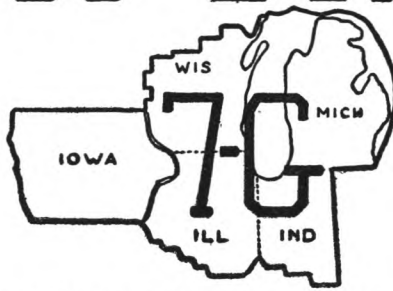


# BUSINESS CONDITIONS

## SEVENTH FEDERAL



## RESERVE DISTRICT

Volume 13, No. 6

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

May 31, 1930

### General Summary

WHILE numerous seasonal gains in business and industry in the Seventh district were shown by the April data reported to this bank, definite signs of a general broadening of activity are still lacking. The steel industry remains at approximately 90 per cent of capacity with, however, a weakening price trend; department store trade, owing to the lateness of Easter, moved upward in the majority of centers as compared with April a year ago, as well as registering a marked increase over March. Automobile production and distribution, wholesale and retail, reflecting spring buying on the part of the public, showed a considerable increase over March, while the April retail distribution figures showed a smaller decrease in comparison with April last year than had been shown by the year-to-year comparison in the preceding month. Meat packing, though still under last year, moved upward slightly in April as compared with the prior month.

Seasonal influences effected improvement in some phases of the employment situation; factory employment declined, but this recession appears to have been to a degree offset by absorption of workers in the slightly accelerated construction industry, in farm and road work, bridge building, and other outdoor activities, with a resultant declining number of workers in relation to the number of jobs available in the larger industrial centers.

Building continued below last year, but showed an upward movement over March. Lumber distri-

bution, while improved as compared with March, was low in April for this season of the year.

The volume of reserve bank credit extended in the district declined during the four weeks ended May 14, reflecting lower volume of borrowing by member banks and lessened holdings of acceptances by the Reserve bank. Demand for commercial loans increased very moderately at reporting member banks. Rates were slightly easier in Chicago.

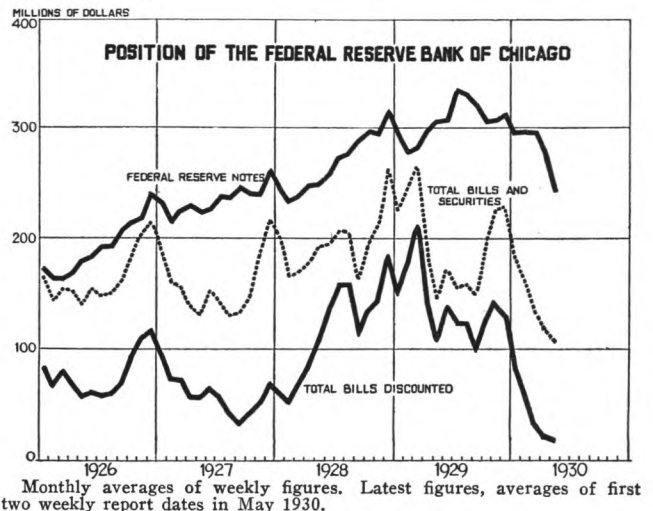
### Credit Conditions and Money Rates

A decline in member bank borrowing at the Federal Reserve Bank of Chicago, together with a lessened amount of acceptances purchased by the Reserve bank, during the four weeks ended May 14, were the principal causes for the drop of over 14 million dollars during the period in the amount of reserve bank credit extended in the Chicago district. Member bank borrowings amounted to only \$17,967,000 on May 14, a decline of approximately 7 million dollars from a month previous. This decrease was mainly the result of an excess in local Treasury expenditures over receipts, partially offset by a flow of funds out of the district through inter-district settlements for commercial and financial transactions.

### FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	MAY 14 1930	CHANGE FROM APRIL 16 1930	MAY 15 1929
Total Bills and Securities.....	\$106.0	\$-15.3	\$-19.4
Bills Discounted .....	18.0	- 6.9	-70.5
Bills Bought .....	17.4	- 8.6	+ 6.8
U. S. Government Securities.....	70.6	+ 0.2	+44.3
Total Reserves .....	522.5	-17.3	-37.2
Total Deposits .....	352.9	- 3.9	+ 6.3
Federal Reserve Notes in Circulation.....	237.8	-29.5	-66.8
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined .....	88.4%	+ 1.9	+ 2.5



Compiled May 27, 1930

During the past four weeks, a slightly heavier demand for commercial loans was evident in the district, while the volume of security loans, as measured by the aggregate for reporting member banks, on May 14 showed a moderate recession from the mid-April figure. Rates have tended slightly downward; the average rate earned by six large Chicago banks on loans and discounts during the calendar month of April was 5.27 per cent, as against 5.55 in March and 6.17 in April 1929. The prevailing rate on customers' prime commercial loans the week ended May 15 ranged from 4½ to 5½ per cent in six large downtown banks, and from 3½ to 6 in ten smaller institutions, registering little change from quotations for the corresponding week in April. In Detroit, the average rate earned during the month of April by five large banks was 5.85, a slight downward movement from the 5.99 per cent in March and comparing with 5.96 in April 1929; the prevailing rate on customers' commercial loans in that city for the week ended May 15 was 5 to 6 per cent. A number of smaller centers in the district report a slight softening in rates, but quotations in general are unchanged from a month ago.

#### COMMERCIAL PAPER

Reports from nine dealers in the Middle West show that commercial paper sales remained in good volume during April, being 94 per cent above the same month a year ago; they were lower, however, than for any other month since December and 27 per cent less than in March. The latter recession was attributed principally to a decrease in supply and in a lesser degree to some falling off in demand. Rates for the month ranged from 3½ and 4 per cent for low to 4 and 4½ per cent for high, with the customary charge ¾ to ¼ per cent. Commercial paper outstandings, as reported by five of the dealers, totaled 9 per cent less than on March 31 and 30 per cent in excess of April 30, 1929.

The sales of four Chicago concerns aggregated 3½ per cent larger for the first half of May than for the corresponding period a month earlier. Demand averaged good and the supply was fair. Selling rates closed on May 15 at 4 and 4¼ per cent for high to 3½ and 3¾ per cent for low; a preponderance of the paper moved at 3¾ to 4 per cent.

#### CHICAGO OPEN BILL MARKET

The Chicago bill market was less active from April 10 to May 14 than at any other time since the period ended June 12, 1929, according to a compilation for five reporting dealers. Average weekly purchases decreased 61 per cent from the high level which obtained from March 13 to April 9, but were 20 per cent heavier than for the corresponding period a year ago; sales decreased 50 and 19 per

cent in the respective comparisons. A fair supply of acceptances was reported with demand rather limited. Local banks continued to take bills in fairly liberal amounts, while purchases by out-of-town banks were meager during the entire period. Rates firmed during the latter part of April but showed a further decline in May, closing on May 14 at 2½ per cent for 30-day offerings to 2⅝ per cent for those of 180 days. Acceptances were drawn for grain, cotton, sugar, coffee, metals, ore, wool, merchandise, packing-house products, and miscellaneous commodities. May 14 holdings totaled 33 per cent less than those on April 9 and were 29 per cent below the corresponding Wednesday of last year.

#### BANKERS' ACCEPTANCES

Seventh district transactions in bankers' acceptances declined sharply in April from the peak levels which obtained a month earlier, the recession being principally due to a temporary firming of rates. The aggregate value of bills accepted by fourteen reporting banks was 33 per cent less than in March and on a level with August 1929, though 64 per cent greater than last April. Purchases decreased to the lowest level of any month since last September but continued considerably in excess of a year ago. Sales remained in record volume, owing to a continuation of purchases by foreign central banks; the volume, however, totaled 24 per cent less than in the preceding month. Acceptance holdings of reporting banks were reduced 69 per cent from March 31 and 54 per cent from a year ago. The liability for outstanding acceptances declined 11 per cent on April 30 from the end of March but was 64 per cent greater than for the corresponding date of 1929. The Federal Reserve Bank of Chicago increased its purchases of bankers' acceptances \$10,000,000, or 28 per cent, in April over March; its portfolio of this class of investment decreased slightly to \$19,428,847 at the close of April.

During the first half of May, three banks in Chicago accepted approximately the same amount of bills in the aggregate as during the corresponding weeks of April. May acceptances were drawn for grain, sugar, tobacco, merchandise, iron and steel, coffee, packing-house products, and miscellaneous commodities.

#### SAVINGS DEPOSITS

Savings deposits on May 1 at 194 banks in the Seventh Federal Reserve district fell 3 per cent below the corresponding month of 1929, with all states showing a decline. The number of accounts and the average account were likewise below the figure for May 1, 1929, although, individually, Wisconsin registered a slight increase in the number of

#### CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	MAY 14 1930	APRIL 16 1930	MAY 15 1929
Total Loans and Investments.....	\$3,248	\$ 9	\$-58
Loans on Securities .....	1,257	-48	+48
All other Loans.....	1,313	+28	-73
Investments .....	678	+11	-33
Net Demand Deposits.....	1,927	+22	+78
Time Deposits .....	1,202	- 8	-36
Borrowings from Federal Reserve Bank....	4	- 4	-58

#### VOLUME OF PAYMENT BY CHECK SEVENTH DISTRICT

(Amounts in millions of dollars)

	APR. 1930	PER CENT OF INCREASE OR DECREASE FROM	
		MAR. 1930	APR. 1929
Chicago .....	\$4,199	-3.6	-5.7
Detroit, Milwaukee, and Indianapolis	1,562	-0.2	-9.1
Total four larger cities.....	5,761	-2.7	-6.6
34 smaller centers.....	1,026	+1.4	-5.5
Total 38 centers.....	6,787	-2.1	-6.5

depositors, while Illinois and Indiana showed a small gain in the average account. In the comparison with April 1, very little change was shown in the amount of regular deposits; the number of accounts declined somewhat, which resulted in a small gain in the average account. Twenty-five banks in Chicago on May 1 reported an increase of over a million dollars in the amount of regular savings deposits as compared with a month previous, with 2,688 less accounts.

#### SECURITY MARKETS

Irregularity prevailed in the Chicago bond market during April, with prices falling somewhat below the peaks established in the middle of March. This was due partly to the increased activity of the stock market and to the large amount of new offerings available. New issues were spread generally among public utilities, railroads, municipal, and foreign groups. Retail distribution during the month failed to equal the volume of new bond offerings, and as a result, a tendency developed the latter part of the month for bonds to accumulate in dealers' hands. Institutions and banks were the principal buyers throughout April. During the first two weeks of May activity increased, and the heavier demand aided in reducing the accumulated inventory on dealers' shelves. The influence of easier money largely brought about this situation. The average price of twenty leading stocks\* on the Chicago Stock Exchange, after dropping rather sharply early in May, had recovered considerably by May 14, when it reached \$150.09. The following week, however, a downward trend was again in evidence, \$145.33 on May 21 comparing with \$158.78 on April 21.

\*Chicago Journal of Commerce.

### Agricultural Products

Reports sent direct to this bank, early in May, by county agricultural agents representing 267,983 farmers located in 194 counties, indicate that the 1930 crop of pigs in the Seventh Federal Reserve district was nearly the same as last year, although an increase was shown for Iowa and Wisconsin and for one-third of the counties in Michigan, Indiana, and Illinois. The district crop of lambs aggregated about 2½ per cent larger this year than in 1929.

Farm work has made rapid progress this season in direct contrast to the delay experienced last spring, being one to two weeks ahead of the usual schedule on May 1, with seeding of small grain practically completed and corn planting well under way. The condition of growing grain, with the possible exception of winter wheat, was good to excellent; in some localities, however, that of oats was only fair. The condition of tame hay and pastures was under the average for May 1. Some reduction in potato acreage was reported in comparison with planting intentions at the beginning of April. The outlook for fruit was materially reduced during the last week of April because of frost damage in Indiana, Illinois, Southern Iowa, and the lower tier of counties on the eastern shore of Lake Michigan; prospects in other parts of the district, with the possible exception of a few northern coun-

ties that experienced frosts on May 16, 17, and 18, are as good or better than a year ago. Present indications suggest a small production of peaches and sour cherries, a fair crop of pears, and a fair to good crop of apples. Warmer weather would benefit all crops.

#### CROP PRODUCTION

Estimated by the U. S. Bureau of Agricultural Economics on the basis of May 1 condition.

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1924-28 AVERAGE
	FORECAST	FINAL	FORECAST	FINAL	
	1930	1929	1930	1929	
Winter wheat ....	76,285	86,722	525,070	578,336	550,636
Rye .....	8,574	8,714	46,831	40,629	50,851

#### GRAIN MARKETING

April receipts of wheat at interior primary markets in the United States continued the decline noted in March and totaled less than in April 1929. Reshipments were higher than in the preceding month, though below a year ago. Exports rose above the exceedingly low figure for March, but did not reach the usual volume for April. At English markets prospects for light shipments from the southern hemisphere and the decline in grade of some European varieties brought renewed attention to American hard winter wheat. Future trading in wheat on the Chicago Board of Trade recovered 23 per cent from March and totaled 14 per cent more than a year previous. Prices averaged better for the month than in March, but in response to possible shortages of storage space within the next few months, closed at about the low levels of the middle of March.

Corn receipts and shipments at the same markets rose in April to a figure larger than last April and well above the five-year average for the month. A larger movement of oats than last month or a year ago was also recorded. The volume of trading in corn futures declined to 41 per cent below the April 1929 volume. Corn and oat prices tended downward from the partial recovery shown at the end of March and early April.

#### MOVEMENT OF LIVE STOCK

A further increase in the receipts of cattle, lambs, and calves was reported at public stock yards in the United States during April; the marketing of hogs continued to decline, as is usual at this season. Receipts of all live stock, with the exception of lambs, were at a lower level than last April or the 1925-29 average for the month. Reshipments to feed lots showed a seasonal expansion over March but totaled less than for the corresponding period of 1929 or the five-year average.

#### LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
April, 1930 .....	196	675	335	157
Federally Inspected Slaughter, United States				
April, 1930 .....	635	3,480	1,387	455
March, 1930 .....	615	3,392	1,358	388
April, 1929 .....	662	3,761	1,119	460

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

	WEEK ENDED		MONTHS OF	
	MAY 17, 1930	APRIL 1930	MARCH 1930	APRIL 1929
Native Beef Steers (average).....	\$11.00	\$12.05	\$12.35	\$13.50
Fat Cows and Heifers.....	8.35	8.60	8.75	10.70
Calves .....	10.00	9.80	11.20	13.35
Hogs (bulk of sales).....	10.05	10.00	10.20	11.50
Yearling Sheep .....	7.00	7.65	8.40	14.00
Lambs .....	9.55	9.35	10.20	16.15

## MEAT PACKING

Production at slaughtering establishments in the United States gained 3 per cent in April over March but fell 5 per cent below a year ago. Payrolls at the close of the month showed approximately the same number of persons employed in the industry as at the end of March and recorded an increase of 2½ per cent in hours worked and of 1½ per cent in total earnings. Trade in domestic markets averaged good for smoked meats and dry salt pork, in anticipation of the Easter trade, but was rather slow for other packing-house products. Sales billed to domestic and foreign customers increased 6 per cent in April, which is unusual for the month, but aggregated 4 per cent less than for the corresponding period of 1929. Lamb, veal, carcass beef, and pork loin prices declined from March, while those for other commodities remained practically unchanged. Lard quotations, however, trended downward during the period, although the average for the month as a whole was higher than in March. Some further reduction in inventories was shown on May 1. A fair to good domestic demand was reported following the close of the Lenten season. April shipments for export totaled considerably less in volume than a month earlier, and there was a decline in consignment inventories abroad. Demand from Europe was limited, principally because of the low prices prevailing for competitive vegetable fats. Quotations in European markets—especially in the United Kingdom—ruled somewhat under United States parity.

## DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district showed a further seasonal expansion of 17 per cent in April but remained under a year ago, the decline from April 1929 averaging 10 per cent. Sales of the commodity, as reported by sixty-one concerns in the district, totaled 9 per cent more than in March and 1½ per cent in excess of last April. Statistics of the American Association of Creamery Butter Manufacturers reflect a trend in United States production similar to that of the Seventh district. Creamery butter inventories at cold-storage warehouses and packing plants in the United States continued to decline, although on May 1 they totaled 22,948,000 pounds as com-

pared with a five-year average of 7,139,000 pounds. Prices remained steady throughout the month, averaging about the same as in March.

Receipts of American cheese at Wisconsin primary markets, indicative of production at factories within the state, continued to expand during the four weeks ended May 3, gaining 15 per cent over the preceding period and 4 per cent over the corresponding four weeks last year; redistribution of the commodity, however, decreased 3 and 4 per cent in the respective comparisons. Total inventories of cheese in the United States remained approximately 7,000,000 pounds in excess of the 5-year average for the month, despite a further decline on May 1 from a month earlier. Prices held barely steady during April.

## Industrial Employment Conditions

The number of men employed in reporting lines of industry in the Seventh district continued to decline in the period from March 15 to April 15. An improvement over the preceding month shown in non-manufacturing groups, was offset by declines in eight of the ten manufacturing groups surveyed. Six of these—textiles, lumber and wood products, metals, leather, paper and printing, and food products—have failed to show any increase for two months, while vehicles and chemical products declined in April after having shown betterment a month previous. Manufacturing payrolls followed practically the same trend as the number of men employed, recording a decrease for the total of ten groups. Total earnings of all groups, however, rose slightly, owing to expansion in public utilities in Illinois and in construction work in Illinois and Wisconsin. In the textiles group, the production of men's clothing registered a seasonal decline in employment. Curtailment in Illinois furniture factories and in saw mills and box factories in Wisconsin influenced the wood products group. In metals and metal products, makers of finished products lost more than primary producers, machinery and electrical apparatus continuing to decline. Miscellaneous leather goods decreased considerably, while boots and shoes maintained about the level of the preceding month. The largest expansion in manufacturing employment and payrolls was re-

### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF REPORTING FIRMS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
		WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
		APRIL 15 1930	MARCH 15 1930		APRIL 15 1930	MARCH 15 1930	
Metals and metal products (other than vehicles)...	532	188,121	192,953	- 2.5	\$ 5,655,009	\$ 5,733,545	- 1.4
Vehicles .....	70	39,415	40,316	- 2.2	1,197,939	1,186,980	+ 0.9
Textiles and textile products.....	136	28,191	29,885	- 5.7	565,465	647,672	-12.7
Food and related products.....	303	46,594	46,686	- 0.2	1,244,913	1,226,913	+ 1.5
Stone, clay, and glass products.....	115	12,494	11,171	+11.8	344,519	303,181	+13.6
Lumber and its products.....	230	27,809	28,969	- 4.0	609,510	634,412	- 3.9
Chemical products .....	62	9,672	9,814	- 1.4	256,244	258,574	- 0.9
Leather products .....	68	16,710	17,057	- 2.0	336,754	356,113	- 5.4
Rubber products* .....	6	3,537	3,257	+ 8.6	80,542	70,523	+14.2
Paper and printing.....	257	34,226	34,666	- 1.3	1,065,545	1,074,676	- 0.8
Manufacturing (total of 10 groups).....	1,779	406,769	414,774	- 1.9	11,356,440	11,492,589	- 1.2
Merchandising** .....	136	28,217	28,001	+ 0.8	751,108	744,852	+ 0.8
Public Utilities .....	77	96,740	95,525	+ 1.3	3,300,234	3,100,278	+ 6.4
Coal Mining .....	36	9,385	10,209	- 8.1	205,991	237,098	-13.1
Building and Construction.....	206	12,197	10,565	+15.4	381,502	348,166	+ 9.6
Employment (total of 14 groups).....	2,234	553,308	559,074	- 1.0	15,995,275	15,922,983	+ 0.5

\*Wisconsin only. \*\*Illinois and Wisconsin.

corded by the stone, clay, and glass products group, in which gain all industries of the group shared.

In contrast to the continued recession in number employed during the four months of 1929, the ratio of applicants to positions available in cities having free employment offices has shown improvement in Illinois each month since January, and in Indiana and Iowa since February. One factor, if not the major one, in this apparent improvement in unemployment is the departure of large numbers of unemployed from the industrial centers to regions having more diversified activity and to farms; and, in addition, the more recent engaging of casual labor for outdoor construction since the advent of good weather. Changes in the ratios during April were:

	APRIL 1930	MARCH 1930	APRIL 1929
Illinois .....	190	209	134
Indiana .....	119	136	93
Iowa .....	300	329	241

## Manufacturing

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Schedules of automobile manufacturers were further increased in April, output of 374,606 passenger cars in the United States representing a gain of 12 per cent over the preceding month; production was 30 per cent less than the all-time monthly record of last April but totaled 3 per cent more than for the corresponding month of 1928. April truck output of 67,459 increased 5 per cent over March and compared with 84,346 in the same month a year ago.

Sales of new cars in the Middle West at wholesale and retail, as well as those of used cars, continued to gain in April, although the expansion over March was not so large as between February and March; the increase in the value of cars sold at retail was considerably greater than that in their number, owing to heavy sales of a high-priced car. Wholesale distribution in April again showed a decided loss from a year ago, while the decline in retail sales in the year-to-year comparison was noticeably smaller than in March. Stocks of both new and used cars continued to decline and those of the former averaged smaller than a year ago; the value of used cars on hand declined in the comparison, but the number remained somewhat heavier. Deferred payment sales constituted 52 per cent of the total retail sales of thirty dealers in April, which compares with 55½ per cent in

MIDWEST DISTRIBUTION OF AUTOMOBILES  
Changes in April 1930 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MARCH 1930	APRIL 1929	MARCH 1930	APRIL 1929
<b>New cars</b>				
Wholesale—				
Number sold.....	+18.3	-49.7	29	29
Value .....	+20.9	-45.4	29	29
Retail—				
Number sold.....	+17.9	-19.3	61	59
Value .....	+35.4	-23.7	61	59
On hand April 30—				
Number .....	-20.3	-20.5	62	60
Value .....	-21.5	-29.2	62	60
<b>Used cars</b>				
Number sold.....	+ 8.1	-11.4	62	60
Salable on hand—				
Number .....	- 5.1	+ 5.8	62	60
Value .....	- 1.3	- 6.9	62	60

the preceding month and is the same as in April 1929.

### IRON AND STEEL PRODUCTS

Shipments of finished steel products from plants in the Chicago district continued in substantial volume through April, though totaling a little less than in the preceding month or a year ago. Ingot production remained at about 95 per cent of capacity during the month, but toward the middle of May was reduced very slightly to nearer 90 per cent. Recent new business has been fair in volume. April pig iron production in the Illinois and Indiana district showed little change from March, but the daily average of 22,739 tons was lower than for any other April since 1926 and compared with 25,610 tons a year ago.

Price weakness has been a feature of the Chicago and other markets since the latter part of March. The composite price of finished steel products, as compiled by *Iron Age* for the country as a whole, dropped from 2.312 cents per pound for March to 2.264 cents in April; in the early part of May it was further reduced to 2.228 cents, and again on May 20 to 2.214. At Chicago, plates, shapes, and bars, following declines the end of March or in early April, experienced further revisions downward in the first week of May, and two weeks later the first two items dropped another \$1 per ton. The price of pig iron was lowered 50 cents per ton the end of April to \$19.00. Scrap iron and steel prices at Chicago have also been weak.

Steel casting foundries of the district report increased shipments and production in April over the preceding month, the tonnage of the former item gaining 7 per cent and of the latter 6 per cent. New orders, however, fell off about 27 per cent. Activity in general was at a lower rate than for the same month of 1929, shipments declining 17 per cent in tonnage and production 19 per cent; orders booked showed a slight increase in the number of tons but a small decline in value. Shipments of malleable casting foundries were about the same in volume as a month previous, while production was 4 per cent smaller and new orders 17½ per cent less, all items being expressed in terms of tonnage. Activity remained considerably below the level of a year ago, orders booked totaling 44½ per cent less, shipments 27 per cent, and production 32 per cent smaller. Stove and furnace manufacturers increased their shipments 12 per cent in April over March, but the volume was 10 per cent below last April; orders received declined 12 and 14 per cent in the respective comparisons; production was slightly less than in March and a little heavier than a year ago.

	WHOLESALE AND RETAIL LUMBER TRADE		*NUMBER OF FIRMS INCLUDED
	APRIL 1930		
	PER CENT MARCH 1930	CHANGE FROM APRIL 1929	
<b>Wholesale—</b>			
Sales in Dollars.....	+11.9	-37.9	14
Sales in Board Feet.....	+19.5	-28.5	12
Accounts Outstanding .....	+ 7.7	-29.9	12
<b>Retail—</b>			
Sales in Dollars.....	+29.1	-14.0	203*
Accounts Outstanding .....	+10.8	+ 3.6	183
RATIO OF ACCOUNTS OUTSTANDING TO DOLLAR SALES			
	APRIL 1930	MARCH 1930	APRIL 1929
Wholesale .....	121.3	130.8	118.2
Retail .....	257.8	305.6	211.6

\*Retail figures refer to number of yards.

## FURNITURE

Furniture manufacturers in the Seventh district have experienced so far this season a slower decline than usual in orders booked from the peak month, January, and a retarded movement in shipments. Continuing this trend, April shipments fell off 17 per cent from March against a three-year average decline of 14 per cent, although the decline of 11 per cent in orders booked was average for the month. Partly responsible for the falling off in shipments is the large volume of cancellations made this spring. Those for March were particularly heavy, and the April figures show only a 10 per cent decrease therefrom. Unfilled orders, because of greater shipments than new orders and the heavy cancellations, declined 20 per cent. As compared with last year, there were registered large recessions of 40, 30, and 58 per cent in orders booked, shipments, and unfilled orders, respectively, and a comparatively small decrease of 16 per cent in cancellations, April 1929 having been an unusually good month. The rate of operations sustained this April was 2 points lower than the 63 per cent of March, and compares with 74 per cent maintained a year ago.

## Building Material, Construction Work

Seventh district lumber distribution showed a fair increase in April over March, but was still low for this season. Retailers stand in better position for the four months of this year than do wholesalers, as their sales to the end of April were about 92 per cent of last year's amount, while wholesale totals for the period averaged only 75 per cent in the same comparison. Producers in the northern states were affected by the retarded demand, orders and shipments for the 1930 period of members of two associations being about 70 per cent of the 1929 volume. Although production has been slowed up, this year's volume amounted to more than 80 per cent of last year's total to the end of April. Business of country yards is better sustained than in the larger centers, but uncertainty regarding crops and farmer income has been an adverse influence, just as insufficient credit and the over-built condition are retarding activities in the cities.

Distribution of cement for the first three months of the year in the five states including the Seventh district was only 4 per cent below the same three months of 1929, although March volume was 28 per cent less than in March 1929 but 14 per cent greater than for February 1930. Indications are that the increased shipments from month to month are

largely for road work, other construction lines remaining inactive. The demand for brick continues smaller than in 1929, and curtailment is still in effect at some plants. Prices of materials remain steady at the low levels, the only change noted being a slight decline in brick prices at some centers.

## BUILDING CONSTRUCTION

Building construction in the Seventh Federal Reserve district during April increased seasonally over March remaining, however, below the corresponding month in 1929. Total contracts awarded amounted to \$81,423,777, or 10 per cent greater than during the preceding month and 25 per cent below April last year. Of this total, \$22,596,552 was for residential building which followed a similar trend, increasing 37 per cent over March and declining 57 per cent from the total of a year ago.

Permits issued in 100 cities of the district registered an increase of 21 per cent in estimated cost over March, though totaling 61 per cent below last April. The number of permits issued similarly showed a gain of 12 per cent over the preceding month and was 43 per cent under April 1929. In the comparison with March, total permits issued in five large cities of the district—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—increased 8 per cent in estimated cost, with Chicago and Milwaukee the only two cities reflecting a gain. This total was 66 per cent below the year ago figure, all five cities showing heavy declines.

## Merchandising

Increased sales for April over March were general in all reporting lines of wholesale trade except drugs, where a decline of one per cent was shown in the comparison; gains averaged 3 per cent in groceries, 2 per cent in hardware, 5 per cent in dry goods, 17½ per cent in shoes, and 6 per cent in electrical supplies. As in the two preceding months, groceries continued to be the only line to record an increase in sales over the corresponding month of 1929, and was also the only group to show heavier sales for the year through April as compared with the first four months of 1929, although the latter gain averaged less than one per cent; in both of these comparisons, however, the majority of grocery firms had smaller sales. Business in the wholesale hardware trade aggregated 15 per cent less in

WHOLESALE TRADE IN APRIL 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				Ratio of Accts. Outstanding to Net Sales
	Net Sales	Stocks	Accts. Outstanding	Collections	
Groceries .....	+ 2.8	-14.1	-10.0	- 4.2	87.2
Hardware .....	-20.9	- 5.8	-10.7	-13.8	218.2
Dry Goods.....	-17.8	- 5.9	-12.0	-16.3	323.6
Drugs .....	- 5.7	+ 0.6	+ 1.0	- 6.3	151.3
Shoes .....	- 5.1	-17.1	- 4.3	-20.1	266.1
Electrical Supplies .....	-16.5	- 6.6	- 8.3	-15.9	138.1

DEPARTMENT STORE TRADE IN APRIL 1930

LOCALITY	PER CENT CHANGE APRIL 1930 FROM APRIL 1929		PER CENT CHANGE FOUR MONTHS 1930 FROM FOUR MONTHS 1929	RATIO OF APRIL COLLECTIONS TO ACCOUNTS OUTSTANDING MARCH 31	
	NET SALES	STOCKS END OF MONTH		NET SALES	1930
			Chicago .....		+ 7.3
Detroit .....	- 4.2	-12.6	-16.5	39.6	45.4
Indianapolis ..	+ 4.7	+10.5	- 4.7	39.0	41.3
Milwaukee .....	+ 5.4	+ 6.7	- 0.6	46.9	49.7
Other Cities ...	+ 5.1	- 7.5	- 5.6	34.9	37.7
7th District.....	+ 3.8	- 0.1	- 8.9	37.1	40.6

the four months of 1930 than for the same period a year ago, dry goods sales were 22 per cent less, those of drugs 7 per cent, shoes 27 per cent, and electrical supplies 11½ per cent smaller. Stocks in general trend downward. Prices in most lines are lower.

Easter trade at Seventh district department stores effected an increase of 23 per cent for April over March in the total volume of sales, and because of the later date of the holiday this year, for the first time in 1930 business was in excess of the corresponding month of 1929. For the year through April, however, sales aggregated 9 per cent under the same period last year. In this last comparison, Detroit continued to show the heaviest decline of the larger cities and was the only one of them to experience a smaller volume of April business than a year ago; sales in Milwaukee for the year to date have been less than one per cent below the first four months of 1929. Stocks changed little in the average for the district between the end of March and April 30, and were about the same as on the same date last year; the rate of turnover increased slightly as compared with April a year ago but for the year through April averaged smaller than for the cumulative period in 1929.

Total sales of twenty-six retail shoe dealers and the shoe sections of twenty-nine department stores gained 36½ per cent in April over March and exceeded those of the corresponding month last year by 21 per cent, but the aggregate for the four months of 1930 showed a decline of 5½ per cent

from the same period of 1929. Increases over the preceding month were common to all firms, and a large majority reported heavier sales than for last April, while in the comparison for the cumulative period of each year, only two retail dealers and less than half the department stores sold more shoes. Sales of furniture and house furnishings by dealers and department stores increased 20 per cent in the aggregate for April over that for March but were 19 per cent under the total for the same month a year ago; installment sales by dealers gained 41½ per cent in the month-to-month comparison and declined 28 per cent from last April.

In line with other phases of retail distribution, April sales of twenty-two chains operating 2,920 stores during the month, expanded over March. The aggregate volume sold gained 6½ per cent over the preceding month and was 11 per cent heavier than in April last year, while average sales per unit showed a similar increase in the month-to-month comparison but were 1½ per cent smaller than a year ago. The number of stores operated, totaled about the same as in March and gained 13 per cent over last April. With the exception of drug chains, increased sales over the preceding month were general; as compared with the corresponding month of 1929, grocery, drug, five-and-ten-cent, cigar, shoe, men's and women's clothing chains had larger sales, and those of musical instrument and furniture chains totaled less. All groups except cigars and women's clothing reported average sales per store as smaller than a year ago.

### MONTHLY 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	Apr. 1930	Mar. 1930	Apr. 1929	Mar. 1929	No. of Firms	Apr. 1930	Mar. 1930	Apr. 1929	Mar. 1929	
<b>Meat Packing—(U. S.)—</b>						<b>Wholesale Trade—</b>					
Sales (in dollars).....	64	109	103	114	115	Net Sales (in dollars):					
<b>Casting Foundries—</b>						Groceries .....	31	97	94	96	92
Shipments:						Hardware .....	14	84	82	106	97
Steel—In dollars .....	15	92	86	112	100	Dry Goods .....	10	70	66	85	88
In tons .....	15	98	92	120	109	Drugs .....	14	103	103	109	115
Malleable—In dollars .....	23	72	72	95	105	Shoes .....	8	90	73	94	127
In tons .....	23	103	102	135	142	<b>Retail Trade (Dept. Stores)—</b>					
<b>Stoves and Furnaces—</b>						Net Sales (in dollars):					
Shipments (in dollars).....	11	101	86	112	96	Chicago .....	30	112	89	104	116
<b>Furniture—</b>						Detroit .....	4	162	125	168	167
Orders (in dollars).....	26	61	68	101	95	Indianapolis .....	5	103	90	98	109
Shipments (in dollars).....	26	68	82	98	108	Milwaukee .....	5	117	95	110	107
<b>Electric Energy—</b>						Other Cities .....	51	104	91	99	107
Output of Plants (KWH).....	8	140	146	156	163	Seventh District .....	95	119	96	115	122
Industrial Sales (KWH).....	8	189	183	199	189	<b>Freight Carloadings—(U. S.)—</b>					
<b>Flour—</b>						Grain and Grain Products.....	85	86	79	91	
Production (in bbls.).....	27	107	97	87	87	Live Stock .....	74	70	82	72	
Output of Butter by Creameries—						Coal .....	78	80	86	86	
Production .....	72	104	88	115	102	Coke .....	85	84	102	105	
Sales .....	74	102	92	99	95	Forest Products .....	80	81	97	95	
<b>Iron and Steel—</b>						Ore .....	39	24	85	30	
Pig Iron Production: <sup>1</sup>						Merchandise and Miscellaneous.....	107	103	116	112	
Illinois and Indiana.....	131	129	148	147		Total .....	95	92	105	100	
United States .....	108	107	124	122	<b>Building Construction—</b>						
Steel Ingot Production—(U. S.) <sup>1</sup> .....	120	124	143	146	Contracts awarded (in dollars):						
Unfilled orders U. S. Steel Corp.....	91	96	93	92	Residential .....	77	56	181	120		
<b>Automobile Production (U. S.):</b>						Total .....	119	108	158	157	
Passenger cars .....	128	115	183	175	<b>Permits:</b>						
Trucks .....	179	170	224	191	Chicago .....	Number	18	17	70	54	
<b>Stamp Tax Collections—<sup>2</sup></b>						Cost.....	24	17	91	75	
Sales or Transfers of Capital Stock....	774	426	283	494	Indianapolis .....	Number	55	57	71	59	
Sales of Produce on Exchange—Futures	71	103	76	70	Cost.....	33	37	59	88		
U. S. Primary Markets— <sup>3</sup>					Des Moines .....	Number	59	47	69	45	
Grain Receipts:					Cost.....	36	81	53	29		
Oats .....	47	43	45	41	Detroit .....	Number	63	45	104	77	
Corn .....	103	95	71	104	Cost.....	35	40	89	91		
Wheat .....	39	47	50	78	Milwaukee .....	Number	24	75	110	74	
<b>Grain Shipments:</b>						Cost.....	73	66	129	107	
Oats .....	50	45	44	38	Others (45).....	Number	93	62	137	83	
Corn .....	85	56	79	63	Cost.....	70	44	139	89		
Wheat .....	38	34	48	49	Fifty Cities .....	Number	60	56	111	74	
					Cost.....	40	32	102	83		

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

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

**I**NDUSTRIAL activity increased slightly in April from the rate prevailing in March. Factory employment declined by the usual seasonal amount, while factory payrolls showed a smaller reduction than usual. Wholesale prices continued to decline in April and the first half of May. There was a further easing of open-market money rates.

## PRODUCTION

Production in basic industries in April was slightly larger than in March and the Board's index, which makes allowance for the usual seasonal changes, shows an increase of about 2 per cent, offsetting a large part of the decrease in March. Output of automobiles showed the usual seasonal expansion. Steel output declined seasonally in April and the early part of May. The output of silk textiles was considerably reduced, and woolen mills curtailed operations, though less than seasonally. Cotton mills were more active in April, and there was some increase in stocks. In the first half of May, however, a program of curtailment was instituted in the industry. In comparison with the first four months of 1929, a year of exceptionally active business, production was smaller in almost all major branches of industry, with the exception of tobacco. In comparison with 1928, however, output was larger in the automobile, petroleum, and silk industries, slightly smaller in steel and coal, and considerably smaller in cotton and wool textiles, flour, meat packing, automobile tires, and lumber.

Building contracts awarded during April, according to the F. W. Dodge Corporation, were 6 per cent larger than in March, reflecting further expansion in awards for public works and utilities, and some increase in residential construction, largely seasonal in character. In the first two weeks in May, there was further increase in building activity. In comparison with 1929, awards in the first four months of the year were 17 per cent smaller, reflecting chiefly the continued small volume of residential building, which more than offset increases in public works and in utility construction.

## EMPLOYMENT AND PAYROLLS

Factory employment, which had been decreasing since last September, declined by about one per cent in April, which represents the usual development for that month, while the reduction in factory payrolls from March to April was smaller than usual.

## DISTRIBUTION

Department store sales increased during the month by an amount estimated to be slightly larger than is accounted for by the late Easter holiday. The value of foreign trade decreased further in April, and for the first four months of the year, exports were about 20 per cent smaller than a year ago when trade was exceptionally active. In part this decline reflected the lower level of wholesale prices.

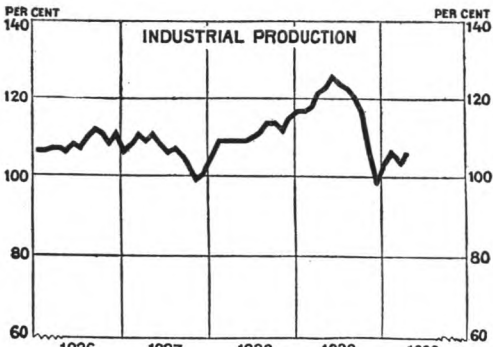
## WHOLESALE PRICES

An increase in wholesale prices in the first week in April was followed by a substantial decline, which continued into May and brought the level of prices to the lowest point in a number of years. Prices of important raw materials, such as wheat, cotton, and silk, declined during most of the period but steadied somewhat around the middle of May, while prices of silver, hides, and coffee were comparatively stable. There were fairly continuous price declines in steel, sugar, raw wool, and the textiles. Copper prices were reduced further early in May, but recovered somewhat following large purchases for domestic and foreign consumption.

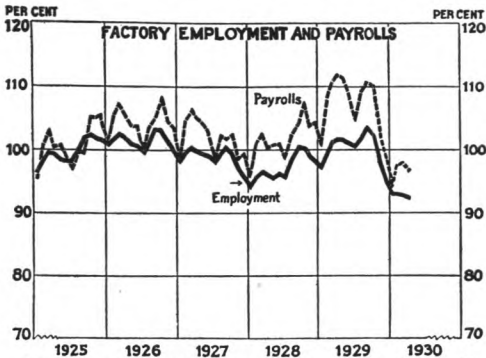
## BANK CREDIT

Loans and investments of member banks increased by about \$160,000,000 in the latter half of April, but declined by \$140,000,000 in the first two weeks in May, both movements reflecting chiefly fluctuations in loans on securities. Investments increased further, while "all other" loans continued to decline, and on May 14, at \$8,560,000,000, were the smallest in more than two years.

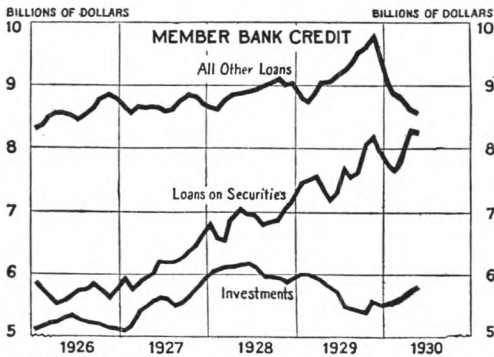
The volume of reserve bank credit declined further by \$125,000,000 between the weeks ending April 19 and May 17, largely as a result of the addition of about \$65,000,000 to the stock of monetary gold and of a further substantial reduction in the volume of money in circulation, which reflected chiefly smaller volume of payrolls and declines in retail prices. The System's holdings of bills declined, while United States securities and discounts for member banks showed little change. Money rates on all classes of paper declined further in May. The discount rate of the Federal Reserve Bank of New York was reduced from 3½ to 3 per cent on May 2, and that at the Federal Reserve Bank of Boston from 4 to 3½ per cent on May 8.



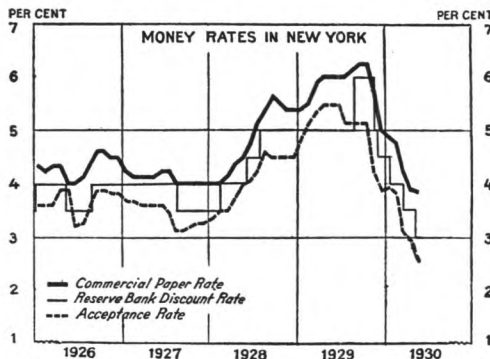
Index of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100).



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-25 average = 100).



Monthly averages of weekly figures for reporting member banks. Latest figures, averages of first two weeks in May 1930.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper; acceptance rate on 90-day bankers' acceptances.