February and the first half of March to maintain ingot output at from 90 to 95 per cent of capacity, which was a higher rate than for the country as a whole. Although specifications from the automobile and construction industries showed no marked expansion during February, the tonnage for the railroads, car builders, and agricultural machinery industry was in substantial volume. Pig iron production in the district increased in the daily average for February over a month previous, but remained below the average for the corresponding month a year ago.

Finished steel prices, though showing no quotable change, display some uncertainty. The price of Northern foundry pig iron was reduced after the first of March from \$20 to \$19.50. Scrap iron and steel prices at Chicago, which strengthened through February, have been easier since the early part of March.

Activity at steel foundries of the Seventh district declined in February, as compared with the preceding month and the corresponding month of 1929. The tonnage of shipments totaled 9 per cent less than in January and 24 per cent under a year ago, while production was less by 18 and 24 per cent, respectively. Orders booked gained more than 23 per cent over a month previous but aggregated 38 per cent under last February. Malleable foundries made shipments totaling 7 per cent heavier than in January and also increased production slightly, but the tonnage of both items aggregated more than 18 per cent below a year ago; the volume of new orders showed little change in the monthly comparison and totaled about 40 per cent less than last February. Shipments by stove and furnace manufacturers increased 10 per cent in February over the preceding month, but were 10 per cent below a year ago, with most firms sharing in this decline; new orders declined 30 and 20 per cent in the respective month-to-month and yearly comparisons; production expanded considerably over January and was also somewhat heavier in the aggregate than for the corresponding month of 1929; stocks were much heavier in both comparisons.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF REPORTING FIRMS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
		WEEK ENDED			WEEK ENDED		
		FEBRUARY 15 1930	JANUARY 15 1930	PER CENT CHANGE	FEBRUARY 15 1930	JANUARY 15 1930	PER CENT CHANGE
Metals and metal products (other than vehicles)...	531	196,488	195,092	+ 0.7	\$ 6,010,141	\$ 5,788,156	+ 3.8
Vehicles	68	42,199	41,365	+ 2.0	1,220,163	1,138,062	+ 7.2
Textiles and textile products.....	140	31,704	31,272	+ 1.4	717,851	692,649	+ 3.6
Food and related products.....	296	40,558	40,811	- 0.6	1,081,717	1,105,379	- 2.1
Stone, clay, and glass products.....	119	9,908	10,123	- 2.1	272,851	275,666	- 1.0
Lumber and its products.....	231	29,493	28,995	+ 1.7	642,719	585,299	+ 9.8
Chemical products.....	61	8,591	8,499	+ 1.1	237,076	243,514	- 2.6
Leather products.....	67	17,154	17,149	+ 0.0	365,847	339,814	+ 7.7
Rubber products*.....	6	3,212	3,637	-11.7	69,265	75,152	- 7.8
Paper and printing.....	252	34,272	35,824	- 4.3	1,064,941	1,100,797	- 3.3
Manufacturing (total of 10 groups).....	1,771	413,579	412,767	+ 0.2	11,682,571	11,344,488	+ 3.0
Merchandising**	136	28,913	31,158	- 7.2	763,756	811,630	- 5.9
Public Utilities	72	94,957	97,037	- 2.1	3,204,057	3,328,992	- 3.8
Coal Mining	43	10,592	10,584	+ 0.1	325,917	264,361	+23.3
Building and Construction.....	210	10,440	11,244	- 7.2	341,975	346,778	- 1.4
Employment (total of 14 groups).....	2,232	558,481	562,790	- 0.8	16,318,276	16,096,249	+ 1.4

*Wisconsin only. **Illinois and Wisconsin.

AUTOMOBILE PRODUCTION AND DISTRIBUTION

A further increase was recorded in automobile production during February, output of 275,811 passenger cars and of 47,129 trucks from United States factories gaining 18 and 24 per cent, respectively, over January. As compared with the early months of 1929, however, schedules remain at a substantially lower level; passenger car production totaled 32 per cent below last February and that of trucks was 20 per cent less.

Wholesale distribution of automobiles in the Middle West continued to gain in February, and sales of retail dealers to users were considerably heavier, but the volume sold at both wholesale and retail remained below a year ago; about two-fifths of the reports, however, show heavier retail sales in the latter comparison. Used car sales not only increased over January but also exceeded those in the same month of 1929. Stocks of new cars, though slightly larger on February 28 than a month previous, did not experience the heavy increase which took place in the same month last year, so that the volume on hand this February, for the first time since August 1928, totaled less in the year-to-year comparison; used cars on hand averaged slightly larger than in the preceding month, and were considerably greater in number than a year ago. The ratio of deferred payment sales to total retail sales of 50 per cent for February showed little change from January and was about the same as for last February.

SHOE MANUFACTURING, TANNING, AND HIDES

Preliminary statistics from the United States Department of Commerce show that shoe manufacturing in the Seventh Federal Reserve district decreased 5 per cent in February from a month earlier. Leather tanning declined but was larger than last year, while an opposite trend was recorded in sales. Quotations were barely steady during the month.

The Chicago market for packer green hides, calf, and kip skins was more active than in January, although reshipments from the city and purchases by district tanneries decreased. Prices declined.

FURNITURE

Furniture manufacturing in the Seventh district experienced the usual February expansion in shipments and recession in orders as compared with the preceding month. Seasonal elements eliminated, business was maintained at January's level, and was considerably below that of last year. Shipments of twenty-five firms increased 25 per cent over January, accompanied by decreases of 26 and 13 per cent in orders

booked and unfilled orders, respectively; and declined 15 per cent from shipments in February 1929, orders and unfilled orders declining 31 and 32 per cent. Several firms, small ones for the most part, showed decreases in shipments and increases in orders as compared with January, indicating a lag of a month. The average rate of operations of twenty-one firms dropped from 70 to 62 per cent and compared with a rate of 74 per cent a year ago.

RAW WOOL AND FINISHED WOOLENS

Trading in raw wool totaled in fair volume during February. Prices were irregular, on a few lines holding about steady at previous quotations, while on others lower levels were reached. Medium wools have been under pressure in recent weeks, the low prices in the South American markets affecting values in this country. The London sales closed before the scheduled date, with a better demand in evidence. Manufacturers are holding back purchases somewhat, awaiting the outcome of another series of auctions in London the third week in March. The American Woolen Company announced a price reduction on men's staples, effective February 18. Since that date, many additional openings for the Fall 1930 season have taken place, with similar price declines.

Building Material, Construction Work

During February, wholesale lumber trade in the Seventh Federal Reserve district continued to increase slightly further over the end of December. As the improved demand came largely from industrial users and hence was for higher-priced items, the dollar value of sales declined less sharply from a year ago than did board-foot amounts. The volume sold at retail fell off seasonally, and totaled slightly under February 1929, which month, moreover, was the lowest in the five-year period covered by an index of the retail firms reporting to this bank. Production by members of all associations reporting to the National Lumber Manufacturers' Association, expanded more than usual for the season in the average for four weeks of February compared with that of five weeks in January, but totaled less than for the corresponding weeks of 1929. Shipments and orders of northern producers and for pine in particular, were in fairly substantial volume and in line with the increased takings of softwoods throughout the country. Unsteady weather conditions have influenced the demand for lumber and other materials, causing a delay in some sections on projected work. Receipts and shipments of lumber at Chicago during

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in February, 1930, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY 1930	FEBRUARY 1929	JANUARY 1930	FEBRUARY 1929
	New cars			
Wholesale—				
Number sold	+50.7	—46.2	30	30
Value	+60.6	—41.0	30	30
Retail—				
Number sold	+69.5	—12.1	65	59
Value	+79.4	—21.4	65	59
On hand February 28—				
Number	+ 5.7	— 3.5	66	61
Value	+ 3.7	— 7.4	66	61
Used cars				
Number sold	+51.2	+ 9.8	65	59
Salable on hand—				
Number	+ 4.2	+21.9	65	59
Value	+ 4.2	+ 3.0	65	59

WHOLESALE AND RETAIL LUMBER TRADE

	FEBRUARY 1930 PER CENT CHANGE FROM		NUMBER OF YARDS INCLUDED
	JAN. 1930	FEB. 1929	
Wholesale—			
Sales in Dollars	+ 1.7	—22.5	19
Sales in Board Feet	— 0.2	—33.9	14
Accounts Outstanding	+ 2.9	—23.9	14
Ratio of Accounts Outstanding to Dollar Sales	FEB. 1930 131.2	JAN. 1930 134.2	FEB. 1929 142.9
Retail—			
Sales in Dollars	—15.9	— 2.1	202
Accounts Outstanding	— 4.3	+ 8.6	196
Ratio of Accounts Outstanding to Dollar Sales	FEB. 1930 375.6	JAN. 1930 322.6	FEB. 1929 348.7

February registered the first increase since last October, gains amounting to 6 per cent in receipts and 21 per cent in shipments. Net receipts continued to show a decline, though a smaller one than in recent months.

Cement production fell off sharply in the Middle West and in lesser amount in the country as a whole, during February. Shipments, however, recovered about 70 per cent from January and were 7 per cent below the level of a year ago, while the country-wide increase in the monthly comparison was only 42 per cent. The situation regarding overproduction and unproductive capacity in this section of the country is reflected in the fact that, while in February, 17 per cent of total United States production was in Michigan, Wisconsin, Illinois, Indiana, and Kentucky, 24 per cent of the stocks of the country were held by mills in these same states, which was 13 per cent in excess of the volume of stocks at the end of February 1929. During January, distribution of cement in the five states including this district declined in proportion to the recession from December throughout the country, the decrease amounting to 17 per cent in both cases. Illinois took a smaller portion of the five-state total, while Michigan received slightly more.

Curtailed production continued to characterize the brick industry at points in this district, where, even with a smaller movement of common brick from yards during January, stocks of both burned and unburned brick declined from the quantities on hand December 31. Orders on books appear to have declined rather markedly.

Prices of all materials evidenced uncertainty during February, forming no basis for speculative buying, which was partly responsible for the failure of materials to move out of yards for future construction needs. Minor changes which occurred, indicated no definite trend. Cement and certain items of lumber closed the month slightly higher than at the end of January, while brick prices averaged a little less.

BUILDING CONSTRUCTION

Total contracts awarded in the Seventh Federal Reserve district during February amounted to \$37,983,197, of which \$9,567,584 was for residential building. These figures represent declines of 46 and 56 per cent, respectively, from February 1929; both were approximately 5 per cent below January totals. Residential contracts during February were the lowest for any month since February 1922, when \$9,388,615 was reported.

Permits issued in 101 cities of the district showed a valuation 17 per cent greater than in January and 23 per cent over the corresponding figure of 1929.

The number of permits in these cities increased 28 and 8 per cent in the above comparison. Of the five large cities in the district, Indianapolis and Milwaukee were the only two that showed an increase over a year ago in the estimated cost of proposed work, the latter city recording a gain of 83 per cent; both likewise reported a gain over the first month of 1930.

Merchandising

Sales in half the reporting lines of wholesale trade in this district declined in February from a month previous, and decreases from a year ago were general, except in groceries where sales totaled about the same as last February. The aggregate volume sold by hardware firms increased 6 per cent over January, dry goods sales were 9 per cent larger, and those of shoes 47 per cent heavier than in the preceding month, while sales by grocery firms declined 11 per cent, those of drugs 6 per cent, and of electrical supplies 4 per cent. As in January, sales of dry goods and shoes showed the heaviest declines from a year ago, with practically all firms sharing in the recessions. The wholesale drug and hardware trades recorded the smallest decrease in this comparison. Uncertainty still prevails in the price situation.

A decline of 1 per cent from January was shown in the aggregate sales of 112 department stores in the Seventh district; sales in Detroit totaled 5 per cent larger in the comparison, although half the firms reported declines, and the volume sold by stores in smaller cities increased a little over one per cent, with less than half the firms sharing in the gain. Sales by Chicago stores totaled 1 per cent under a month previous, those by Indianapolis stores were 7 per cent less, and sales by Milwaukee firms aggregated 10 per cent smaller. Among the larger cities, both Chicago and Detroit showed substantial declines in the comparison with February 1929, while the volume sold by Indianapolis and Milwaukee stores totaled somewhat larger; more than one-third of the stores in the smaller cities had increased sales over last February, reducing the average decrease to less than 3 per cent. Stock turnover was slightly less in the first two months of 1930 than in the same period of 1929. Stocks held the end of February averaged about 2 per cent under those of the corresponding date a year ago.

In other retail trade of the district, shoe sales increased 4 per cent in February over January, while the furniture trade showed a 17 per cent expansion. In the comparison with February a year ago, shoe sales increased 7 per cent and those of furniture declined 9

WHOLESALE TRADE IN FEBRUARY 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				Ratio of Accts. Outstanding to Net Sales
	Net Sales	Stocks	Accts. Outstanding	Collections	
Groceries	(25)+ 0.1	(15)- 6.2	(21)-11.7	(17)+10.6	(21) 97.7
Hardware	(13)- 5.1	(9)- 4.2	(13)- 1.7	(9)- 8.0	(14) 263.6
Dry Goods	(10)-23.0	(8)+ 0.2	(10)- 9.4	(9)-16.7	(10) 386.5
Drugs	(13)- 5.9	(10)- 8.3	(9)+ 4.4	(8)- 4.1	(9) 159.9
Shoes	(8)-22.6	(6)- 3.0	(7)+ 1.2	(6)-29.4	(7) 456.8
Electrical Supplies	(36)- 9.3	(29)- 2.4	(34)+ 0.0	(23)- 1.2	(35) 158.6

Figures in parentheses indicate number of firms included.

DEPARTMENT STORE TRADE IN FEBRUARY 1930

LOCALITY	PER CENT CHANGE FEBRUARY 1930 FROM FEBRUARY 1929		PER CENT CHANGE TWO MONTHS 1930 FROM TWO MONTHS 1929		RATIO OF FEB. COLLECTIONS TO ACCTS. OUTSTANDING JANUARY 31	
	NET SALES	STOCKS END OF MONTH	NET SALES		1930	1929
Chicago	- 7.1	+ 3.2	- 8.5		36.0	36.0
Detroit	-20.1	-14.6	-18.9		37.9	41.3
Indianapolis	+ 3.0	+ 6.5	- 2.2		39.3	43.1
Milwaukee	+ 1.4	+ 6.1	+ 2.0		43.2	46.3
Other cities.....	- 2.6	- 6.3	- 3.6		33.4	35.8
7th District.....	- 8.6	- 2.3	- 9.1		37.3	40.0

per cent. Despite the gain shown in the shoe trade, the volume sold in the first two months of this year totaled 5 per cent below the corresponding period of 1929. February sales by hardware dealers in the five states of the district aggregated heavier than either a month or a year previous.

Sales of twenty-two chains totaled one per cent less in February than in the preceding month, and with very little change in the number of stores operated, average sales per store showed the same recession.

The aggregate for the month exceeded that of last February by more than 10 per cent, but the number of stores was 14 per cent greater, so that in this comparison, average sales declined 3½ per cent. Total sales were larger than a year ago in all groups except musical instruments, while average sales per store increased in the grocery, cigar, and shoe groups, and were smaller for drugs, five-and-ten-cent stores, furniture, men's and women's clothing, and musical instruments.

BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Feb. 1930	Jan. 1930	Feb. 1929	Jan. 1929		No. of Firms	Feb. 1930	Jan. 1930	Feb. 1929	Jan. 1929
Meat Packing—(U. S.)—						Wholesale Trade—					
Sales (in dollars).....	64	110	113	112	115	Net Sales (in dollars):					
• Casting Foundries—						Groceries					
Shipments:						31	84	94	84	94	
Steel—In dollars.....	15	77	80	93	80	Hardware					
In tons	15	78	84	104	88	14	61	58	64	66	
Malleable—In dollars	23	73	69	88	84	Dry Goods					
In tons	23	103	98	127	122	10	57	52	74	67	
Stoves and Furnaces—						Drugs					
Shipments (in dollars).....	11	78	70	88	79	14	94	98	99	111	
Furniture—						Shoes					
Orders (in dollars).....	26	72	103	98	124	8	51	35	66	53	
Shipments (in dollars).....	26	81	63	97	79	Retail Trade (Dept. Stores)—					
Electric Energy—						Net Sales (in dollars):					
Output of Plants (KWH).....	8	135	154	157	173	Chicago					
Industrial Sales (KWH).....	8	173	172	185	180	30	86	89	93	96	
Flour—						Detroit					
Production (in bbls.).....	27	97	107	92	110	4	113	109	142	132	
Output of Butter by Creameries—						Indianapolis					
Production	72	80	83	85	88	5	77	83	75	89	
Sales	72	78	91	81	86	Milwaukee					
Iron and Steel—						Other Cities					
Pig Iron Production: ¹						51	75	73	76	75	
Illinois and Indiana.....		127	109	137	125	Seventh District					
United States.....		103	93	117	113	95	88	90	96	98	
Steel Ingot Production—(U. S.) ¹		127	105	135	125	Freight Carloadings—(U. S.)—					
Unfilled orders U. S. Steel Corp.....		94	94	87	86	Grain and Grain Products.....					
Automobile Production (U. S.):						Live Stock					
Passenger cars.....		94	80	138	118	Coal					
Trucks		133	112	166	146	Coke					
Stamp Tax Collections—²						Forest Products					
Sales or Transfers of Capital Stock..		439	433	589	570	Ore					
Sales of Produce on Exchange-Futures		81	95	80	39	Merchandise and Miscellaneous					
U. S. Primary Markets—³						Total					
Grain Receipts:						95					
Oats:						Building Construction—					
.....		35	33	49	47	Contracts awarded (in dollars):					
Corn		139	144	150	178	Residential					
Wheat		59	50	80	65	Total					
Grain Shipments:						33					
Oats		38	34	32	39	56					
Corn		64	74	74	94	33					
Wheat		32	41	47	48	58					
						102					
						74					
						113					
						28					
						48					
						35					
						27					
						11					
						10					
						26					
						46					
						47					
						55					
						26					
						39					
						31					
						45					

¹Average daily production; ²First Illinois internal revenue district; ³Monthly average receipts 1923-24-25 = 100.

FEDERAL RESERVE BANK OF CHICAGO

Monthly Review of Business Conditions

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL production increased in February, while the number of workers employed in factories was about the same as in January. Wholesale commodity prices continued to decline. Credit extended by member banks was further reduced in February, but increased in the first two weeks of March. Money rates continued to decline.

PRODUCTION

In February industrial production increased about two per cent, according to the Board's index, which is adjusted to allow for seasonal variations. This increase reflected chiefly a substantial gain in the output of iron and steel. Automobile production was in larger volume than during January, but was 30 per cent smaller than the large output of a year ago. Cotton and wool consumption by mills was substantially lower in February, and production of bituminous coal and copper also decreased.

In the first two weeks of March the output of steel mills declined in comparison with February, contrary to the usual seasonal movement. Bituminous coal output also was smaller.

The volume of building contracts awarded in February was about the same as in the preceding month. Residential building continued at an exceptionally low level, while contracts for public works and utilities were large in comparison with the corresponding month in other recent years. Awards in the first two weeks of March were larger than in the first half of February.

EMPLOYMENT

The volume of factory employment, which had reached a low point in January, showed little change in February, when an increase usually occurs. Factory payrolls increased during the month, but by a smaller amount than is usual at this season. In the steel, automobile, agricultural implement, and tobacco industries employment increased during the four-week period, while further decreases occurred in the cotton and wool textile, lumber, automobile tire, electrical machinery, and machine tool industries.

DISTRIBUTION

Freight carloadings on an average daily basis were slightly larger than in January, but smaller than in the corresponding month of any other recent year. Slight seasonal increase was reported during early March. Department store sales in February continued to be below the level of a year ago.

PRICES

Wholesale prices of commodities declined further during February, and the Bureau of Labor Statistics index at 92.1 per cent of the 1926 average was at the lowest point since January 1922. Marked declines occurred during the month in the prices of many agricultural products—grains, hides, raw wool and cotton; in certain imported raw materials, notably sugar and silk; and also in textiles, petroleum, and pig iron.

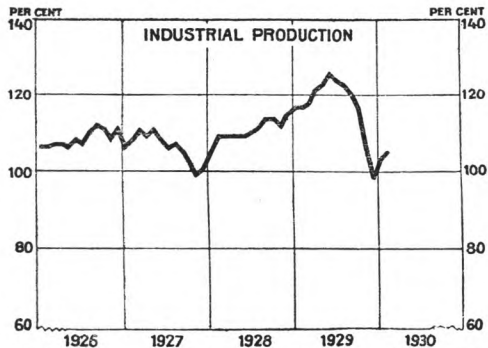
During the first part of March, a number of these commodities declined still further in price. Wheat and cotton prices were considerably lower, and silver reached the lowest point on record. By the middle of the month, however, prices of cotton, hides, and silver had recovered somewhat.

BANK CREDIT

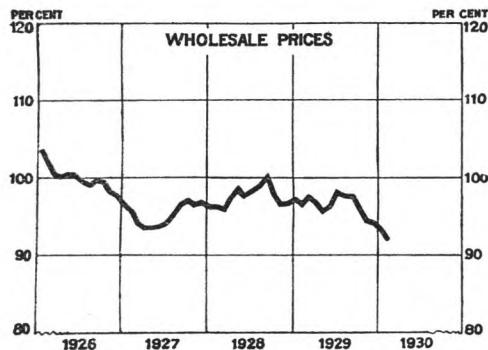
Liquidation of credit at member banks continued throughout February, and on February 26 total loans and investments of member banks in leading cities were in about the same volume as in the early summer of last year. During the following two weeks, however, there was an increase of \$230,000,000 in loans and investments, chiefly in loans on securities. All other loans, largely for commercial purposes, increased slightly.

From the middle of February to the middle of March, the volume of reserve bank credit outstanding decreased further by \$90,000,000. This decline reflected chiefly an increase in gold stock of \$75,000,000 and a further decline of money in circulation, offset in part by some increase in member bank reserve balances. Member bank indebtedness at the reserve banks declined to \$267,000,000, the lowest level since early in 1925; reserve bank holdings of bills declined, while those of United States securities increased.

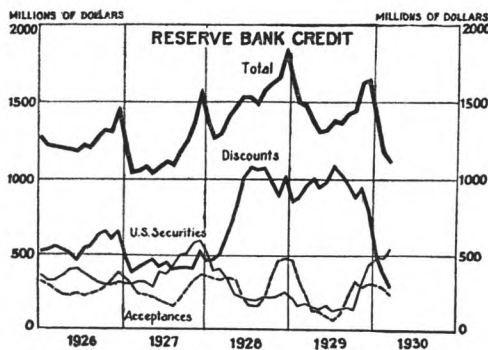
Money rates in the open market eased further and bond yields declined rapidly to the lowest level since 1928. At the middle of March the discount rate at the Federal Reserve Bank of New York was reduced from 4 to 3½ per cent, and the rate at the Cleveland, Philadelphia, and San Francisco banks from 4½ to 4 per cent.



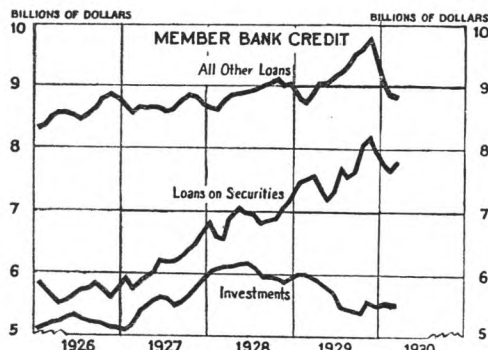
Index of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100).



Index of U. S. Bureau of Labor Statistics (1926 = 100).



Monthly averages of daily figures. Latest figures, averages of first 18 days in March.



Monthly averages of weekly figures for reporting member banks. Latest figures, averages of first two weeks in March.