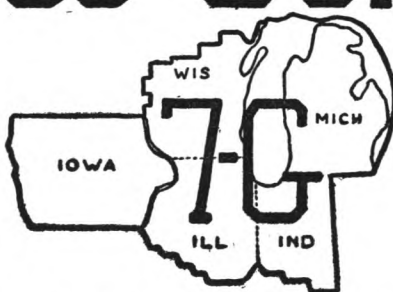


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 13, No. 7

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

June 30, 1930

## General Summary

**D**OWNWARD trends predominated in most lines of industry and trade of the Seventh district during May, and general activity remained considerably below the level of 1929. The major manufactures of the district, such as steel including foundries, automobiles, and furniture, reduced their operations during the month, while building construction again declined, following an increase in April. Lumber distribution showed no tendency to expand, but brick and cement displayed some improvement. Although non-manufacturing employment gained for the second successive month, manufacturing groups recorded a noticeable decline. Because of unemployment and the lower level of industrial activity, and also owing to unfavorable weather in May, merchandising of commodities declined; department store trade was smaller than in April, as were sales in several wholesale lines, and automobile distribution.

Lower prices for farm products but fair crop prospects mark the agricultural situation. The corn crop is somewhat ahead of last year in growth, and garden truck is in as good or better condition than a year ago; fruit production, however, will be smaller this year. Production at meat packing plants gained in May over the preceding month and May 1929, but sales declined in both comparisons, which was also the trend in cheese production and sales. The volume of butter produced in the district increased seasonally, and sales expanded, although activity was below last year.

A further slight decline in reserve bank credit outstanding took place during the four weeks ended June 11, a loss of 1½ millions in member bank borrowings being largely offset by a gain in the Reserve bank holdings of acceptances purchased in this district. Commercial loans by reporting member banks fell off during the period and were under a year ago, while those on securities increased. Money rates in Chicago continued to ease. Debits to individual accounts and savings deposits showed a slight gain in May over April, but both remained smaller than in the same period of 1929.

## Credit Conditions and Money Rates

Borrowings of member banks in the Seventh district on June 11 amounted to \$16,492,000, representing a de-

cline of nearly 2 million from the preceding week and thus continuing the downward trend in borrowings evident since the first of the year. As against the corresponding date in May, bills discounted declined approximately \$1,500,000. There follows an analysis of the changes in the factors involved in member bank borrowing at the Reserve bank during the period May 14 to June 11:

### FACTORS IN MEMBER BANK BORROWING AT THE F. R. BANK OF CHICAGO

Changes between May 14 and June 11, 1930  
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts.....	8.42
2. Decrease in member bank reserve balance.....	2.21
3. Increase in holdings of acceptances (local transactions).....	1.28
4. Decrease in unexpended capital funds.....	0.16
5. Decrease in non-member clearing balances.....	0.12
Total .....	12.19
Changes making for increase in member bank borrowing:	
1. Funds lost through inter-district settlements for commercial and financial transactions.....	9.50
2. Decrease in reserve bank float.....	0.61
3. Increase in demand for currency.....	0.49
4. Sales of gold to industry.....	0.10
5. Decrease in holdings of U. S. Securities (local transactions) .....	0.01
Total .....	10.71
Excess of changes making for decrease in member bank borrowing....	1.48
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	1.48

It will be noted in the foregoing tabulation that the principal changes during the period were, among the factors making for lessened borrowing on the part of member banks, an excess of local Treasury expenditures over receipts and a decrease in member bank

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

(Amounts in millions of dollars)

	JUNE 11 1930	CHANGE FROM MAY 14 1930	JUNE 12 1929
Total Bills and Securities.....	\$111.3	\$ +5.3	\$ -46.4
Bills Discounted .....	16.5	-1.5	-103.6
Bills Bought .....	17.0	-0.4	+5.9
U. S. Government Securities.....	77.8	+7.2	+51.4
Total Reserves .....	491.0	-31.5	-37.7
Total Deposits .....	353.3	+0.4	+7.6
Federal Reserve Notes in Circulation....	211.6	-26.2	-93.9
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined .....	86.9%	-1.5*	+5.8*

\*Number of Points

Compiled June 26, 1930

reserve balances. These changes were partially offset by a loss of some nine and one-half million dollars through inter-district settlements for commercial and financial transactions.

Data for reporting member banks in the district show the volume of security loans increasing approximately 57 millions on June 11 as compared with May 14, while commercial loans decreased about 19 millions. Net demand deposits gained very moderately during the period, and time deposits changed but little.

Changes in the average weekly transactions of reporting dealers in the Chicago bill market are shown in the table below. Sales to local banks were reported in good volume, exceeding those of the two preceding periods by a considerable margin; sales to out-of-town banks and to others declined to the lowest level in several years. A fairly strong movement of bills from Chicago to eastern markets was evidenced during the period. Quotations continued to ease, closing on June 11 at  $2\frac{7}{8}$  per cent for 30-day offerings to  $2\frac{3}{8}$  per cent for bills of five and six months' maturity.

#### AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	May 15, 1930 to June 11, 1930		PER CENT CHANGE IN COMPARISON WITH PERIOD FROM	
	APRIL 10 TO MAY 14		MAY 16 TO JUNE 12	
	1930	1929		
Bills purchased .....	+30.5	+82.5		
Bills sold .....	+12.2	+35.5		
Holdings* .....	+31.6	+59.6		

\*At close of period.

Seasonal influences were mainly responsible for a further decline during May in commercial paper sales of reporting dealers in the Middle West; demand was strong, with supply variously reported as poor to good. Rates showed continued ease.

The total value of bills accepted during May, as reported by a selected list of banks in this district, fell short of the average for the preceding ten months, although, as shown by the accompanying table, a moderate increase was recorded over April and a gain of nearly 50 per cent over May a year ago. Factors cited as contributing to the decline from the high level obtaining during the last quarter of 1929 and the first quarter of the current calendar year include a more than seasonal reduction in cotton and grain financing in the acceptance market, growing out of the uncertainty of the price outlook; business depression, actual and psychological; and a low level of export and import trade. May purchases of bankers' acceptances by the Federal Reserve Bank of Chicago were about 9 million dollars less than in April.

#### CONDITION OF REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	JUNE 11 1930	CHANGE FROM	
		MAY 14 1930	JUNE 12 1929
Total Loans and Investments.....	\$3,298	\$+50	\$-19
Loans on Securities.....	1,314	+58	+90
All other Loans.....	1,295	-19	-96
Investments .....	689	+11	-13
Net Demand Deposits.....	1,955	+28	+118
Time Deposits .....	1,219	+17	-12
Borrowings from Federal Reserve Bank	3	-1	-87

Page 2

#### TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN MAY 1930 FROM	
	APRIL 1930	MAY 1929
Total value of bills accepted.....	+14.3	+49.3
Purchases .....	+9.6	-19.5
Sales .....	-38.1	+41.1
Holdings* .....	-2.7	-35.6
Liability for outstandings*.....	-4.2	+67.9

\*At end of month.

Money rates in Chicago have moved downward; the prevailing rate charged customers on commercial loans by six large down-town banks during the week ended June 14 was  $4\frac{1}{4}$  to  $5\frac{1}{2}$  per cent, whereas the corresponding quotations in May were  $4\frac{1}{2}$  to  $5\frac{1}{2}$  per cent; in ten smaller banks located for the most part in outlying sections of the city, the June 15 rates on the above class of loan ranged from 4 to 6 per cent, as against  $4\frac{1}{2}$  to 6 in May. The average rate earned by six large banks in Chicago during the calendar month of May was 5.13 per cent, as compared with 5.27 per cent in April and 6.26 per cent in May 1929. No change in prevailing rates on commercial loans in Detroit was reported as between June 15 and May 15, the range being given as 5 to 6 per cent for both months; the average rate earned on loans and discounts by four large institutions in that city was 5.79 in May, 5.82 in April, and 6.13 in May last year.

#### SAVINGS DEPOSITS

Savings deposits in the Seventh Federal Reserve district continue below a year ago. Reports from 194 banks show a decline of 4 per cent on May 31 in the aggregate amount of deposits and of 2 per cent in both the number of accounts and average account. All states followed the trend of the district in the amount of deposits, while in the number of depositors Wisconsin showed a slight gain and in the average account Illinois and Indiana increased somewhat. The figures, as compared with May 1, recorded a slight increase in the amount of regular deposits, although Iowa and Michigan declined. The number of accounts dropped very slightly and the average account registered a gain of less than 1 per cent. Regular savings deposits at twenty-five reporting Chicago banks again recorded an increase over the preceding month, accompanied, however, by another slight drop in the number of accounts.

#### SECURITY MARKETS

No outstanding trends developed in the Chicago bond market during May, prices remaining approximately at the level in evidence a month previous. New offerings, including the United States government financing through Treasury bills, compared favorably with the heavy volume of April and with that of May 1929. Public utility, industrial, and municipal groups

#### VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAY 1930	PER CENT OF INCREASE OR DECREASE FROM	
		APRIL 1930	MAY 1929
Chicago .....	\$4,205	+0.1	-6.1
Detroit, Milwaukee, and Indianapolis.....	1,580	+1.2	-12.7
Total four larger cities.....	5,785	+0.4	-8.0
34 smaller centers.....	1,022	-0.4	-6.5
Total 38 centers.....	6,808	+0.3	-7.8

comprised the greater part of the new issues. Confinement of interest to high grade bonds reflected the type of investor, banks and various investing groups being the most prominent, which afforded a comparatively steady tone to high grade bond trading. Activity during the first two weeks of June was featured by the flotation of the German reparation bonds. An almost steady decline has been apparent in the average price of twenty leading stocks\* on the Chicago Stock Exchange since the first of June, the price on June 17 of \$129.15 comparing with \$148.28 on the corresponding date a month ago.

\*Chicago Journal of Commerce.

## Agricultural Products

Approximately 91 per cent of the 1930 corn acreage of the Seventh Federal Reserve district had been planted by June 1, in contrast to only 85 per cent on the corresponding date of last year, according to a compilation of the reports sent direct to this bank by 194 county agricultural agents representing 322,091 farmers. A greater amount of replanting was evidenced than in 1929, a result of the depredations of wireworms, cutworms, and grubs; some corn was affected also by frosts. The crop retains one to two weeks' advantage in growth over last year, however, the unfavorable weather of May being similar to that which obtained in the corresponding month of 1929. Production of fruit in the Seventh district is rather small this year as a result of the severe winter and of late frosts this spring; present conditions point to a reduction from last year's crop of 20 per cent for apples, strawberries, and sour cherries, 30 per cent for pears, 15 per cent for sweet cherries, 70 per cent for peaches, 10 per cent for grapes, and 15 per cent for other fruits. Garden truck crops are as good or better than a year ago; some damage to growing peas, however, was reported because of the freezing weather in May. Corn, small grain, and the majority of other growing crops were improved greatly by general rains during the early part of June which relieved droughty conditions in a large majority of the counties. The middle of June found wheat and rye headed in most parts of the district. On the basis of June 1 condition, a local statistician forecasts a 1930 crop of 584,735,000 bushels of oats in the five states including the Seventh Federal Reserve district, as compared with 541,775,000 bushels raised in 1929. Commercial estimates place the United States crop of spring wheat as between 250,000,000 and 264,000,000 bushels and that of oats as between 1,304,000,000 and 1,400,000,000 bushels for 1930; last year's harvests amounted to 228,172,000 and 1,238,654,000 bushels, respectively.

Farm real estate values in the Seventh Federal Reserve district and in the United States as a whole show some further decline in 1930 from the level of the preceding six years, according to the United States Department of Agriculture.

### CROP PRODUCTION

Estimated by the U. S. Bureau of Agricultural Economics on the basis of June 1 condition  
(In thousands of bushels)

FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1924-28 AVERAGE
FORECAST	FINAL	FORECAST	FINAL	
1930	1929	1930	1929	
Winter wheat....	79,072	86,722	532,469	578,336 *
Rye .....	8,606	8,714	46,723	40,629
				50,851

## GRAIN MARKETING

Wheat receipts at interior primary markets during May, while in the aggregate considerably larger than in April, were below the volume of last May and the five-year average for the month. Reshipments, which for several months past have been less than receipts, were a third larger in May, and also exceeded shipments in the three comparisons noted. Domestic demand was active, due to a reduction in stocks at most mills, and exports nearly doubled the April volume as a result in the main of the increased spread in prices between domestic markets and Liverpool. Trading in wheat futures on the Chicago Board of Trade totaled 31 per cent below April and 16 per cent less than in May 1929. Prices averaged lower during May, but showed a moderate upward tendency from the low level at the end of April.

Corn receipts at primary centers fell off from April, but were larger than usual in May, and shipments were also in substantial volume. The movement of oats increased over the preceding month and year. Corn and oats prices moved irregularly and averaged less than in April.

### MOVEMENT OF LIVE STOCK

The marketing of live stock, with the exception of lambs, remained at a lower level during May than a year ago or the 1925-29 average for the month. Receipts of cattle at public stock yards in the United States declined from April, contrary to the seasonal trend. Reasons ascribed for the lower volume this year are the effect of the drought in certain of the southwestern range states, reflected in smaller runs, and the downward price trend. A further expansion took place in lamb receipts and there was a small gain in hog marketings. The movement of live stock from primary markets to feed lots totaled one-third less than in May 1929 and approximately 25 per cent below the five-year average for the month.

### MEAT PACKING

Slaughtering establishments in the United States increased production approximately 8 per cent in May and, for the first time in 1930, a slight gain in volume was recorded over the corresponding month of last year. The latter expansion, however, was principally an outgrowth of a reduction in feeder purchases of cattle, which resulted in a larger number of animals being made available for packing-house purposes. Payrolls at the close of the period under review recorded an increase over April of 2 per cent in number of employees, but with one less working day represented in

### LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
May, 1930 .....	192	727	335	127
Federally Inspected Slaughter,				
United States				
May, 1930 .....	690	3,823	1,370	421
April, 1930 .....	635	3,480	1,387	455
May, 1929 .....	676	3,798	1,202	427

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

	WEEK ENDED	MONTHS OF		
	JUNE 21 1930	MAY 1930	APRIL 1930	MAY 1929
Native Beef Steers (average).....	\$ 9.85	\$11.25	\$12.05	\$13.65
Fat Cows and Heifers.....	7.65	8.60	8.60	11.00
Calves .....	10.00	9.85	9.80	12.65
Hogs (bulk of sales).....	9.65	10.05	10.00	10.95
Yearling Sheep .....	9.00	7.25	7.65	11.25
Lambs .....	11.65	9.80	9.35	14.20

the current figures, they declined 11 per cent in hours worked and 5 per cent in earnings. Domestic demand for the majority of packing products was relatively quiet until mid-month, but expanded during the latter half of May. Reports from meat packing companies in the United States show that May sales billed to domestic and foreign customers aggregated 3 per cent less than a month earlier and 11 per cent below the corresponding period of 1929. Supply, weather conditions, and unemployment were cited as factors in the reduction. An improvement was indicated in domestic trade at the beginning of June, with demand mostly fair to good. Prices at Chicago ruled somewhat lower during May than in April; those of lamb, heavy hams, cured bellies, and the common grades of veal firmed slightly. Quotations tended to advance toward the end of the month. Inventories remained below last year and the June 1 average, with a recession\* in volume recorded from May 1. Lard stocks, however, were heavier than in the preceding period and holdings of beef, lamb, and miscellaneous meats gained in the other two comparisons.

May shipments for export totaled slightly in excess of April. Foreign trade remained rather dull, although some reduction in consignment inventories abroad (including stocks in transit) was indicated for June 1. Prices in foreign markets continued to rule somewhat under Chicago parity.

#### DAIRY PRODUCTS

Creameries in the Seventh Federal Reserve district reported a further seasonal gain of 52 per cent in butter production during May, with the decline in volume from last year less marked than in either of the two preceding months. Sales increased 28 per cent over April, which is customary, but decreased one per cent in the comparison with May 1929. Production in the United States expanded considerably over April, and there was more than the usual accumulation in inventories on June 1. The excess of these holdings over 1929 and the five-year average was proportionately greater than had been the case a month earlier. May prices averaged lower than those of any other month since the summer of 1922.

The manufacture of American cheese in Wisconsin, as evidenced by the receipts of the commodity at primary markets in that state, showed a greater increase than usual at this time of the year, the gain for the four weeks ended May 31 being 36½ per cent over the preceding period and 14 per cent over a year ago. Redistribution of cheese from these centers aggregated 15 per cent less than from April 12 to May 3 and 17 per cent below the corresponding weeks of 1929, a continuation of the trend which began a month earlier. Total stocks of cheese in the United States showed a greater month-to-month increase than customary for June 1 and remained well above the five-year average. Quotations for this commodity also declined to a very low level during the period.

### Industrial Employment Conditions

Employment and wage earnings in most reporting industries of the Seventh district followed a trend in May similar to that recorded in April. The average decline in payrolls, however, exceeded that in number

employed, as a result of further reduction in time schedules in plants whose working forces had been cut as low as was consistent with sound organization. Again, as in April, non-manufacturing employment improved, but the total number and earnings for all groups fell off, owing to further curtailment in six manufacturing groups. Automobile production declined, which, combined with a reduction of forces in Illinois car and locomotive shops, effected a large recession in the vehicles group. The lumber products group reflects curtailment in Wisconsin lumber mills and sash and door factories. A sharp curtailment in Illinois shoe factories influenced the leather products group. Reduction of forces in primary metal works and foundries, combined with part-time schedules in electrical apparatus and machinery plants including makers of farm implements, resulted in a larger decline in payrolls for metal products than for any other manufacturing group. Seasonal expansion in canning and dairy products gave a more favorable turn to the food products group. Paper and printing showed the first increase in employment and earnings this year, largely due to activity of job printing firms. The heavy gain in construction employment was produced mainly by highway, bridge, and railroad work, with residential and commercial building the lesser factor.

The ratios of registrations to positions available at free employment offices are:

	MAY 1930	APRIL 1930	MAY 1929
Illinois .....	196	190	124
Indiana .....	106	119	100
Iowa .....	285	300	244
Wisconsin .....	135	159	106

### Manufacturing

#### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of automobiles in the United States declined seasonally in May and remained considerably below the volume of a year ago. Output of 362,270 passenger cars was 3 per cent below April and 30 per cent under May last year. Truck production of 54,370 declined 20 and 39 per cent in the respective comparisons.

In line with other phases of distribution, sales of automobiles in the Middle West have been affected by

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK ENDED MAY 15			CHANGES FROM APRIL 15	
	REPORT- ING FIRMS	WAGE EARNERS	EARNINGS (000 OMITTED)	WAGE EARN- ERS	EARN- INGS
	No.	No.	\$	%	%
Metals and products¹....	540	186,481	5,427	-2.5	-5.8
Vehicles .....	72	39,442	1,156	-5.9	-0.9
Textiles and products	142	30,062	605	-1.7	-1.2
Food and products.....	317	50,373	1,345	+3.1	+3.2
Stone, clay, and glass	118	13,490	387	+3.0	+6.2
Lumber and products..	233	27,496	599	-4.2	-3.6
Chemical products .....	69	12,748	350	-1.3	+1.4
Leather products .....	64	13,887	272	-3.6	-4.5
Rubber products² .....	6	3,576	83	+1.1	+3.0
Paper and printing.....	253	34,125	1,057	+2.1	+0.9
Total mfg., 10 groups..	1,814	411,680	11,282	-1.7	-2.6
Merchandising³ .....	136	31,054	829	+1.5	+3.2
Public utilities .....	75	95,377	3,197	+0.7	-1.4
Coal mining .....	39	7,379	160	-21.6	-23.6
Construction .....	209	17,063	447	+42.8	+20.1
Total, 14 groups.....	2,273	562,553	15,915	-0.5	-1.9

¹ Other than vehicles. ² Wisconsin only. ³ Illinois and Wisconsin.

unemployment and the decline in many lines of industrial activity. Retail sales by reporting dealers fell off about 20 per cent in May from April, whereas usually an increase or only a slight decline takes place in this month from the preceding one. The same situation was evident in wholesale distribution which likewise declined about 20 per cent in May this year against less than a 10 per cent decline over the same period of 1929 and a gain shown in 1928. Used car sales expanded slightly over April. Both wholesale and retail distribution were much smaller than in May a year ago and sales of used cars showed a decline. Stocks of new cars, though noticeably heavier than at the end of the preceding month, continued to average smaller than on the corresponding date of 1929. A slight decline was noted in May in the proportion of cars sold on the deferred payment plan to total retail sales, the ratio of 48 per cent comparing with 52 per cent a month previous and 54 per cent in May last year.

#### IRON AND STEEL PRODUCTS

A gradual recession, customary to the season, has taken place in steel ingot production of the district since the early part of May, the average rate of operations having declined from approximately 90 per cent of capacity at that time to about 75 per cent by the middle of June. A record rate of operations was being maintained a year ago during the same period when the usual evidences of seasonal recession, however, failed to appear. Steel mills report a substantial volume of business in May, orders booked gaining slightly over the preceding month; specifications to mills likewise increased over April and shipments were maintained at the normal rate for the season. Production of pig iron in Illinois and Indiana expanded in May over April, the daily average of 23,204 tons being larger than for any month since last September and, though under the rate of May 1929, it exceeded output in the same month of other years.

Finished steel prices continued their downward trend, affording considerable competition among manufacturers. The price of foundry pig iron at Chicago was reduced to \$18.50 per ton the early part of June from the \$19.00 prevailing through May. The Chicago scrap iron and steel market also has shown further weakness.

Activity at steel and malleable casting foundries of the Seventh district declined noticeably in May. Orders booked, shipments, and production were smaller than in the preceding month and considerably under the volume of a year ago. May shipments by stove and

furnace manufacturers decreased slightly from April and totaled about 10 per cent less than for the same month of 1929, but orders booked gained more than 15 per cent in both comparisons.

#### FURNITURE

Furniture manufacturers in the Seventh district experienced a continued decline during the month of May in shipments and only a very slight gain over the preceding month in orders booked. The spread between the 1927-1928-1929 monthly averages for orders booked, and the 1930 figures, though narrowed a month ago with the smaller than usual decline in orders during April 1930, has again widened and is the largest so far this year, orders booked gaining less than one per cent in May over April in contrast to the three-year average increase over the same period, of 20 per cent. Shipments show a spread slightly wider than that of the preceding month, the decline in May from April being about 9 per cent and the three-year average 6 per cent. Cancellations continued heavy, dropping only 8 per cent from the very large volume of a month ago, which together with the low volume of orders effected a decrease in unfilled orders of 5 per cent in contrast to an increase in May over April a year ago of 17 per cent. As compared with 1929, declines of 46, 40, and 64 per cent were registered in orders booked, shipments, and unfilled orders, respectively, cancellations increasing 21 per cent. The rate of operations dropped 2 points further in May from the 59 per cent of the preceding month, and compared with the rate of 81 per cent maintained a year ago.

#### Building Material, Construction Work

Although May business of retailers increased slightly over April, there were no developments during May which indicate any change in the limited demand for lumber. In view of the absence of any immediate need for new construction and the general scarcity of funds available for construction purposes, even price reductions in a number of items failed to attract dealers, who have been keeping their stocks at a minimum. Only in scattered regions where the opening of the tourist season has called for cottage construction is there any noticeable activity. In cities and in agricultural sections demand continues from one-fourth to one-third less than last year. Industrial demand was also quiet in May, with auto-body, furniture, and radio cabinet plants taking less than the usual amount of high grade lumber.

#### WHOLESALE AND RETAIL LUMBER TRADE

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	APRIL 1930	MAY 1929	APRIL 1930	MAY 1929
<b>New cars</b>				
Wholesale—				
Number sold .....	-20.7	-58.2	29	29
Value .....	-17.9	-53.4	29	29
Retail—				
Number sold .....	-21.9	-35.1	57	56
Value .....	-18.3	-36.4	57	56
<b>On hand May 31—</b>				
Number .....	+21.9	-13.9	57	56
Value .....	+16.3	-23.8	57	56
<b>Used cars</b>				
Number sold .....	+2.8	-13.9	57	56
Salable on hand—				
Number .....	-19.8	-9.4	57	56
Value .....	-4.5	-8.1	57	56

CLASS OF TRADE	MAY 1930: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	APRIL 1930	MAY 1929	
<b>Wholesale trade:</b>			
Sales in dollars.....	-7.1	-40.8	14
Sales in board feet.....	-8.8	-34.8	12
Accounts outstanding <sup>1</sup> .....	+3.0	-25.0	11
<b>Retail trade:</b>			
Sales in dollars.....	+6.3	-18.4	203
Accounts outstanding <sup>1</sup> .....	+9.5	+1.0	181
Ratio of accounts outstanding <sup>1</sup> to dollar sales during month			
	MAY 1930	APRIL 1930	MAY 1929
Wholesale trade .....	136.3	121.8	114.4
Retail trade .....	262.2	261.5	218.0

<sup>1</sup>End of month.

Other materials experienced somewhat better demand. Cement shipments during April into the five states including the Seventh district were double the March volume and only 13 per cent less than in April 1929. Shipments from mills in the Middle West in May totaled 66 per cent larger than in April and almost equaled May production. Cement stocks, which were reduced somewhat in April, increased again, exceeding by about 10 per cent those of May 1929. The movement of brick from yards also increased during May, but was reported by some plants as less than half the usual volume for the month.

#### BUILDING CONSTRUCTION

Total contracts awarded during May for construction in the Seventh Federal Reserve district fell below the figure for April and continued considerably under a year ago. Residential contracts, which amounted to 25 per cent of the total, followed a similar trend.

Permits issued in 102 cities of the district indicate some increase in prospective construction work over April, a gain of 30 per cent being recorded in estimated cost; against a year ago, however, a decline of 53 per cent was shown. The number of permits was less in both comparisons. Among the larger cities, Chicago led the increase over a month previous with a gain of 80 per cent in estimated cost, but likewise showed the greatest drop from the corresponding month of 1929, of 66 per cent. Detroit and Indianapolis permits each totaled less than half the amount for May 1929.

#### BUILDING CONTRACTS AWARDED

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
May 1930	\$79,186,607	\$19,543,867
Change from April 1930	- 3%	-14%
Change from May 1929	-44%	-55%
First 5 months of 1930	\$312,311,853	\$78,285,553
Change from same period of 1929	-38%	-55%

### Merchandising

Sales in the wholesale grocery, hardware, and dry goods trades increased slightly in May over April, the gains totaling 1, 4, and 3 per cent, respectively. In other reporting lines of wholesale trade, business declined; drug sales were 2 per cent less, shoes 23 per cent, and electrical supplies 10 per cent smaller. Following the trend of previous months, sales totaled less than in the corresponding month of 1929; grocery sales were smaller in this comparison for the first time since January. With the exception of this latter line, practically all firms shared in the recession from last May. Declines for the five months of 1930 from the same period a year ago averaged 15 per cent for hardware, 21 per cent for dry goods, 8 per cent for drugs, 29 per cent for shoes, and 15 per cent in electrical supplies, with groceries showing a gain of 1 per cent.

#### WHOLESALE TRADE IN MAY 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND. TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries	-2.1	-9.8	-7.5	-3.4	89.9
Hardware	-16.7	-5.0	-10.2	-15.2	211.8
Dry Goods	-14.4	-7.2	-11.2	-18.2	322.5
Drugs	-7.3	-4.1	+2.4	-10.3	144.9
Shoes	-33.9	-14.9	-7.6	-24.0	341.1
Electrical Supplies	-26.4	-8.5	-15.2	-17.1	157.4

To the lower prices obtained for commodities, unemployment, and unfavorable weather in May is ascribed the smaller amount of business in most lines; the electrical supply trade has been affected by the lack of new building.

Department store sales in the district during May fell 5½ per cent under the April volume and were 9 per cent below those of May a year ago. A 10 per cent decline was recorded for the first five months of 1930 from the same period of 1929. Chicago and Detroit of the larger cities showed the greatest falling-off in business from the preceding month, recessions amounting to 7 and 6½ per cent, respectively; Detroit stores reported the heaviest decline from a year ago—15 per cent—and Milwaukee the smallest with 4 per cent. Stocks totaled somewhat smaller at the end of May than a month previous and were slightly less than a year ago. The rate of stock turnover for the month averaged about the same as last May, but for the year to date remained smaller than in 1929. Collections on accounts outstanding show somewhat less favorable conditions this year.

Retail shoe dealers and the shoe sections of department stores report an aggregate decline of 6 per cent in May business from April and a 2 per cent smaller volume than a year ago, with sales for the five months of the year 5 per cent under the corresponding period of 1929. Practically all of the retail dealers had smaller sales this May than a year ago, but the majority of department stores increased their volume in the comparison. Sales of furniture and house furnishings at retail increased about 3 per cent over the preceding month, though aggregating 15 per cent under May 1929; installment sales by dealers were one per cent smaller in the former comparison. Stocks in both these phases of retail trade show a declining trend.

A slight increase took place during May over April in total sales of reporting chains and a gain of 6 per cent was recorded over a year ago, but average sales per store declined one per cent and 5 per cent in the respective comparisons because of larger gains in the number of stores operated than in aggregate sales. In the monthly comparison, drug, five-and-ten-cent, cigar, men's clothing, and furniture chains increased their total sales, while sales of groceries, shoes, musical instruments, and women's clothing declined. Grocery, drug, five-and-ten-cent, cigar, and women's clothing chains had a heavier volume of business this May than a year ago. None of the reporting groups except cigars showed an increase over May 1929 in average sales per store, although this group, together with drugs, furniture, and men's clothing, had a higher average than a month previous.

#### DEPARTMENT STORE TRADE IN MAY 1930

LOCALITY	PER CENT CHANGE MAY 1930 FROM MAY 1929		PER CENT CHANGE FIVE MONTHS 1930 FROM FIVE MONTHS 1929	RATIO OF MAY COLLECTIONS TO ACCOUNTS OUTSTANDING APRIL 30	
	NET SALES	STOCKS END OF MONTH		1930	1929
Chicago	-7.8	-0.6	-8.2	33.5	34.3
Detroit	-14.6	-9.6	-16.1	38.8	43.7
Indianapolis	-7.2	+5.7	-5.2	39.4	41.1
Milwaukee	-4.3	+8.4	-1.5	.....	.....
Other Cities	-5.3	-7.0	-5.5	35.9	37.9
7th District	-8.7	-2.3	-10.4	37.3	40.0

# 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.)

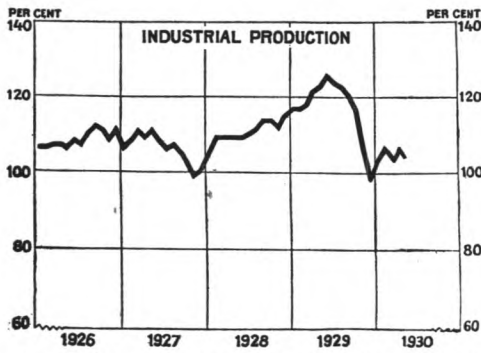
	No. of Firms	May 1930	April 1930	May 1929	April 1929
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars).....	64	106	109	119	114
<b>Casting Foundries—</b>					
Shipments:					
Steel—In dollars .....	15	81	92	109	112
In tons .....	15	85	98	119	120
Malleable—In dollars .....	23	63	70	98	95
In tons .....	23	90	101	138	135
<b>Stoves and Furnaces—</b>					
Shipments (in dollars).....	11	93	101	112	112
<b>Furniture—</b>					
Orders (in dollars).....	26	64	61	113	101
Shipments (in dollars).....	26	63	68	99	98
<b>Electric Energy—</b>					
Output of Plants (KWH).....	8	137	140	155	156
Industrial Sales (KWH).....	8	196	189	207	199
<b>Flour—</b>					
Production (in bbls.).....	27	103	109	94	87
<b>Output of Butter by Creameries—</b>					
Production .....	72	157	103	163	115
Sales .....	74	128	101	129	99
<b>Automobile Production (U. S.):</b>					
Passenger cars .....		124	128	176	183
Trucks .....		144	179	235	224

\*Average daily production.

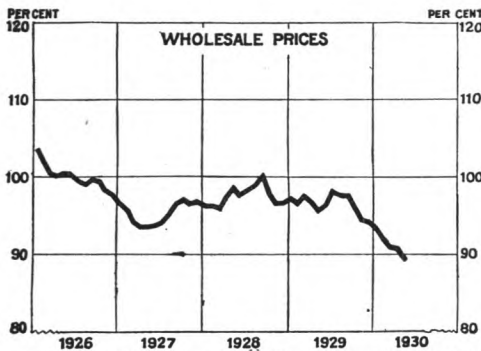
	No. of Firms	May 1930	April 1930	May 1929	April 1929
<b>Wholesale Trade—</b>					
Net Sales (in dollars):					
Groceries .....	31	98	97	101	96
Hardware .....	14	89	84	107	106
Dry Goods .....	10	72	70	82	85
Drugs .....	14	101	103	108	109
Shoes .....	8	70	87	101	94
<b>Retail Trade (Dept. Stores)—</b>					
Net Sales (in dollars):					
Chicago .....	30	102	111	114	104
Detroit .....	4	149	162	176	168
Indianapolis .....	5	101	103	109	98
Milwaukee .....	5	116	117	120	110
Other Cities .....	51	101	104	104	99
Seventh District .....	95	111	119	123	115
<b>Iron and Steel—</b>					
Pig Iron Production:*					
Illinois and Indiana.....		134	131	148	148
United States .....		106	108	128	124
Steel Ingot Production—(U. S.)*.....		112	120	147	143
Unfilled orders U. S. Steel Corp.....		85	91	90	93
<b>Building Construction—</b>					
Contracts awarded (in dollars):					
Residential .....		67	77	148	181
Total .....		116	119	207	158

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)



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

THE volume of industrial production declined in May by about the same amount as it increased in April. Factory employment decreased more than is usual at this season, and the downward movement of prices continued. Money rates eased further to the lowest level in more than five years.

## INDUSTRIAL PRODUCTION AND EMPLOYMENT

The Board's index of industrial production, adjusted for the usual seasonal variations, declined about 2 per cent in May. In 1930, industrial production has fluctuated between 4 and 7 per cent above the 1923-1925 average, and the preliminary estimate for May is 4 per cent above the average for those years. Production at steel and automobile plants declined, cotton mills curtailed output, and activity at woolen and silk mills continued at low levels. Cement production increased sharply, while output of petroleum and of copper showed little change. In the first half of June, output at steel plants declined further.

The decrease in factory employment in May was larger than usual, and there was also a decline in factory payrolls. The number employed in the cotton and silk goods industries decreased further, while in the woolen goods industry there was an increase from the extreme low point of April. Employment in the agricultural implement and electrical machinery industries decreased from April but remained large relative to earlier years. Employment in the cement industry increased, but in the lumber industry continued at an unusually low level.

Building contract awards in May, as reported by the F. W. Dodge Corporation, continued to be in substantially smaller volume than in any other year since 1924.

## DISTRIBUTION

Freight carloadings increased by less than the usual seasonal amount during May, and continued to be in somewhat smaller volume than in the corresponding period of 1928 and substantially below the unusually active period of 1929. Department store sales in May were approximately the same as those of a year ago.

## WHOLESALE PRICES

A further decline in the wholesale prices of commodities occurred in May and the first half of June. The downward movement was interrupted in the last half of May by substantial increases in the prices of grains, meats, and live stock, but became pronounced about the middle of June when the prices of cotton, silk, rubber, copper, and silver reached exceptionally low levels. Wheat, meats, live stock, and cotton textiles also declined in price at that time, while prices of wool and woolen goods, pig iron, and steel showed little change.

## BANK CREDIT

Loans and investments of reporting member banks increased further by \$265,000,000 in the four weeks ending June 11, to a level considerably higher than a year ago. The increase was entirely in investments and in loans on securities, of which a large part represented loans made by New York City banks to brokers and dealers in securities in replacement of loans withdrawn by other lenders. "All other" loans continued to decline and at \$8,400,000,000 on June 11, were the smallest since 1926.

Expansion of member bank credit during this period was reflected in larger demand deposits and an increase of \$30,000,000 in member bank reserves at the reserve banks. The volume of money in circulation showed a net increase of \$13,000,000. Funds for these uses were obtained largely from further additions of \$24,000,000 to the stock of monetary gold and from an increase of \$22,000,000 in the volume of reserve bank credit outstanding. Reserve bank holdings of United States securities increased by about \$50,000,000, and their holdings of acceptances declined by about half this amount. For the week ending June 18, the total volume of reserve bank credit declined somewhat and there was a decline in the volume of money in circulation.

Money rates in the open market continued to decline during the latter half of May and the first half of June, and at the middle of the month commercial paper at  $3\frac{1}{2}$  to  $3\frac{3}{4}$  per cent and acceptances at  $2\frac{1}{8}$  per cent were at the lowest levels since 1924 and early 1925. Bond yields moved slightly lower in June. In the first week of June, the rediscount rate at Cleveland was reduced from 4 to  $3\frac{1}{2}$  per cent; in the third week, the rate at New York was reduced from 3 to  $2\frac{1}{2}$  per cent and the rate at Chicago from 4 to  $3\frac{1}{2}$  per cent.