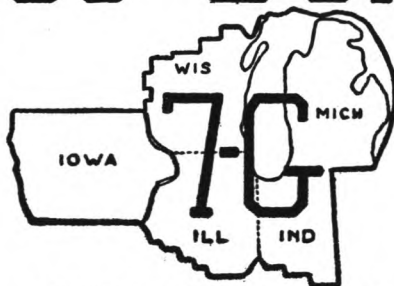


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 13, No. 10

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

September 30, 1930

General Summary

SEVENTH district business and industry, as measured by data covering for the most part the calendar month of August, changed little in volume from July, save for seasonal developments in some lines, and remained below the corresponding period of 1929. Automobile production declined from a month previous, whereas August normally shows an upward trend in output over that month. A slight acceleration was noticeable in iron and steel over July. Seasonal trends were operative in furniture manufacturing, orders declining from the preceding month and shipments moving upward; production exceeded July by a small margin. Activity in all of these industries was well under 1929.

In building, while the aggregate of contract awards in August exceeded the July total, residential contracts fell short of a month previous, and the entire industry again showed a considerable decline from the corresponding month of 1929. Building materials, notably lumber and cement, moved in heavier volume during August than in July.

Department store trade in this district recorded a gain in August of greater than seasonal proportions, with Chicago and Detroit exhibiting the heaviest increases over July of any of the larger reporting cities; the declines from a year ago in these two cities, moreover, were noticeably smaller than in the preceding month. Department store trade in general, however, continued slow as compared with August 1929. Seasonal gains were registered in some phases of wholesale trade, especially dry goods and shoes; in other lines the aggregate in August fell short of July.

Continued drought in the district has effected an exten-

sive reduction in the estimated corn crop for 1930; potatoes and beans also suffered severe damage. Small grain crops, however, were larger than anticipated. Fall plowing is under way. The packing industry showed production seasonally decreased in August, but sales moved slightly upward.

While Seventh district trade and industry employed fewer men and reported smaller payroll aggregates in August than in July, the percentage decline in payrolls was smaller than in number employed for the total of ten manufacturing groups, and there was a slight increase in wage payments of non-manufacturing activities. The ratio of applicants to jobs available at free employment agencies declined in Illinois and Indiana.

Member bank borrowing at the Reserve bank decreased between August 13 and September 10. Commercial loans of reporting member banks declined during this period, while those on securities gained in volume, as did investments. A small drop in net demand deposits took place, but time deposits increased. There was little change in money rates.

Credit Conditions and Money Rates

Member bank borrowings at the Reserve bank decreased by approximately 2 million dollars during the period from August 13 to September 10. As shown by the accompanying analysis of the factors affecting member bank borrowing, the district gained funds during the period to the amount of about 12 millions through inter-district settlements for commercial and financial transactions, member bank reserve balances at the Reserve bank dropped nearly 6 millions, and Reserve bank float increased slightly. The aggregate of changes in these factors—all of them tending to decrease member bank borrowing—exceeded that for the elements making for

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	SEPT. 10 1930	AUGUST 13 1930	SEPT. 11 1929
Total Bills and Securities.....	\$113.7	\$+1.9	\$-29.4
Bills Discounted.....	13.0	-2.2	-80.8
Bills Bought.....	19.3	+4.1	-3.0
U. S. Government Securities.....	81.3	-0.0	+54.4
Total Reserves.....	434.1	-24.5	-136.5
Total Deposits.....	349.9	-7.6	-5.4
Federal Reserve Notes in Circulation.....	165.2	-9.6	-157.3
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	84.2%	-1.9*	+0.1*

*Number of Points.

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	SEPT. 10 1930	AUG. 13 1930	SEPT. 11 1929
Total Loans and Investments.....	\$3,393	\$+3	\$+25
Loans on Securities.....	1,306	+24	+35
All other Loans.....	1,300	-35	-131
Investments.....	787	+14	+121
Net Demand Deposits.....	1,929	-3	-8
Time Deposits.....	1,341	+22	+90
Borrowings from Federal Reserve Bank...	1	-1	-64

Compiled September 26, 1930

increased borrowing on the part of member banks, although currency demand gained more than 10 millions and local Treasury receipts exceeded expenditures by about 6 millions.

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between August 13 and September 10, 1930
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Funds gained through inter-district settlements for commercial and financial transactions.....	12.31
2. Decrease in member bank reserve balances.....	5.92
3. Increase in reserve bank float.....	1.69
Total.....	19.92
Changes making for increase in member bank borrowing:	
1. Increase in demand for currency.....	10.60
2. Excess of local Treasury receipts over expenditures.....	6.38
3. Decrease in holdings of acceptances (local transactions).....	0.58
4. Sales of gold to industry.....	0.07
5. Increase in non-member clearing balances.....	0.06
6. Decrease in holdings of U. S. securities (local transactions).....	0.02
7. Increase in unexpended capital funds.....	0.01
Total.....	17.72
Excess of changes making for decrease in member bank borrowing:	2.20
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	2.20

Reporting member banks in the Seventh district increased their investment holdings on September 10 as compared with August 13 approximately 14 millions, as against a gain of 28 millions between mid-July and August 13. Loans on securities moved upward in the September 10-August 13 comparison, while "all other" loans declined. The volume of net demand deposits changed little during the period; time deposits, however, rose 22 millions, and were 90 millions higher on September 10 this year than on September 11, 1929.

Commercial paper sales in the Middle West were in only moderate volume during August, after having reached a relatively high level in the preceding month. The decrease of 22 per cent in the aggregate from July was only partially seasonal in character, and the volume fell considerably below the usual August level, though continuing in excess of 1928 or 1929. A reduction in the supply of paper was mainly responsible for this recession; many concerns that borrowed rather freely by means of commercial paper during July found further financing unnecessary in August because of relatively inactive business. Demand, however, averaged fair to good. August 31 outstandings of commercial paper in the Middle West exceeded those of any other month since May and were 29 per cent above a year ago. Rates remained steady, most dealers reporting $3\frac{1}{2}$ to $3\frac{3}{4}$ per cent for high and 3 per cent for low, with the customary charge 3 to $3\frac{1}{4}$ per cent. Some further recession in sales was indicated during the first half of September, with a moderate supply and a good demand. Quotations ranged from 3 to $3\frac{1}{2}$ per cent on September 15, most paper moving at 3 to $3\frac{1}{4}$ per cent.

Accepting banks in the Seventh Federal Reserve district reported transactions in bankers' acceptances as heavier during August than at any other time since early spring. Seasonal financing of grain from the southwestern part of the United States was largely responsible for the aggregate value of bills accepted by them attaining the

highest level in five months. Purchases of acceptances for the banks' own portfolios exceeded those of any corresponding period since March, reflecting the discounting by the banks of a large volume of New York bills for their Chicago customers and the continued purchasing of a liberal proportion of their own acceptances. Sales increased over the average for the preceding three months, in part the result of a greater supply of bills from the East. Holdings and the liabilities for outstanding acceptances showed a further gain on August 31, and remained considerably in excess of last year. The banks indicate a smaller volume of bills accepted during the first half of September than in the corresponding weeks of August.

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

	PER CENT CHANGE IN AUGUST 1930 FROM	
	JULY 1930	AUGUST 1929
Total value of bills accepted.....	+7.9	+27.0
Purchases.....	+23.8	+56.7
Sales.....	+52.9	+37.1
Holdings*.....	+10.6	+276.9
Liability for outstandings*.....	+6.8	+25.7

*At end of month.

A poor demand in the Middle West, together with a limited supply of bills available for distribution, accounted for average weekly sales of acceptances in the Chicago bill market aggregating smaller in volume from August 14 to September 10 than for any corresponding period in over two years. Local banks purchased from dealers a small amount of these investments during the first part of September, after having bought rather freely in August; sales to out-of-town banks were exceptionally limited in volume during the entire four weeks, while corporation buying practically ceased. In view of the condition of the local market, most of the bills moved to the East where demand was somewhat better than in Chicago. Rates remained steady, closing on September 10 at $1\frac{7}{8}$ per cent for 30-day offerings to $2\frac{1}{4}$ per cent for those of 180 days.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

August 14 to September 10, 1930

	PER CENT CHANGE IN COMPARISON WITH PERIOD FROM		
	1930	AUGUST 15 TO SEPTEMBER 11	1929
Bills purchased.....	+13.7		-25.0
Bills sold.....	-55.8		-57.0
Holdings*.....	-29.4		-81.8

*At end of period.

The prevailing rate on commercial loans in Chicago during the week ended September 15, as reported by six large down-town banks, was $3\frac{1}{2}$ to $5\frac{1}{2}$ per cent, compared with $3\frac{3}{4}$ to $5\frac{1}{2}$ per cent the middle of August. Ten smaller Chicago banks, for the most part in outlying areas, indicated a rate on this class of loan during the week of September 15 of $3\frac{3}{4}$ to 6 per cent, as against $3\frac{1}{2}$ to 6 a month earlier. The average rate earned on loans and

SAVINGS DEPOSITS—SEVENTH FEDERAL RESERVE DISTRICT

As Reported on August 30, 1930, by a Selected List of Banks

	NUMBER OF BANKS REPORTING	Number of Accounts PER CENT CHANGE FROM		Volume of Savings Deposits PER CENT CHANGE FROM	
		AUGUST 1 1930	AUGUST 31 1929	AUGUST 1 1930	AUGUST 31 1929
Illinois.....	48	+0.2	-0.4	+1.0	+3.2
Indiana.....	34	+1.3	-3.1	-0.2	+1.6
Iowa.....	36	-0.2	+0.4	+0.1	-0.6
Michigan.....	24	-0.9	-6.3	-0.9	-7.6
Wisconsin.....	49	+1.5	-0.3	+0.8	-7.1
Seventh District....	191	+0.1	-2.5	+0.1	-2.3

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	AUG. 1930	PER CENT OF INCREASE OR DECREASE FROM	
		JULY 1930	AUG. 1929
Chicago.....	\$3,540	-11.2	-34.4
Detroit, Milwaukee, and Indianapolis. 1,439		-3.2	-19.6
Total four larger cities.....	\$4,979	-9.1	-30.7
34 smaller centers.....	881	-8.2	-20.8
Total 38 centers.....	\$5,860	-8.9	-29.4

discounts by six large down-town institutions during the calendar month of August was 4.70 per cent, whereas 4.76 per cent was reported in July and 6.40 per cent in August 1929. In Detroit, three large banks showed an average rate earned on loans and discounts in August of 5.70 per cent; the corresponding figure for July was 5.68 per cent, and in August a year ago 6.22 per cent. The prevailing rate on commercial loans in that city during the week of September 15 was 3½ to 6 per cent. No significant changes in rate levels were indicated in other cities of the district.

SECURITY MARKETS

The tone of the Chicago bond market during August, ordinarily a dull period, remained remarkably firm. Demand continued good, and among the high grade issues resulted in a continuation of the previous upturn in prices. An exception to this trend, however, was perceptible among foreign bonds, which move in response to special conditions, and was evidenced last month among the South American issues. The volume of new bond offerings during the month totaled somewhat less than for July, with available issues largely municipal, industrial, public utility, and railroad. The heaviest demand for bonds continued to come from institutions, including banks in the leading metropolitan centers. The average price of twenty leading stocks (*) on the Chicago Stock Exchange trended slightly downward during August and on the twenty-fifth of the month touched a new low point for the year at 118.34. On September 17 the average was 120.19.

*Chicago Journal of Commerce.

Agricultural Products

Extensive damage to autumn crops, as a result of protracted drought, was clearly reflected in the Government forecasts for September 1; the principal reductions in Seventh district yields since the beginning of July were 280 million bushels in corn, 20 million bushels in potatoes, and 4 million bushels in beans, with the 1930 production of these three crops now estimated as being the smallest in many years. Small grain, however, turned out even

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics as of September 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av. 1924-28
	FORECAST 1930	FINAL 1929	FORECAST 1930	FINAL 1929	
Corn.....	678,981	880,741	1,982,765	2,614,307	2,699,809
Oats.....	562,533	501,169	1,390,892	1,233,574	1,371,786
Winter Wheat..	63,014	58,140	597,392	577,784	550,636
Spring Wheat..	6,061	4,410	240,369	228,006	282,528
Barley.....	60,909(a)	58,481(a)	322,700	303,552	240,742
Rye.....	8,960(a)	8,618(a)	46,655	40,533	50,851
Buckwheat.....	779(a)	1,098(a)	8,459	11,520	13,786
Flaxseed.....	298(b)	214(b)	24,611	16,844	23,816
Potatoes (white)	39,345	44,914	339,278	359,796	392,605
Potatoes (sweet)	1,165(c)	1,585(c)	63,127	84,661	74,141
Sugar Beets*...	568(d)	356(d)	8,217	7,318	7,389
Canning Crops					
Sweet Corn*..	295(a)	345(a)	577	704
Tomatoes*...	351(e)	306(e)	1,401	1,426
Snap Beans*..	15(f)	18(f)	79	90
Cabbage Kraut*	59(h)	48(h)	145	140
Cucumber.....					
Pickles....	2,612(a)	1,548(a)	4,942	3,265
Apples					
(total crop)..	12,821(a)	16,784(a)	146,057	142,078	180,262
Peaches.....	661(e)	5,197(e)	48,461	45,789	56,821
Pears.....	1,229(e)	1,440(e)	24,573	21,563	21,484
Grapes*.....	85(a)	86(a)	2,335	2,098	2,339
Dry Beans.....	5,066(d)	5,767(d)	19,458	19,693	17,323
Celery***.....	1,444(i)	1,075(i)	8,896(j)	8,148(j)
Broom Corn*..	7(g)	5½(g)	54	47	51
Tobacco**.....	45,853	46,360	1,420,947	1,519,081	1,302,463
All Tame Hay*	16,780	23,333	82,095	101,786	93,460

*In thousands of tons. **In thousands of pounds. ***In thousands of crates.
(a) Five states including Seventh Federal Reserve district. (b) Wisconsin and Iowa. (c) Indiana, Illinois, and Iowa. (d) Wisconsin and Michigan. (e) Indiana, Illinois, Michigan, and Iowa. (f) Indiana, Michigan, and Wisconsin. (g) Illinois. (h) Indiana, Illinois, Wisconsin, Michigan. (i) Michigan. (j) Exclusive of Idaho, Utah, and New Jersey late crops.

better than anticipated earlier in the season. Mid-September found corn making satisfactory progress toward maturity, so that the bulk of the crop is expected to be safe from frost by the end of the month; reports indicate that ears are not well filled in many localities. Pastures, though benefited to some extent by recent showers, are slow in reviving and afford so little feed that much corn throughout the district is being cut for fodder and silage. Fall plowing is making some progress, after having been delayed by the hard condition of the soil. Present intentions indicate a reduction in winter wheat acreage from a year ago.

GRAIN MARKETING

Movement of wheat to interior primary centers slackened somewhat during August, receipts totaling less than the large July figure, but more than the five-year average and heavier than in any August of the period with the exception of 1929. Reshipments increased over the July volume and exceeded the usual August amount, but were less than in August 1929. Exports during August totaled less than a year ago, but for the period from July 1 to August 30 were slightly larger than during the same period of a year previous. Large surpluses in North America have continued to discount any factors favoring better price levels abroad. Cash wheat prices were irregular in the second half of August, and declined in the first week of September to the level of the close of July. Future trading in wheat on the Chicago Board of Trade increased 12 per cent over July, but totaled a third less than a year ago.

Corn and oats movements at primary markets were larger than in July, corn exceeding somewhat the average August volume, while oats receipts and shipments were below August 1929 and also the five-year average. Future trading in grains other than wheat during August exceeded July 1930 and August 1929 by 42 and 37 per cent, respectively. Corn prices fluctuated in a narrow range at around one dollar a bushel, which was considerably above quotations on wheat at any time in the month.

MOVEMENT OF LIVE STOCK

Cattle receipts at public stock yards in the United States failed to show as large an increase in August 1930 as usual for the month, inasmuch as the normal movement of grassers from the Southwest was retarded by drought conditions in the corn belt, which was also the case in 1929; low prices likewise were an important factor in delaying the movement. Hog marketings recorded a seasonal decrease from July and remained somewhat below the 1925-29 average for the month. Lambs arrived at these centers in unusually heavy numbers for August, reflecting a larger crop this year; early marketings during previous months

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, August 1930.....	196	567	338	83
Federally Inspected Slaughter, United States				
August 1930.....	700	2,724	1,413	363
July 1930.....	710	3,187	1,411	375
August 1929.....	726	3,130	1,298	338

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	SEPT. 20 1930	AUGUST 1930	JULY 1930	AUGUST 1929
Native Beef Steers (average)....	\$10.85	\$9.55	\$9.50	\$14.50
Fat Cows and Heifers.....	7.50	7.20	7.00	9.70
Calves.....	12.00	11.95	11.40	15.95
Hogs (bulk of sales).....	10.00	9.60	8.80	10.70
Yearling Sheep.....	6.25	7.05	7.35	9.90
Lambs.....	7.90	9.05	9.75	13.15

of 1930, however, resulted in receipts showing less than the customary gain over July.

Reshipments of cattle and lambs to feed lots remained at a low level during August, showing continued hesitancy on the part of many feeders in making purchases this autumn because of the limited supply of corn available.

MEAT PACKING

Production at slaughtering establishments in the United States showed an 11 per cent decline in August from July, the recession being largely seasonal; a reduction in cattle and hog marketings resulted in a decrease in volume of 9½ per cent from last year. Payrolls at the close of the period declined 2 per cent in number of employes, 3 per cent in total earnings, and 2 per cent in hours worked from July. Some improvement after the middle of August was evidenced in domestic demand for packing-house products. For the month as a whole, however, domestic trade averaged poor to fair for lamb and veal, fair for lard, moderate to good for dry salt pork, smoked meat, and fresh pork, and good for boiled ham. The dressed beef trade remained dull during the first half of the period but was fair at the close. Sales billed to domestic and foreign customers aggregated one per cent more in value than in July, but were 17 per cent less than in the corresponding period of 1929. Lower prices than a year ago, together with continued unemployment, were the principal factors contributing to the recession. Prices of lard, veal, and most pork averaged higher in August than in July; quotations for mutton and smoked meats remained fairly steady, while those of beef, lamb, picnics, heavy skinned hams, and sweet pickled regular hams declined. Quotations for most products advanced after the third week of the month. Domestic trade improved at the beginning of September and averaged between fair and good. United States inventories of packing-house products had decreased further on September 1, and were 238 million pounds less than at the beginning of the same month in 1929 and 150 million pounds below the five-year average for the date. Stocks of frozen beef, lamb, and miscellaneous meats continued to show an increase in the two latter comparisons.

Shipments for export appear to have been somewhat below those of July. Foreign trade remained quiet, with most customers continuing to confine their purchases to immediate requirements. Packing houses in the United States report that their stocks already abroad (including goods in transit to Europe) were at a low level on September 1. European prices averaged slightly less than the Chicago parity.

DAIRY PRODUCTS

Production of creamery butter in the Seventh Federal Reserve district showed a further seasonal reduction of 12 per cent in August and was considerably below the usual volume for the month, although the decrease from 1929 was less marked than in either June or July. Damage to pastures from heat and drought was principally responsible for the recession, as prices were at the highest level since early spring. Sales fell off approximately 7 per cent from July and a similar decline from last year was less marked than in the preceding month. Butter manufacturing in the country as a whole appears to have fallen off to a greater extent during August than in the Seventh district. September 1 stocks of the commodity in the United States were below the five-year average, being the first instance of a decline in the comparison since May 1929.

Receipts of American cheese at Wisconsin primary markets, indicative of production within that state, fell off more than the customary amount during the four weeks ended August 30 and were 10½ per cent below last year. Redistribution of the commodity from these centers showed an expansion of more than 7 per cent in both comparisons. Receipts at Chicago remained considerably less than a year ago. Total holdings of cheese in the United States continued at a very high level on September 1, though decreasing slightly from the beginning of August. Prices advanced to the highest point since May.

Industrial Employment Conditions

While Seventh district trade and industry employed fewer men and had smaller payroll aggregates in August than in July, the percentage decline in payrolls was smaller than in number employed for the total of ten manufacturing groups, and there was a slight increase in wage payments of non-manufacturing activities. Of the fourteen groups covered in this survey, eight showed declines in both number of men and their earnings—vehicles, chemicals, food, lumber, stone, clay and glass, metals, construction, and merchandising. Paper and printing, textiles, and the utilities employed fewer men but increased their payroll aggregates. The remaining three groups, rubber, leather, and coal, registered increases in both number of employes and wage payments. Notwithstanding the general decrease in employment and payrolls, there is evidence of increased time schedules in certain instances, the effect on payrolls not being apparent because of reductions in number of workers in some establishments. Such are: the brick industry and construction in Illinois; stone quarrying and finishing, leather, and paper products in Wisconsin; and textiles.

The Department of Agriculture report on farm labor supply and demand as of September 1, records further increase in supply and reduction in demand in the North Central states, as well as the United States as a whole. In this section, which includes the Seventh district, the ratio of supply to demand rose to 148 from the July 1 figure of 130. In each of the five Seventh district states increases occurred in farm labor surplus, Indiana, Michigan, and Illinois registering the sharpest increases.

Ratios of applicants to jobs available for August indicate slight reductions in Illinois and Indiana, while Iowa and Wisconsin labor bureaus report increased supply in

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK ENDED AUGUST 15			CHANGES FROM JULY 15	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and products ¹	533	163,765	4,306	-2.3	-2.2
Vehicles	67	30,234	798	-7.7	-4.9
Textiles and products	135	26,922	610	-1.0	+6.1
Food and products	290	55,046	1,346	-5.9	-8.0
Stone, clay and glass	109	11,429	300	-2.4	-2.2
Lumber and products	233	25,196	528	-2.5	-1.2
Chemical products	67	10,428	255	-7.0	-10.6
Leather products	70	16,212	329	+0.9	+5.4
Rubber products ²	7	3,301	58	+68.1	+40.9
Paper and Printing	245	32,892	964	-2.0	+0.0
Total mfg., 10 groups	1,756	375,425	9,494	-2.8	-2.4
Merchandising ³	169	29,484	782	-0.7	-3.9
Public ut./ilities	78	95,810	3,202	-0.3	+0.7
Coal mining	29	7,309	153	+3.7	+31.4
Construction	198	15,632	468	-1.1	-1.3
Total, 14 groups	2,230	523,660	14,099	-2.1	-1.5

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

relation to demand. In Illinois this ratio had risen each month since April.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN
1930 August.....	234	161	263	162
July.....	262	168	258	150
1929 August.....	137	119	196	117
July.....	148	113	231	115

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Contrary to the usual trend in August, output of passenger automobiles by manufacturers in the United States totaled smaller during that month of 1930 than in July. The 187,037 cars produced represented a recession of 16 per cent in the comparison, and were less than half the number manufactured in August last year. Truck production of 35,758 showed a similar trend, declining 10 per cent in the monthly comparison and totaling 37 per cent below a year ago.

Increased sales during August by a number of retail and wholesale dealers effected an upward trend in Midwest automobile distribution. The number and value of new cars sold at wholesale was noticeably larger than in the preceding month, and retail sales, though only one per cent heavier in number, showed a 13 per cent gain in value. Comparisons with 1929 remain unfavorable, but the differences were smaller in August than in either July or June. Stocks, which have been averaging less than in 1929, continued to record decreases at the end of August from the same period a year ago. Used car sales were smaller in August than either a month previous or a year ago; stocks increased slightly in number over the end of August 1929 but declined from the preceding month. New cars sold on the deferred payment plan averaged 50 per cent of the total retail sales of twenty-three dealers, comparing with a ratio of 49 per cent in July and with 56 per cent for last August.

IRON AND STEEL PRODUCTS

A slight gain took place during August and early September in activity of Chicago district steel mills. The rate of ingot output increased between the middle of August and the middle of September from 55 per cent of capacity to 58 per cent; specifications likewise gained, but sales were in sufficient volume to maintain steady backlogs. Production of pig iron in the Illinois and Indiana

district, though usually showing practically no change between July and August, declined 4 per cent this year in the daily average and was more than one-third smaller than in August 1929. Further instability developed in the price structure during the month. Prices of plates, shapes, and bars at Chicago were lowered in the early part of September, and sheets had shown weakness toward the end of August. Pig iron has recorded no quotable change in price in recent weeks, while Chicago iron and steel scrap prices have held steady.

New business received during August by reporting malleable casting foundries in the Seventh district totaled slightly less than in the preceding month, while orders booked by steel casting foundries fell off considerably in the comparison. Shipments and production of both steel and malleable castings showed recessions from July. No improvement has as yet evidenced itself in conditions as compared with a year ago; production and shipments of steel castings were about 40 per cent under the 1929 August volume and those of malleable castings averaged more than 60 per cent smaller, while orders booked this August attained less than half the volume of last August. Shipments and new orders received by stove manufacturers in the district increased seasonally in August over July, as did production; activity remained much lower than a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Seventh district shoe production showed a further decline of 6 per cent in August to the lowest level of any month since December 1928; the August volume remained less than a year ago and considerably below the average for the month. Tanning operations increased over July, but there was some decrease in the sales of leather; both recorded a marked recession from the corresponding period of 1929. Prices remained fairly steady.

Smaller quantities of packer green hides and skins were sold in the Chicago market during August than a month earlier, and some decline took place in purchases by district tanneries; shipments from the city, however, were somewhat in excess of July. Prices held barely steady during August, but firmed early in September.

FURNITURE

Following the seasonal trend for the month of August, orders booked by reporting furniture manufacturers in the Seventh district declined from the mid-year peak in July by about one-fifth, and unfilled orders dropped off moderately. Shipments expanded, though less than in other years, the increase of 22 per cent being approximately two-thirds as large as the 1929 July-to-August increase. The rate of operations sustained rose also in August to 52

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in August 1930 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1930	AUGUST 1929	JULY 1930	AUGUST 1929
New Cars				
Wholesale—				
Number sold.....	+21.1	-55.5	25	24
Value.....	+10.3	-52.5	25	24
Retail—				
Number sold.....	+ 1.0	-38.2	49	48
Value.....	+12.9	-37.0	49	48
On hand August 30—				
Number.....	- 4.8	- 9.0	50	49
Value.....	- 2.3	- 2.5	50	49
Used cars				
Number sold.....	- 7.4	-12.3	50	49
Salable on hand—				
Number.....	- 6.4	+ 0.6	50	49
Value.....	- 8.3	-12.1	50	49

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	AUGUST 1930: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JULY 1930	AUGUST 1929	
Wholesale trade:			
Sales in dollars.....	-2.4	-52.5	19
Sales in board feet.....	+7.4	-45.9	15
Accounts outstanding ¹	+9.7	-38.2	16
Retail trade:			
Sales in dollars.....	+9.3	-31.6	202
Accounts outstanding ¹	+2.3	-10.6	184
	Ratio of accounts outstanding ¹ to dollar sales during month		
	AUGUST 1930	JULY 1930	AUGUST 1929
Wholesale trade.....	169.3	145.2	132.7
Retail trade.....	311.9	336.0	238.9

¹ End of month.

per cent of capacity from 48 per cent in July, and represents the first month-to-month increase since January. As compared with 1929, the industry continues to show about three-fifths the volume of business, with the August totals slightly less favorable in the comparison than those of the preceding month. Shipments for the eight months of 1930 aggregated about 65 per cent of those for the same period last year.

Building Material, Construction Work

Retailers of lumber and building materials in this district report an increase in dollar sales of nearly 10 per cent in August over July, but the total continues at a level about 30 per cent under a year ago and, seasonal factors eliminated, represents about 70 per cent of the 1925-27 average. Wide differences are noted in various portions of the district: Iowa and Wisconsin firms show increases of about 25 per cent and Illinois yards gained 5 per cent over July, while Indiana and Michigan dealers report declines of approximately 5 and 13 per cent, respectively. The influence of price reductions on wholesale business is reflected in a comparison of sales in board feet by fifteen wholesalers—which totaled 7 per cent more than in July and 46 per cent less than in August 1929—with dollar sales of the same firms, which were approximately the same as in the preceding month and 54 per cent under a year ago. Some further declines in lumber and brick prices took place during August, but cement quotations were higher than previously this year. The lumber movement through the Chicago market continued at a level less than half the 1929 volume.

Shipments of cement from midwestern mills registered a further slight increase in August over July, but totaled 16 per cent less than in the same month of 1929. Stocks were reduced somewhat, although production was about 5 per cent greater than in the preceding month. The distribution of cement in the five states including this district totaled 11 per cent larger in July than in June and 5 per cent below July 1929. Brick demand continues decidedly below a year ago, and many plants remain closed, while others are operating at about 50 per cent of capacity.

BUILDING CONSTRUCTION

Total contracts awarded in the Seventh Federal Reserve district during August were slightly greater than in the preceding month, in marked contrast to the large decline evidenced between June and July. The August total, however, continued more than 40 per cent below a year ago. Residential contracts fell below the July figure and were much less than in the corresponding month of 1929.

Permits issued in 105 cities of the district during August declined only 4 per cent in number and 7 per cent in estimated cost of proposed work from the July totals. The same comparisons with a year ago show decreases of 55 and 54 per cent, respectively. Each of the five large cities—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—followed the trend of the district in the year

ago comparison and registered large declines in both number and estimated cost. As against July, however, Des Moines recorded a gain of 63 per cent, Indianapolis of 25 per cent, and Detroit of 4 per cent in the estimated cost of proposed work.

BUILDING CONTRACTS AWARDED*

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
August 1930.....	\$58,599,393	\$10,728,378
Change from July 1930.....	+7%	-13%
Change from August 1929.....	-42%	-65%
First eight months of 1930.....	\$526,386,833	\$114,540,932
Change from same period 1929.....	-38%	-62%

*Data furnished by F. W. Dodge Corporation.

Merchandising

Wholesale dry goods and shoe sales increased seasonally in August over July, but other lines of wholesale trade reporting to this bank recorded declines, the recession in drug sales being contrary to the usual trend. Decreases in sales from the corresponding month of 1929 were heavier than in the same comparison for July. Declines for the year through August from the same period of 1929 averaged 3 per cent in groceries, 22 per cent in hardware, 27 per cent in dry goods, 11 per cent in drugs, 31 per cent in shoes, and 20 per cent in electrical supplies. The lower prices obtained in most lines this year have been to some extent responsible for the heavy sales declines shown from last year.

Department store trade in the Seventh district increased somewhat more than seasonally during August, the aggregate expansion over July for reporting firms being 16 per cent, whereas the average gain for the years 1922 through 1929 had been a little more than 12 per cent. Chicago and Detroit stores showed the largest increases over the preceding month, of 19 and 18 per cent, respectively, while sales in Indianapolis gained 5 per cent, in Milwaukee 6½ per cent, and in the total for other cities of the district an expansion of almost 18 per cent was recorded. Declines from the corresponding month of 1929 remained heavy, but in Chicago and Detroit were noticeably smaller than in the same comparison for July; the average decline for the district of 17½ per cent from a year ago compared with about 19 per cent in the preceding month. Stocks showed little change at the end of August from a month previous, but averaged under a year ago, while the rate of turnover for the month was about the same as in August last year.

In other phases of retail trade, sales of shoes in August by dealers and department stores failed to show any noticeable gain over the preceding month, aggregating

DEPARTMENT STORE TRADE IN AUGUST 1930

LOCALITY	PER CENT CHANGE AUGUST 1930 FROM AUGUST 1929		PER CENT CHANGE FIRST EIGHT MONTHS 1930 FROM FIRST EIGHT MONTHS 1929	RATIO OF AUGUST COLLECTIONS TO ACCOUNTS OUTSTANDING JULY 31	
	NET SALES	STOCKS END OF MONTH		1930	1929
Chicago.....	-15.4	- 8.2	-12.4	31.9	32.3
Detroit.....	-23.5	-24.5	-19.2	32.2	39.1
Indianapolis.....	-16.3	- 9.9	- 8.7	36.5	37.8
Milwaukee.....	-15.5	- 3.0	- 6.2
Other Cities.....	-14.7	-11.7	- 8.6	31.0	35.0
7th District..	-17.5	-12.5	-12.5	33.1	37.4

WHOLESALE TRADE IN AUGUST 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	- 6.9	-11.0	- 9.2	- 7.3	87.8
Hardware.....	-35.8	-11.8	-22.1	-23.0	251.5
Dry Goods.....	-40.1	-17.2	-22.1	-29.7	365.9
Drugs.....	-21.9	- 4.2	- 3.2	-16.6	164.2
Shoes.....	-34.3	-14.6	-11.4	-29.2	332.7
Electrical Supplies.....	-33.6	-20.5	-23.9	-29.8	163.8

about the same in volume as during July. As compared with last August, sales totaled 17 per cent less and for the period January through August were 9 per cent smaller than in the same months of 1929. Owing to the usual August furniture sales, business of retail dealers and the furniture and furnishings sections of department stores exceeded that of a month previous by 22 per cent, but a decrease of 31 per cent from the corresponding month last year was recorded; installment sales were one-third larger than in July and one-third smaller than a year ago.

Chain store trade during August, as reflected by reports sent to this bank, expanded 2 per cent in the aggregate over July, and with little change shown in the number

of units operated, average sales per store increased in the same amount. Grocery and cigar chains registered declines in total sales, but average sales per unit were larger, while an opposite trend was shown by drug chains; five-and-ten-cent stores, men's and women's clothing, and musical instrument chains had heavier total and average sales, while shoe and furniture sales were smaller. In the comparison with August 1929 total sales of the reporting groups declined 8 per cent, and average sales per store, because of an 11 per cent gain in the number of units, were 17 per cent smaller. All groups shared in these declines except drugs, in which aggregate sales were larger.

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	August 1930	July 1930	August 1929	July 1929
Meat Packing—(U. S.)—					
Sales (in dollars).....	64	98	97	119	121
Casting Foundries—					
Shipments:					
Steel—In dollars.....	15	59	61	94	101
In tons.....	15	65	65	100	111
Malleable—In dollars.....	23	32	35	89	84
In tons.....	23	45	49	124	120
Stoves and Furnaces—					
Shipments (in dollars).....	11	102	82	137	108
Furniture—					
Orders (in dollars).....	26	55	71	104	126
Shipments (in dollars).....	26	66	51	119	91
Flour—					
Production (in bbls.).....	27	116	105	113	92
Output of Butter by Creameries—					
Production.....	72	115	131	133	162
Sales.....	74	111	120	119	139
Automobile Production (U. S.):					
Passenger cars.....		64	76	151	145
Trucks.....		95	105	151	199

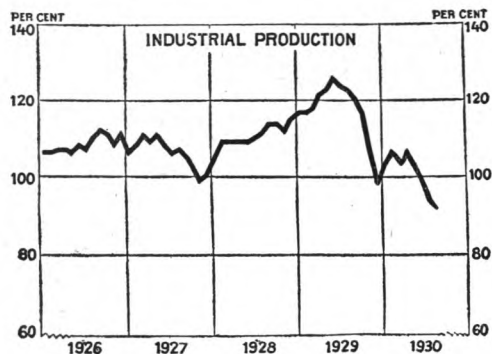
	No. of Firms	August 1930	July 1930	August 1929	July 1929
Wholesale Trade—					
Net sales (in dollars):					
Groceries.....	31	97	99	104	104
Hardware.....	14	66	70	102	103
Dry Goods.....	10	58	46	99	77
Drugs.....	14	84	89	112	103
Shoes.....	8	77	48	118	72
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	30	81	68	94	80
Detroit.....	4	104	87	136	120
Indianapolis.....	5	74	70	88	83
Milwaukee.....	5	80	75	94	88
Other Cities.....	51	82	69	94	79
Seventh District.....	95	85	72	101	88
Iron and Steel—					
Pig Iron Production:*					
Illinois and Indiana.....		91	95	144	144
United States.....		83	87	123	124
Steel Ingot Production—(U. S.)*		89	85	137	140
Unfilled orders U. S. Steel Corp.		75	84	77	86
Building Construction—					
Contracts awarded (in dollars):					
Residential.....		37	42	105	125
Total.....		86	80	147	155

*Average daily production.

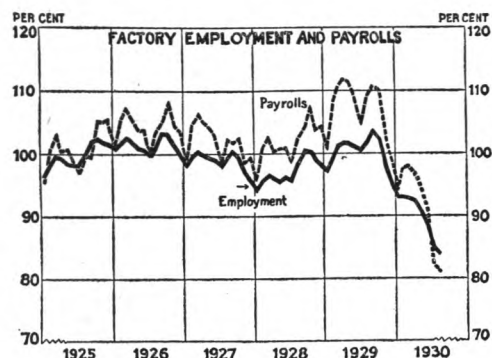
NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

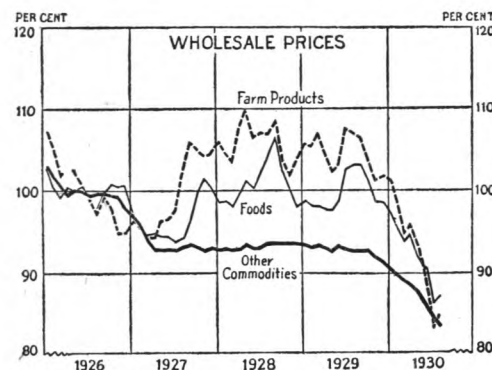
INDUSTRIAL production as a whole was in the same volume in August as in July, contrary to the usual upward trend at this season, although there were seasonal increases in activity in a number of basic industries. Factory employment and payrolls declined further. The general level of commodity prices at wholesale, which had declined continuously for a year, remained unchanged between July and August, advances in price being reported in certain agricultural staples.



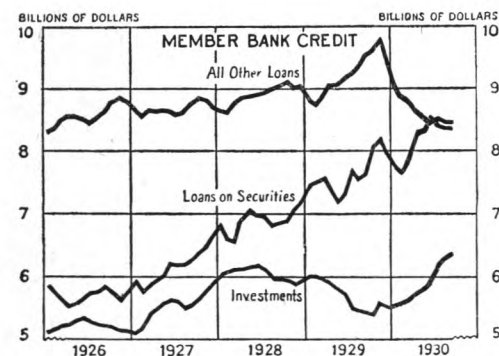
Index of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100).



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



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 September 1930.

PRODUCTION

The Board's index of industrial production, which makes allowance for seasonal variations, continued to decline in August. Production of automobiles, pig iron, lumber, and sugar decreased, and there was a reduction in the consumption of cotton and wool. In the bituminous coal and silk industries, there was less increase than is usual at this season, while in steel, cement, flour, and shoes the increase was slightly more than seasonal. During the first two weeks of September, activity at steel plants increased, while a further reduction in output of automobiles was reported.

Building contracts awarded, as reported to the F. W. Dodge Corporation, were in slightly smaller volume during August, largely on account of reductions in educational and industrial construction projects; residential building contracts continued small. During the first two weeks in September, awards averaged about the same as in August.

At the middle of August, the latest date for which figures are available, the number of wage earners employed in factories and the volume of factory payrolls were smaller than in the middle of July. There were decreases in employment in the iron and steel and cotton textile industries, and at foundries and machine shops, automobile plants, and saw mills. Substantial seasonal increases occurred in the canning and preserving, bituminous coal mining, and clothing industries.

AGRICULTURE

September first estimates by the Department of Agriculture indicate a corn crop of 1,983,000,000 bushels, about 700,000,000 bushels less than the five-year average; a spring wheat crop of 240,000,000 bushels, slightly larger than last year's unusually small crop, making the total wheat crop about equal to the five-year average; and a crop of oats of about the usual size. Condition of pastures on September first was reported to be unusually poor. The cotton crop is expected to be about 14,340,000 bales, nearly one-half million bales less than last year.

DISTRIBUTION

The volume of freight shipped by rail increased by slightly less than the usual seasonal amount during August. Sales of department stores were larger than in July, but continued considerably smaller than a year ago.

WHOLESALE PRICES

There were increases during August in prices of many agricultural products, especially meats, live stock and grains, while the price of cotton decreased. Prices of mineral and forest products and of imported raw materials and their manufactures in general declined, with the principal exception of silk. The Bureau of Labor Statistics index of wholesale prices showed no change from the preceding month. During the first half of September there were pronounced declines in prices of wheat, corn, hogs, pork, and rubber. Prices of cotton and woolen textiles remained fairly stable, while those of hides and coffee increased.

BANK CREDIT

Between August 20 and September 17, there was an increase in member bank holdings of investments and in their loans on securities, while all other loans, which include loans for commercial purposes, declined, contrary to the usual seasonal trend. The volume of reserve bank credit outstanding showed a growth for the period, as is usual at this season, but the increase was relatively small, owing to the fact that the seasonal demand for currency was smaller than in other recent years, and owing to an addition of \$15,000,000 to the country's stock of gold. The increase was in the holdings of acceptances, offset in part by a further decline in discounts for member banks to the lowest level since 1917.

Money rates continued at low levels during August and the first half of September, and the yield on high grade bonds declined further. Discount rates at the Federal Reserve Banks of Dallas and Minneapolis, the only banks which had maintained a 4 per cent rate, were reduced to 3½ per cent during September.