BUSINESS CONDITIONS

SEVENTH FEDERAL RESERVE DISTRICT

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General Summary

FURTHER expansion was noted during January in several phases of Seventh district industrial activity, although distribution of commodities declined seasonally, following the usual gains in December. With one or two exceptions, manufacturing and trade remained below the level of a year ago, but declines from last January were small in some instances.

Automobile production again increased in January, though less than seasonally following the large gain in December, and operations at steel mills have been gradually expanding. Steel and malleable casting foundries reported heavier shipments and production than in the preceding month. Furniture manufacturers booked a heavier volume of orders, as is customary for January, though failing to show quite so large a gain as usual for the month; their shipments fell off seasonally. Total building contracts awarded in the Seventh district recorded further decline, despite a gain in residential building for the month; materials continued to be in poor demand. The recession in industrial employment was largely affected by first-of-the-year influences.

Food-production industries in general showed gains in January over December. Meat, butter, and cheese production increased, and sales of the last commodity also were larger. Both manufacture and sales of butter exceeded those of a year ago, and production of meat gained in the comparison.

Merchandising lines, wholesale and retail, for the most part recorded seasonal recessions in January from the preceding month; in wholesale trade, drug sales furnished an exception. Department store sales totaled less than 10 per cent below last January, and declines from a year ago were smaller than for some time in the retail shoe and retail furniture trade. Aggregate sales of reporting chains were about the same as in January 1930, though average sales per store continued to be somewhat less. Wholesale and retail distribution of automobiles expanded over a month previous, and retail sales showed an increase in aggregate value over a year ago, due to increased sales of higher priced cars.

Loans of reporting member banks in the district declined further between the middle of January and February 11, while their investments again increased; net demand deposits fell off during the period, but time deposits gained. No changes of importance took place in money rates.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	Feb. 11 1931	Change From Jan. 14 1931	Change From Feb. 11 1930
Total Bills and Securities	$114.5	$−31.0	$−51.9
Bills Discounted	18.8	−7.3	−47.2
Bills Bought	13.9	−22.8	−14.2
U. S. Government Securities	81.8	0	+11.0
Total Reserves	404.9	+35.1	−97.7
Total Deposits	334.7	−1.0	+2.6
Federal Reserve Notes in Circulation	148.1	+4.5	−149.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	83.8	+6.7*	+4.0*

*Number of Points.

Credit Conditions and Money Rates

Borrowings of member banks at the Reserve bank declined approximately 7 million dollars between January 14 and February 11. Chiefly accountable for the lessened borrowing during that period were an excess of local Treasury expenditures over receipts amounting to more than 22 million dollars, and lessened demand for currency, combined with minor changes in other factors making for decreased borrowing, as set forth in the accompanying tabulation. Partially offsetting the foregoing factors, will be noted a decrease in holdings of acceptances (local transactions) of about 14 millions, a small loss of funds through inter-district settlements for commercial and financial transactions, and slight changes in other elements also making for increased member bank borrowing.

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

Changes between January 14 and February 11, 1931
(In millions of dollars)

Changes making for decrease in member bank borrowing:		
1. Excess of local Treasury expenditures over receipts	22.27	
2. Decrease in demand for currency	1.38	
3. Increase in reserve bank float	0.55	
4. Decrease in unexpended capital funds	0.29	
5. Decrease in member bank reserve balances	0.14	
6. Decrease in non-member clearing balances	0.12	
Total		24.75
Changes making for increase in member bank borrowing:		
1. Decrease in holdings of acceptances (local transactions)	14.38	
2. Funds lost through inter-district settlements for commercial and financial transactions	2.06	
3. Decrease in holdings of other securities	1.00	
4. Sales of gold to industry	0.04	
Total		17.48
Excess of changes making for decrease in member bank borrowing:		7.27
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks)		7.27

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Member Bank Credit

Reporting member banks in the Seventh district on February 11 showed a decrease from January 14 of more than 30 million dollars in loans on securities, as well as in "all other" loans, while investment holdings rose in excess of 20 millions. Reflecting the lessened volume of loans, net demand deposits declined nearly 45 millions during the period. Time deposits gained approximately 23 million dollars. As against February 11, 1930, total loans and investments on that date in 1931 registered an increase of 166 million dollars, investments alone increasing nearly 250 millions, whereas loans on securities and "all other" (commercial) loans declined 36 and 46 millions, respectively. In the year-to-year comparison, as shown in the tabulation at the bottom of the page, deposits registered a considerable increase, amounting in the case of net demand deposits to 78 million dollars and for time deposits to 118 millions.

The average rate earned on loans and discounts by six down-town Chicago banks during the calendar month of January was 4.57 per cent, a rise of one point from the 4.56 reported for December. The prevailing rate of 3¼ to 5½ per cent on customers' prime commercial loans, as reported by six large down-town banks in Chicago for the week ending January 15, was reduced to 3 to 5½ for the week ending February 15, reflecting a drop of ½ per cent reported by one bank of moderate size. In Detroit, an average rate earned during January of 5.48 per cent was reported, as compared with 5.52 in December; the prevailing rate on customers' prime commercial loans in that city for the week ended February 15 was 4½ to 5½, unchanged from the range given for the corresponding week in the preceding month.

Sales of commercial paper in the Middle West increased 37 per cent in January over the low level of the two preceding months, although they declined 45 per cent from the same month of 1930 and continued in approximately half the customary volume for this season of the year. Financing by means of commercial paper remained in moderate proportions during the month, despite a slight improvement in the demand for this class of investment. Selling rates in January ranged from 2¼ and 2¾ per cent for low to 3¼ and 3½ per cent for high, with a preponderance of the names moving at 2¾ to 3 per cent. With the exception of May, June, and July 1929, commercial paper outstandings in the Middle West were at a lower level on January 31, 1931, than for any corresponding date on record (January 1923). During the first half of February, sales exceeded those for the corresponding period of January by more than 35 per cent, largely owing to a somewhat better supply of paper; demand was good. Rates closed on February 14 at 2½ and 2¾ per cent for low to 3 and 3¼ per cent for high, with most paper going at 2½ and 3 per cent.

Chicago bill market operations remained moderate during the five weeks ended February 11, chiefly owing to a light supply of bills from local banks. Dealer purchases, however, were augmented to some extent by a fairly liberal movement of acceptances from the East to Chicago. Demand on the part of local banks ranged between moderate and good; weekly sales to out-of-town banks averaged somewhat less than from December 11 to January 14; and shipments to eastern markets declined in the comparison with the earlier period. Portfolios of dealers remained at a very low level on February 11. Rates closed on February 11 at ⅜ per cent less than those of January 14, being 1¼ per cent for 30-day offerings and 1½ per cent for those of 180 days.

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	Feb. 11 1931	Change From Jan. 14 1931	Change From Feb. 11 1930
Total Loans and Investments	$3,298	$−46	$+166
Loans on Securities	1,183	−32	−36
All Other Loans	1,220	−35	−46
Investments	895	+21	+248
Net Demand Deposits	1,844	−44	+78
Time Deposits	1,296	+23	+118
Borrowings from Federal Reserve Bank	5	−4	−31

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

January 15, 1931 to February 11, 1931

	Per Cent Change in Comparison With Period From Dec. 11, 1930 to Jan. 14, 1931	Jan. 16 to Feb. 11, 1930
Bills purchased	−9.4	−50.4
Bills sold	+10.8	−9.3
Holdings*	−37.8	−87.5

*At end of period.

The aggregate value of bills accepted in January by the reporting group of accepting banks in the Seventh Federal Reserve district was unusually large for the opening month of the year, though less than in December or the corresponding period of 1930. Purchases continued on a liberal basis but remained considerably below the peak of last October, the latter decline being mainly due to a reduction in the supply of bills. Sales resumed moderate proportions in January, following the marked expansion a month earlier. Accepting banks' holdings of bankers' bills increased on January 31 to within 25 per cent of the high point of November 30, despite profit-taking in December and a large volume of maturities in the preceding 60 days. Liability for outstanding acceptances declined in January to the lowest level of any month since last June. Bills accepted during the first half of February aggregated 11½ per cent less in value than for the corresponding period of January and represented a smaller amount of financing by means of acceptance credits in a majority of the industries; noteworthy increases, however, were reported for tobacco, hides, and aluminum, while gains also were shown for packing-house products, textiles, raw furs, sugar, coffee, and surgical goods.

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

	Per Cent Change in January 1931 From December 1930	January 1930
Total value of bills accepted	−7.6	−15.3
Purchases	+3.0	+40.9
Sales	−43.0	+6.2
Holdings*	+24.0	+181.2
Liability for outstandings*	−6.6	−19.7

*At end of month.

Security Markets

Increased demand, slightly higher price levels, and a larger volume of new offerings characterized the Chicago bond market during January and the first two weeks in February. The improved tone which became evident during the latter part of December continued through most of January. In the closing part of the month, however, bond prices declined. Following this short period of unsettlement, the market appears to have again

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strengthened. New offerings during January were the largest since the spring of 1930, and showed a decided increase over recent months. Demand was heavy not only for new offerings but also for general market issues, largely representing reinvestment on the part of institutions and banks which had liquidated prior to the turn of the year. An encouraging factor during January was the appearance of some individual buying, although still not in large volume as compared with institutional demand. Prices on the Chicago Stock Exchange, while fluctuating considerably during the past six weeks, trended slightly upward. The average price of twenty leading stocks * on February 14 amounted to $94.69.

* Chicago Journal of Commerce.

Agricultural Products

The following table shows more cattle and hogs on farms on January 1, 1931, than a year ago. In the Seventh Federal Reserve district, however, a compilation of the December 1 reports direct to this bank from county agricultural agents reflected reduced operations in all classes of live stock from the preceding year, the result, in part, of the feed situation and of the prevailing low prices for live-stock products.

LIVE STOCK ON FARMS—JANUARY 1

Estimates by the United States Bureau of Agricultural Economics
(In thousands)

	Five States Including Seventh District		United States	
	Number	Value	Number	Value
1931				
Swine, including Pigs	19,190	$243,830	52,323	$ 610,200
Milk Cows and Heifers*	6,129	375,516	22,975	1,322,666
Other Cattle and Calves	5,942	190,031	35,980	1,018,255
Lambs and Sheep	4,386	24,001	51,911	277,708
Horses and Colts	3,183	245,806	12,803	785,624
Mules and Mule Colts	318	24,972	5,131	351,994
1930				
Swine, including Pigs	18,873	$281,577	53,238	$732,560
Milk Cows and Heifers*	5,957	546,212	22,443	1,872,358
Other Cattle and Calves	5,901	276,011	35,535	1,449,634
Lambs and Sheep	4,438	44,304	50,503	450,684
Horses and Colts	3,266	285,576	13,364	944,709
Mules and Mule Colts	329	28,959	5,279	438,019

*Two years old and over.

Grain Marketing

Increased concentration of wheat at primary centers in January resulted from the combined effect of receipts larger than for any January since 1923—also exceeding any month since last September—and a volume of reshipments smaller than usual. This concentration was reflected in an increase during January in the total United States visible supply, the amount of which on February 7 was larger by over 3 million bushels than on January 3 and about 30 million bushels greater than on February 7, 1930. Exports in January were only about one-sixth of the January 1930 volume, and the total for the season to January 31 was almost 20 per cent below the corresponding aggregate for the 1929-30 season. In the seven months ended January 31, over twice as much Canadian wheat entered this country for milling in bond than in the same period of the preceding year. Price changes during recent weeks have not been significant, cash wheat averaging slightly higher in January than in December but declining somewhat after the middle of the month. Continuance of unfavorable crop news based on undetermined damage to the Argentine crop and reported shortage of moisture in the North American belt had a strengthening influence on futures in most world markets, though to a less extent on those in the United States than elsewhere. The volume of trading in wheat futures at Chicago totaled about one-fourth of that in January 1930, and the average of contracts outstanding amounting to 11 per cent less than for December, was smaller than for any month since July.

The movement of corn at interior markets was small, and receipts and shipments of oats were moderate. Cash corn averaged slightly less in January than in December, a sharp rise at the first of the year having been followed by decline during the remainder of the month. Oats quotations varied little from December. Corn futures followed a similar trend to cash transactions. The volume of corn future transactions was three times that of January a year ago, and unfulfilled contracts averaged 64 per cent higher.

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	Jan. 1931	Per Cent of Increase or Decrease From Dec. 1930	Jan. 1930
Chicago	$3,459	−8.1	−18.5
Detroit, Milwaukee and Indianapolis	1,325	−8.9	−16.4
Total four larger cities	$4,784	−8.3	−18.0
34 smaller centers	909	+2.0	−12.8
Total 38 centers	$5,693	−6.8	−17.2

Movement of Live Stock

Hog receipts at public stock yards in the United States continued in January to total slightly less than in the preceding year or the five-year average for the month, though increasing somewhat more than the customary amount over December. Cattle marketings decreased from a month earlier and remained decidedly below the seasonal average, as prices failed to show the usual improvement in January over December and there was fairly definite evidence of a smaller supply of the animals available in corn belt feed lots than in 1930. Lamb receipts continued in exceptionally large volume for mid-winter. Reshipments to feed lots declined sharply from December; the movement of feeder cattle decreased from the five-year average, and feeder purchases of lambs showed a smaller gain in this comparison than had been evidenced in any other month since last September.

Meat Packing

January production at slaughtering establishments in the United States was somewhat in excess of the average for the month, totaling 12 per cent heavier than in December and 5½ per cent above a year ago. Payrolls at the close of January reflected an increase of one per cent

LIVE STOCK SLAUGHTER

(In thousands)

	Cattle	Hogs	Lambs and Sheep	Calves
Yards in Seventh District, January 1931	189	1,209	353	101
Federally Inspected Slaughter, United States				
January 1931	651	5,362	1,426	379
December 1930	692	4,647	1,426	398
January 1930	713	5,001	1,225	374

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	Week Ended Feb. 14 1931	Jan. 1931	Month of Dec. 1930	Jan. 1930
Native Beef Steers (average)	$8.35	$9.60	$10.50	$12.75
Fat Cows and Heifers	5.85	6.40	7.05	9.25
Calves	9.25	9.30	8.55	13.95
Hogs (bulk of sales)	7.25	7.65	7.95	9.75
Yearling Sheep	7.35	6.85	6.15	10.85
Lambs	8.30	8.05	7.65	13.00

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in number of employes, of 16 per cent in hours worked, and of 9½ per cent in wage payments over the preceding period. Sales billed to domestic and foreign customers totaled one per cent less in value than for December and were 25 per cent below those of last January. Reduced buying power of the consumer as compared with a year ago, together with the low prices of packing-house products in recent months, remained chiefly responsible for the latter recession, while mild weather has continued an unfavorable influence in so far as domestic sales are concerned. A decline in quotations for pork, lard, and smoked meats during January accounted for the major portion of the decrease in sales from the preceding month; beef and veal prices remained steady, while those of lamb, clear bellies, and light-weight hams advanced. Inventories of packing-house commodities in the United States increased more than the seasonal amount on February 1 over the beginning of January, and were a little in excess of the five-year average, though less than a year ago. Trade in domestic markets remained fair at the beginning of February.

Shipments for export appear to have been somewhat larger in January than a month earlier, principally owing to the delivery of lard for which commitments had been made in October, November, and December. Despite a slight expansion during the month in the forwarding of commodities on consignment terms, a further decline was evident on February 1 in the American holdings of packing-house products abroad (inclusive of stocks in transit). Foreign purchases of lard for future delivery were only in fair volume in January, but trade in stocks already landed was rather good; the demand for meats remained quiet. European prices averaged slightly under the Chicago parity.

Dairy Products

The manufacture of creamery butter in the Seventh Federal Reserve district continued in January at a higher level than is customary for the month, being 2 per cent greater than in December and 11 per cent above a year ago. These increases were chiefly due to the mild weather which was conducive to a greater production of milk than is usual in mid-winter. Consumption continued heavy for this season of the year, because of low prices of the commodity, and January sales tonnage of firms in this district was 2 per cent heavier than in the corresponding month of 1930, despite a 3½ per cent decline from a month earlier. Inventories of the commodity in cold-storage warehouses and packing plants in the United States showed a decrease, as is customary, of 17,000,000 pounds on February 1 from the beginning of January and aggregated less than on February 1, 1930, though remaining 12,000,000 pounds in excess of the five-year average. Prices declined further during January and the first half of February.

The production of American cheese in Wisconsin increased 11 per cent during the four weeks ended January 31 over the preceding period, which gain is somewhat less than seasonal, and totaled 10 per cent smaller than in the corresponding weeks of 1930. Reshipments of the commodity from primary centers of that state expanded 52 per cent over those of December 8 to January 3, and were 6½ million pounds in excess of current production and only 4 per cent less than in the same period of a year previous. A decline in cheese inventories in the United States was shown as is usual on February 1 from the beginning of January; stocks were on a level with a year ago but continued to exceed the five-year average by nearly 4,000,000 pounds. Prices had declined to a very low level by the beginning of February.

Industrial Employment Conditions

The usual first-of-the-year fluctuations in industrial operations resulted in a further moderate decline in employment and payrolls, as reported for January by firms in this district. The downward trend was evident in practically all lines, as ten of the fourteen groups in the classification had fewer employes than were reported for December, and only one group, food products, showed any expansion in wage totals. Whether continued cyclical contraction was operative during the period covered can hardly be determined, as conditions vary in different industries and localities. Some plants lengthened their working hours and others employed more workers after the first of the year; on the other hand, such changes were offset by the seasonal closing of plants and reduction of forces for inventory and repairs. The length of the period of shut-down seems to average longer than in years of normal demand, as certain plants which closed in the latter part of 1930 were reported as still inactive on January 15. Some firms have reported wage reductions, which have combined with reduced working hours to curtail total wage payments; in addition, re-hiring at reduced rates and promotion of lower paid workers to fill the place of those previously earning more have no doubt contributed to the reduction in payroll aggregates.

Income of farm workers has also continued downward, as indicated by the Department of Agriculture report for January 1, which showed that a smaller demand for farm labor combined with a greatly increased supply forced the index of farm wages to the lowest level on record (1923-31) for that date, the net decline from October 1 being 21 points, as compared with an average seasonal decline of 14 points for the corresponding period in the last five years.

At free employment offices the ratio of applicants to jobs available in January was higher for three states than

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

Industrial Group	Week of January 15, 1931			Changes From Dec. 15, 1930	
	Reporting Firms No.	Wage Earners No.	Earnings (000 Omitted) $	Wage Earners %	Earnings %
Metals and Products[1]	534	158,646	3,847	−1.8	−3.6
Vehicles	70	29,307	640	−3.5	−4.1
Textiles and Products	137	25,700	456	−4.9	−7.4
Food and Products	323	50,414	1,304	−1.3	+0.3
Stone, Clay, and Glass	112	9,349	212	−9.6	−13.9
Lumber and Products	236	24,288	424	+0.8	−7.3
Chemical Products	68	10,288	249	+0.7	−3.2
Leather Products	68	14,266	238	+0.1	−6.4
Rubber Products[2]	7	2,732	43	−4.9	−3.9
Paper and Printing	247	32,216	924	−0.2	−4.2
Total Mfg., 10 Groups	1,802	357,206	8,337	−1.9	−3.9
Merchandising[3]	175	31,164	775	−13.3	−9.6
Public Utilities	78	89,577	2,974	−1.8	−0.3
Coal Mining	29	9,827	240	+1.0	−6.2
Construction	193	7,606	199	−18.4	−20.7
Total Non-Mfg., 4 Groups	475	138,174	4,188	−5.5	−3.7
Total, 14 Groups	2,277	495,380	12,525	−2.9	−3.8

[1]Other than Vehicles. [2]Wisconsin only. [3]Illinois and Wisconsin.

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in December, Indiana alone showing any reduction in the excess of workers applying for jobs.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

Month	Illinois	Indiana	Iowa	Wisconsin
1931 January	331	156	497	230
1930 December	270	172	451	192
1930 January	257	164	315	196
1929 December	177	119	278	163

Manufacturing

Automobile Production and Distribution

Manufacturers of passenger automobiles in the United States accelerated production less than is customary during January, following the unusually large increase in December; output of 139,814 cars represented a gain of 14 per cent over the last month of 1930 and compared with production of 236,145 in January of that year. Truck output totaled 31,577 in January, or about the same as in the preceding month, and declined 18 per cent from the corresponding month a year ago.

Wholesale distribution of automobiles by representative firms in the Middle West increased seasonally in January, and retail sales also gained. As compared with the corresponding month a year ago, wholesale distribution was less by almost 30 per cent, and the number of cars sold at retail was 9 per cent smaller but the value 3½ per cent larger, this difference in trend being largely due to increased sales in the higher priced cars over that period. Used cars sold gained noticeably in number over both a month and a year previous. Stocks of new and used cars remained much lighter than a year ago, though expanding as is usual in the first month of the year. The value of cars sold on the deferred payment plan averaged 40 per cent of the total retail sales during January of thirty-two dealers, and compared with a ratio of 37 per cent in December and with 50 per cent a year ago.

Iron and Steel Products

Gradual expansion took place during January and the early weeks of February in activity of steel mills in the Chicago district, operations increasing from around 40 per cent of capacity the middle of the former month to almost 50 per cent by the fifteenth of February. Reports vary, however, as to volume of new business and shipments, certain of them indicating a noticeable improvement in January over December, and others recording a very quiet month. As compared with the high rate of activity maintained in the corresponding month of 1930, the level in January this year was decidedly lower. January pig iron production in the Illinois and Indiana district averaged slightly less in the daily average than a month previous and much smaller than for any January on our records (1923). An attempt was made the end of January to establish slightly higher prices on steel plates, shapes, and bars in this district, but early in February they again returned to previous levels. Pig iron has remained steady, while scrap iron and steel prices weakened somewhat at the end of January.

Casting foundries of the Seventh district experienced increased activity during January for the second successive month, shipments and production of both steel and malleable castings gaining over the preceding month. Orders booked by malleable foundries were one-third larger in the comparison, but those booked by steel foundries fell off. All items were in considerably lower volume than in the corresponding month a year ago. Seasonal trends were operative with manufacturers of stoves and furnaces, shipments declining and orders booked increasing as compared with the closing month of 1930. Shipments totaled about one-third less than last January, while orders booked were one-fourth smaller. Production expanded considerably during the month, following several shutdowns in operations in December.

Furniture

The seasonal expansion in orders booked which takes place in January was realized this year by reporting furniture manufacturers in only slightly less than the usual degree, the increase over orders booked in December being 64 per cent as compared with an average increase in other years of 87 per cent. Shipments, though only 11 per cent under those of the preceding month as compared with an average decline for the month of 14 per cent, aggregated little more than half the total of new orders, and cancellations were very low. Consequently, unfilled orders increased 112 per cent over a month previous and stood at the close of January at 73 per cent of orders booked during the month, an increase of 16 points over the 57 per cent obtaining at the close of December. As compared with a year ago, orders booked, shipments, and unfilled orders were 34, 38, and 36 per cent lower, respectively. The rate of operations maintained during January was 49 per cent of capacity, the same as in December and comparing with a ratio of 70 a year ago.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in January 1931 from previous months

	Per Cent Change From		Companies Included
	December 1930	January 1930	
New Cars			
Wholesale—			
Number Sold	+42.3	−29.2	26
Value	+37.1	−26.6	26
Retail—			
Number Sold	+25.6	−9.0	50
Value	+13.7	+3.5	50
On Hand January 31—			
Number	+20.5	−40.6	52
Value	+15.1	−36.2	52
Used Cars			
Number Sold	+26.1	+15.4	52
Salable on Hand—			
Number	+4.0	−28.1	52
Value	−0.6	−37.1	52

WHOLESALE AND RETAIL LUMBER TRADE

Class of Trade	January 1931: Per Cent Change From		Number of Firms or Yards
	Dec. 1930	Jan. 1930	
Wholesale Trade:			
Sales in Dollars	+13.4	−38.4	12
Sales in Board Feet	+15.4	−23.7	10
Accounts Outstanding[1]	+2.9	−19.9	10
Retail Trade:			
Sales in Dollars	−21.0	−20.9	216
Sales in Board Feet	−24.1	−27.8	45
Accounts Outstanding[1]	−12.4	+2.0	208
	Ratio of accounts outstanding[1] to dollar sales during month		
	Jan. 1931	Dec. 1930	Jan. 1930
Wholesale Trade	180.3	200.0	133.6
Retail Trade	530.6	483.6	414.7

[1]End of Month.

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Shoe Manufacturing, Tanning, and Hides

Seventh district shoe production in January remained near the exceptionally low level of the two preceding months. Leather production and sales decreased from December and the corresponding month of 1930. Quotations for leather held barely steady.

Chicago trading in packer green hides was less active in January than a month earlier, but more calf and kip skins were sold; total shipments of hides and skins from the city increased. Prices declined.

Building Material, Construction Work

Reporting wholesalers in this district showed improved lumber business in January, the substantial increase recorded in sales being contrary to the usual decline at the beginning of the year. Relative to a year previous the decline was about as large as during recent months in similar comparisons. Better demand from railroads and industry contributed to this improvement, while sales to retailers continued small. Stocks were reduced, following the expansion shown in December, but the majority of firms were carrying a larger volume than at the end of January 1930. A fair improvement in collections was indicated by a lower ratio than for December of accounts to dollar sales.

Further reduction in demand for lumber and other materials was reported by retailers, whose sales were much smaller in January than in December. Residential and farm building and miscellaneous repair work, which are the main sources of retail demand, failed to expand despite the generally favorable weather during the month. A survey by the National Lumber Manufacturers Association shows a continuation of large numbers of vacancies in most classes of buildings, making new construction and reconditioning unattractive. Reports of retail dealers to the same organization indicate that yard stocks in the five states including this district on January 1 totaled about 10 per cent less than at the beginning of 1930 and 15 per cent smaller than on January 1, 1929. Firms reporting to this bank effected a further slight reduction in stocks during January.

The downward movement of prices continued during the first month of the year. Quotations have weakened for lumber, brick, and cement at wholesale, and lower prices for nearly all building materials were in effect in eight cities of this district on January 1 than a month earlier.*

* Division of Building and Housing of Bureau of Standards, Washington.

Building Construction

Total construction activities in the Chicago territory, according to contracts awarded during January, showed a decline from December and a year ago. Residential contracts though less than for January last year, were somewhat larger in volume than in the preceding month.

BUILDING CONTRACTS AWARDED*
SEVENTH FEDERAL RESERVE DISTRICT

Period	Total Contracts	Residential Contracts
January 1931	$31,766,500	$6,458,943
Change from December 1930	−10%	+11%
Change from January 1930	−20%	−36%

*Data furnished by F. W. Dodge Corporation.

The estimated cost of building permits issued by 100 cities in the Seventh Federal Reserve district increased 16 per cent in January over the closing month of 1930, although the number of permits fell off 7 per cent. In the comparison with a year ago, declines of 16 and 40 per cent, respectively, were shown. The value of permits issued in Chicago and Detroit displayed noticeable gains over December 1930, while in Milwaukee, Indianapolis, and Des Moines declines were recorded in the comparison. Detroit was the only one of these five cities also to show an increase in estimated cost over a year ago.

Merchandising

Declines were reported in January from the preceding month in all reporting lines of wholesale trade except drugs which experienced a 2 per cent increase in sales. Hardware sales fell off 27 per cent in the comparison, shoes 25 per cent, electrical supplies 23 per cent, dry goods 17 per cent, and groceries 3 per cent. With the exception of groceries, declines were more than seasonal. Decreases continued to be recorded in business from a year ago. In most groups, ratios of accounts outstanding to sales increased in January over the preceding month, while the majority showed smaller ratios than a year ago.

The recession from December of 52 per cent in January department store sales was about average for the season, according to reports of representative stores in this district, while the decline of 9 per cent from a year ago approximated that between January 1930 and 1929. In the comparison of this January with last, Detroit experienced the heaviest recession of the larger cities in the district, with 14 per cent, and that of only 2½ per cent recorded for the aggregate of cities other than Chicago, Indianapolis, Detroit, and Milwaukee, was largely affected by gains shown by more than one-third of the individual stores included. Stocks continued to decline and remained lighter than a year ago.

Retail shoe sales by department stores and dealers declined less than is usual between December and January, and the decrease of only 2½ per cent from last January

WHOLESALE TRADE IN JANUARY 1931

Commodity	Per Cent Change From Same Month Last Year				Ratio of Accts. Outstanding to Net Sales
	Net Sales	Stocks	Accts. Outstanding	Collections	
Groceries	−10.2	−6.0	−10.0	−9.1	88.5
Hardware	−26.3	−15.5	−16.8	−24.9	312.0
Dry Goods	−23.2	−39.1	−28.7	−21.3	372.7
Drugs	−10.7	−12.8	−5.2	−12.0	149.4
Shoes	−1.1	−18.8	−5.9	−20.8	635.2
Electrical Supplies	−28.4	−9.0	−24.0	−29.2	149.3

DEPARTMENT STORE TRADE IN JANUARY 1931

Locality	Per Cent Change January 1931 From January 1930		Ratio of January Collections to Accounts Outstanding December 31	
	Net Sales	Stocks End of Month	1931	1930
Chicago	−8.5	−11.5	36.5	38.4
Detroit	−13.7	−16.2	38.0	41.5
Indianapolis	−3.7	−23.0	44.1	40.6
Milwaukee	−9.7	.....	.....	.....
Other Cities	−2.5	−12.8	39.3	40.1
7th District	−8.8	−13.2	39.5	41.4

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represented the smallest decline in the year-to-year comparison since May 1930. Stocks on hand the end of the month decreased from a month previous and from the corresponding date of 1930. Sales of furniture and house furnishings at retail likewise fell off seasonally in January, while the decline of 10 per cent in the year ago comparison was the smallest since last March. Stocks at the end of January averaged almost one-fourth less than on January 31, 1930.

Along with other lines of retail trade, aggregate sales during January of twenty chains operating 2,635 units, declined seasonally from the preceding month. Sales totaled about the same as those of last January, but average sales per store were 5 per cent smaller in this comparison.

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	Jan. 1931	Dec. 1930	Nov. 1930	Oct. 1930	Sept. 1930	Aug. 1930	Jan. 1930	Dec. 1929	Nov. 1929	Oct. 1929	Sept. 1929	Aug. 1929
Meat Packing—(U. S.)—													
Sales (in dollars)	63	84	85	89	105	102	98	113	104	111	129	126	119
Casting Foundries—													
Shipments:													
Steel—In Dollars	15	34	31	32	42	46	57	80	84	79	87	85	94
In Tons	15	34	30	30	42	48	62	84	93	86	92	88	100
Malleable—In Dollars	23	31	27	25	31	33	32	69	60	60	73	78	89
In Tons	23	45	40	36	44	48	46	98	83	81	99	105	124
Stoves and Furnaces—													
Shipments (in dollars)	11	50	86	118	200	150	110	78	125	167	256	213	151
Furniture—													
Orders (in dollars)	26	64	38	47	56	70	56	102	55	86	112	117	104
Shipments (in dollars)	26	37	39	47	72	73	60	61	80	98	149	133	119
Flour—													
Production (in bbls.)	27	98	99	103	117	121	116	107	92	97	122	106	113
Output of Butter by Creameries—													
Production	67	93	91	78	94	97	115	84	82	81	96	106	133
Sales	69	96	99	94	96	95	111	94	86	88	92	98	119
Wholesale Trade—													
Net Sales (in dollars):													
Groceries	31	85	87	86	104	103	99	94	91	101	113	107	104
Hardware	14	42	59	63	88	75	66	58	76	92	112	106	102
Dry Goods	9	42	51	55	71	71	58	55	66	78	97	115	96
Drugs	14	86	84	83	101	95	88	97	96	100	113	108	112
Shoes	8	34	45	63	83	78	77	35	57	69	98	112	118
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago	26	80	165	99	110	94	77	87	188	126	126	110	90
Detroit	4	95	201	130	127	165	104	109	240	171	163	211	136
Indianapolis	5	80	154	97	98	114	74	83	172	120	113	131	88
Milwaukee	5	85	167	111	116	107	80	94	184	137	131	120	94
Other Cities	50	72	146	96	103	86	81	73	160	114	110	98	94
Seventh District	90	82	167	105	111	107	82	89	190	132	129	127	98
Automobile Production (U. S.)—													
Passenger Cars		48	42	35	38	60	64	81	31	57	109	124	151
Trucks		84	84	87	99	109	95	103	73	128	161	137	151
Building Construction—													
Contracts Awarded (in dollars):													
Residential		22	20	36	42	44	37	34	38	66	89	104	105
Total		46	51	58	77	88	86	58	110	85	122	150	147
Iron and Steel—													
Pig Iron Production:													
Illinois and Indiana		72	72	76	79	82	91	109	113	124	132	135	144
United States		56	55	63	71	77	83	93	93	108	118	119	123
Steel Ingot Production—(U. S.)*		69	58	67	76	83	89	106	87	102	126	136	137
Unfilled Orders U. S. Steel Corp.		87	83	76	73	72	75	94	93	86	86	82	77

*Average daily production.

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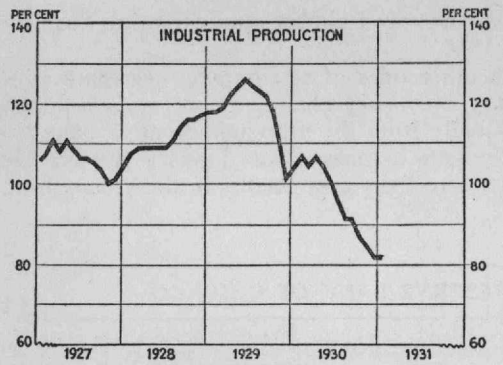
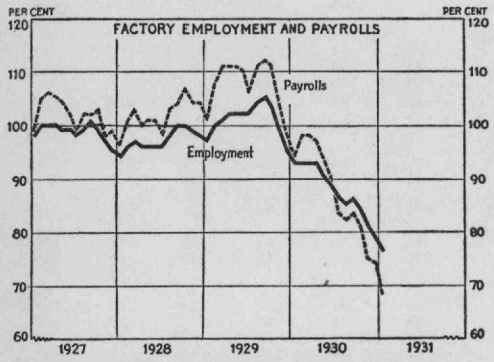
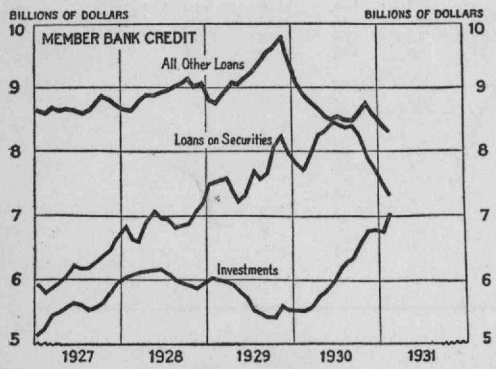


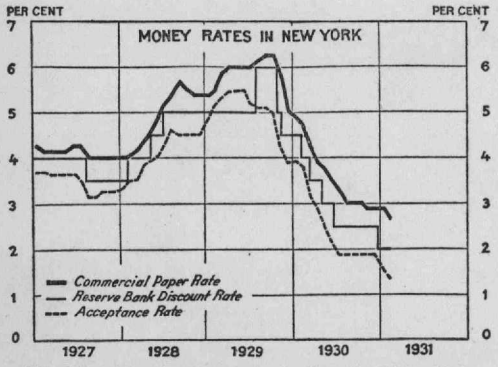
Index number of industrial production, adjusted for seasonal variation. (1923-25 average = 100).



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-25 average = 100).



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures, averages of first two weeks in February 1931.



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. Latest figures, averages of first 19 days in February 1931.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL activity increased in January by slightly less than the usual seasonal amount, and factory employment and payrolls declined. Money rates in the open market declined further from the middle of January to the middle of February.

Production and Employment

The Board's index of industrial production, which is adjusted for seasonal variation, showed a decrease of less than one per cent in January, compared with declines of 3 per cent in November and in December. Activity in the steel industry, which was at a low level in December, increased during the following month by considerably more than the usual seasonal amount; output of automobiles, which had shown an unusual increase in December, increased less in January than in the corresponding month of other recent years. The cotton and wool textile industries were more active in January, while the output of copper, petroleum, and coal declined.

The number of wage earners employed at factories was smaller in the payroll period ending nearest the fifteenth of January than in the preceding month, reflecting in part extended year-end shut-downs. There were large declines in employment at foundries and at establishments producing hosiery, women's clothing, lumber, brick, cement, and tobacco products. Employment in the men's clothing, leather, and agricultural implement industries increased somewhat more than usual for the season. Factory payrolls were considerably reduced in January.

Value of contracts awarded for residential building continued to decline in January, according to the F. W. Dodge Corporation, while contracts for public works and utilities increased. In the first half of February the daily average of contracts awarded for residential building increased.

Distribution

Volume of freight carloadings was reduced further in January, contrary to the usual seasonal tendency, reflecting decreases in shipments of coal, merchandise, and miscellaneous freight. Department store sales, which always show a sharp reduction from December to January, declined by less than the estimated seasonal amount.

Wholesale Prices

The general level of wholesale commodity prices declined further by 2 per cent in January, according to the Bureau of Labor Statistics. Prices of many leading agricultural products, and of copper and silver decreased substantially, while prices of cotton and silk advanced. In the first half of February the price of cotton continued to rise, and in the middle of the month copper also advanced, while the price of silver declined to new low levels and prices of live stock continued to decrease.

Bank Credit

Volume of credit at member banks in leading cities showed little change from January 14 to February 11, further declines of $200,000,000 in loans on securities and of $115,000,000 in all other loans being largely offset by an increase of $310,000,000 in the banks' holdings of investments.

In the first three weeks of February, bank suspensions declined sharply and a number of banks, previously suspended, resumed operations.

Volume of reserve bank credit outstanding decreased by $175,000,000 between the weeks ending January 17 and February 14, reflecting a reduction of $70,000,000 in member bank balances and $80,000,000 in money in circulation, together with an increase of $25,000,000 in the stock of monetary gold. The principal reduction has been in acceptance holdings of the reserve banks.

Money Rates

Money rates in the open market continued to decline after the middle of January, and by the middle of February were at new low levels.

The prevailing rate on prime commercial paper declined to a range of 2½-2¾ per cent, and the rate on bankers' acceptances was reduced to 1¼ per cent but subsequently advanced to 1½ per cent.

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