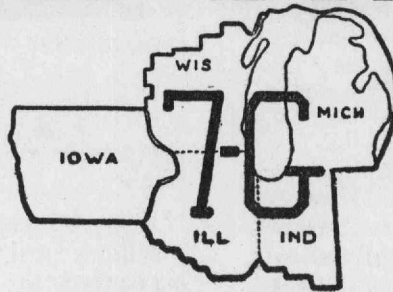


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 14, No. 4

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

March 31, 1931

General Summary

SEVENTH district industry continued gradually to expand in February, and in a few instances the trend upward was more pronounced than usual for the month. As against last February, however, when conditions had already become unfavorable, declines for the most part remained large.

The gain in automobile output over January represented the third successive monthly increase. Steel production and shipments again expanded, and pig iron production averaged higher; activity at steel and malleable casting foundries of the district likewise increased further. The gain in factory shipments of furniture was greater than average for February, while new orders showed less than the usual seasonal decline. Building contracts, which fell to the lowest level in ten years, presented an unfavorable aspect, although residential contracts totaled larger for the second consecutive month and permits issued in cities of the district registered gains over January; materials appeared to be in somewhat better demand. The expansion in manufacturing employment was in line with other years and even better than for last February.

Production of packing-house products in February, though average for the month, receded from the volume of a month previous but was in excess of that a year ago; sales of these commodities totaled smaller in both comparisons, lower prices effecting the declines to a large extent. The decline in butter production from January was about usual for the period and that in sales small, both items recording gains over February 1930. Cheese manufacture increased over the preceding month, while sales though exceeding production were smaller; activity was less than a year ago.

Wholesale trade, contrary to the usual trend in most reporting lines, failed to expand in February. Department store sales declined from January, as did the retail shoe and chain store trade. Sales of furniture and house furnishings totaled larger, however, and those of automobiles at wholesale and retail gained seasonally over the preceding month. Distribution of commodities generally failed to approach the level of the early months of 1930.

Loans of reporting member banks in the district have continued to decline and investments to increase, while there has been a further falling-off in net demand deposits and a gain in time deposits. Borrowings from the Reserve

bank have been small. Little change has been recorded in loan rates of Chicago banks. Dealer activity in the commercial paper and acceptance markets has remained light.

Credit Conditions and Money Rates

Of the several factors influencing changes in the volume of borrowing by member banks at the Reserve bank, it will be noted on the accompanying tabulation that three of these made for decreases in member bank borrowing as between February 11 and March 18—a gain of 57 million dollars in inter-district settlements for commercial and financial transactions, a small decline in member bank reserve balances, and an almost negligible decrease in non-member clearing balances. The aggregate of these, however, exceeded the total of those changes tending to increase member bank recourse to the Reserve bank, the most important changes in the period under discussion being a 35 million dollar excess of local Treasury receipts over expenditures and a 15 million dollar gain in the demand for currency. Member banks, therefore, on March 18 were borrowing approximately 5 million dollars less than on February 11.

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

Changes between February 11 and March 18, 1931
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Funds gained through inter-district settlements for commercial and financial transactions.....	56.84
2. Decrease in member bank reserve balances.....	2.24
3. Decrease in non-member clearing balances.....	0.04
Total.....	59.12
Changes making for increase in member bank borrowing:	
1. Excess of local Treasury receipts over expenditures.....	34.99
2. Increase in demand for currency.....	14.98
3. Decrease in holdings of acceptances (local transactions)...	3.37
4. Decrease in reserve bank float.....	0.48
5. Sales of gold to industry.....	0.09
6. Increase in unexpended capital funds.....	0.04
Total.....	53.95
Excess of changes making for decrease in member bank borrowing:	5.17
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	5.17

MEMBER BANK CREDIT

Total loans and investments of reporting member banks in this district on March 18 exceeded the aggregate on March 19, 1930 by about 124 million dollars, the outgrowth entirely of a gain in investment holdings in the year of nearly 350 million dollars, whereas loans decreased some 220 millions—those on securities to a considerably greater extent than all other (commercial) loans. During

the period February 11 to March 18, investment holdings rose 94 millions, while loans decreased 54 millions, with a consequent rise of 40 million dollars in total loans and investments. Net demand deposits of reporting member banks decreased about 40 and 30 millions in the monthly and yearly comparisons, respectively; time deposits continued the upward trend manifested for some time, the gain on March 18 over February 11 amounting to 12 millions, and over March 19, 1930 to 107 million dollars.

The prevailing rate in Chicago on customers' prime commercial loans during the week ended March 15 was reported by six down-town banks as 3 to 6 per cent, against a range of 3 to 5½ per cent during the corresponding period in February. The average rate earned on loans and discounts by six Chicago banks, likewise located in the down-town area, in the calendar month of February was 4.60 per cent, a rise of 3 points from the 4.57 shown in January; 5.89 per cent was reported in February 1930. In Detroit, the corresponding figure was given as 5.43 in February, 5.48 in January, and 6.10 in February a year ago. The prevailing rate on customers' prime commercial loans in Detroit for the week ended March 15 was quoted as 4½ to 5½ per cent, as was the case in February.

Commercial paper sales of reporting dealers in the Middle West continued during February to total half the usual volume for this season of the year and were 11 per cent smaller than in January. Supply, as in recent months, remained moderate despite low interest rates, as general business found little financing necessary to meet current trade requirements; a good demand for this class of investment was reported. Selling rates for February were 3 to 3½ per cent for high and 2¼ and 2¾ per cent for low, with most paper moving within the range of 2½ to 3 per cent. February 28 commercial paper outstandings of reporting dealers were below those of any other corresponding date on record (January 1923), having been reduced 13½ per cent since the close of January. Aggregate sales for the first half of March appear to have been slightly less than for the corresponding period of February, reflecting an inadequate supply of paper to meet the demand. Quotations on March 14 ranged from 2¼ and 2½ per cent for low to 3 and 3¼ per cent for high, with the rates for most names at 2½ and 2¾ per cent.

Dealers' purchases of bankers' acceptances in the Chicago bill market were moderate in volume from February 12 to March 11, though exceeding those of the preceding period by nearly 39 per cent. The total supply of bills averaged less than at any other time since May 16 to June 12, 1929, partly owing to seasonal factors and partly because receipts from eastern markets declined to a relatively low level. Local demand was rather light during the period, and sales to out-of-town banks were in limited pro-

portions. Shipments to eastern markets, on the other hand, showed some expansion over those of January 15 to February 11, so that Chicago dealers' holdings of acceptances on March 11 remained small. Selling rates advanced by ¼ per cent, closing on March 11 at 1½ per cent for 30-day offerings to 1¾ per cent for those of 180 days.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	February 12, 1931 to March 11, 1931		PER CENT CHANGE IN COMPARISON WITH PERIOD FROM	
	JAN. 15 TO FEB. 11	FEB. 13 TO MAR. 12	1931	1930
Bills purchased.....	+38.8	-62.1		
Bills sold.....	-44.0	-77.1		
Holdings*.....	+76.0	-66.7		

*At end of period.

Bills executed for customers during February by accepting banks in the Seventh Federal Reserve district were in very substantial volume for the month, though aggregating less than in January or a year ago. Purchases also were at a high level for this season of the year, despite a decline of 20 per cent in aggregate value from the preceding period and of 45 per cent from the peak of last October. Sales showed a recession of approximately 50 per cent from the high level of December and of more than 10 per cent from the preceding month and February 1930, but were heavier than usual for the month. The latter gain is a direct reflection of the supply which in recent years has been greatly augmented through a larger number of borrowers taking advantage of the low rates charged for this type of financing. Acceptance portfolios of accepting banks in this district expanded further in February and at the end of the month were only 15 per cent less than the November 29 peak. Liability for outstanding bills remained about the same as on January 30. Financing by means of acceptance credits decreased approximately 10 per cent during the first half of March from the corresponding period of February, with the value of bills reduced for a wide range of commodities, including tobacco, sugar, hides, and packing-house products, but increased for grain, coal, machinery, coffee, and a number of other lines.

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

	PER CENT CHANGE IN FEBRUARY 1931 FROM	
	JANUARY 1931	FEBRUARY 1930
Total value of bills accepted....	-17.1	-27.5
Purchases.....	-20.4	-7.6
Sales.....	-10.7	-10.3
Holdings*.....	+13.3	+94.7
Liability for outstandings*.....	+1.2	-18.2

*At end of month.

SECURITY MARKETS

The Chicago bond market in February gave evidence of considerable uncertainty, and conditions in general were in rather marked contrast to the more favorable situation prevailing during January. Prices reflected to a large extent the discussion of the soldiers' bonus, resulting in low levels at the beginning of the month and a rather rapid recovery when some of the uncertainties were removed.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	MAR. 18 1931	CHANGE FROM	
		FEB. 11 1931	MAR. 19 1930
Total Bills and Securities.....	\$114.6	\$ +0.1	\$ -8.4
Bills Discounted.....	13.6	-5.2	-10.6
Bills Bought.....	19.9	+6.0	-6.4
U. S. Government Securities.....	81.1	-0.7	+8.6
Total Reserves.....	415.1	+10.2	-119.0
Total Deposits.....	330.8	-3.9	-1.7
Federal Reserve Notes in Circulation.....	160.3	+12.2	-130.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	84.5	+0.7*	-1.2*

*Number of Points.

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CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAR. 18 1931	CHANGE FROM	
		FEB. 11 1931	MAR. 19 1930
Total Loans and Investments.....	\$3,338	\$ +40	\$ +124
Loans on Securities.....	1,164	-19	-137
All Other Loans.....	1,185	-35	-83
Investments.....	989	+94	+344
Net Demand Deposits.....	1,803	-41	-32
Time Deposits.....	1,308	+12	+107
Borrowings from Federal Reserve Bank.....	3	-2	-3

The volume of new bond issues was abnormally low during February, totaling not only less than in January but also below any figure registered in this month for several years. New offerings available included for the most part municipals, although some public utility bonds were placed on the market. Demand, while not so heavy as during January, appeared to be well distributed through all types of securities, with the exception of real estate issues. Reporting investment houses in general indicate that banks and institutions continue the most important class of security purchasers. During the first two weeks of March, the ready absorption of a large number of new offerings resulted in a considerably improved tone. Prices on the Chicago Stock Exchange have moved within a narrow range since the middle of February. The average price of twenty leading stocks* on March 17 amounted to \$94.20, and approximately equaled the average given for February 17.

* Chicago Journal of Commerce.

Agricultural Products

GRAIN MARKETING

The heavy movement of wheat into primary centers continued through February, receipts surpassing the volume of the preceding month, of February 1930, and the five-year average for the month. Reshipments were also relatively large, February showing the first increase in six months. Of this total, exports constituted an almost negligible amount, the remainder, with the exception of the requirements of millers, moving to other points for storage. The sharp increase in the United States visible supply reflects this unusual concentration at storage points. Between January 3 and March 14 the visible supply increased 10 million bushels, in contrast to a decrease of 22 million bushels in the same period of last year, and on the latter date was 46 million bushels larger than a year ago. Not included in this total are the large holdings of wheat on farms, which were shown by the crop report of the Department of Agriculture to have been 30 million bushels larger on March 1 than on the same date of 1930.

Domestic prices of both cash wheat and March and May futures averaged about the same or slightly less than in January. July futures, however, showed some strength the middle of February in response to a similar trend in world markets, although no large gains were made in any markets, as continued unfavorable factors in the world situation about balanced certain new elements favoring a rise in prices.

The movement of feed grains to primary markets was smaller than usual for February, although corn and oats receipts exceeded the January volume. The loss during recent months of the price advantage which corn had over wheat in the early fall, continued to limit the marketing of corn. However, the government crop report indicated that the quantity of corn on farms March 1 was the lowest for the time of year since 1902. Total farm stocks of 709 million bushels represented 34 per cent of the total crop, as

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	FEB. 1931	PER CENT OF INCREASE OR DECREASE FROM	
		JAN. 1931	FEB. 1930
Chicago.....	\$2,708	-21.7	-23.9
Detroit, Milwaukee, and Indianapolis...	1,066	-19.6	-18.6
Total four larger cities.....	\$3,774	-21.1	-22.5
34 smaller centers.....	704	-22.5	-20.3
Total 38 centers.....	\$4,478	-21.3	-22.1

against 38 per cent of the previous crop held on farms March 1, 1930. Corn prices showed some weakness during February, and oats averaged about the same as in the preceding month.

MOVEMENT OF LIVE STOCK

Live stock marketings, as is usual in February, declined from the preceding month. Cattle and hog receipts at public stock yards in the United States, owing to reduced supplies of animals in the corn belt during 1930-31 compared with recent years, remained below the average for the month, though totaling only slightly less than those of last February. The marketing of lambs continued at a relatively high level; the gain over the preceding year and the five-year average, however, was less marked than at any time since October. There was a further sharp reduction during February in reshipments to feed lots. This recession was partly seasonal in character and partly a reflection of continued hesitancy on the part of professional feeders in making purchases previous to a definite revival of business activity. Shipments of feeder cattle continued considerably below the usual level for this season as well as a year ago; those of lambs recorded the first decline from the five-year average evidenced since last October.

MEAT PACKING

The production of packing-house commodities in the United States during February fully equaled the average level for the month and exceeded that of a year ago by 5 per cent, although the recession of 19 per cent in volume from January was slightly greater than is ordinarily the case. Month-end payrolls reflected decreases from the corresponding period of January of 3 per cent in the number of employes, 7 per cent in hours worked, and of 6 per cent in total wage earnings. The aggregate value of sales billed to domestic and foreign customers in February was 7 per cent less than in the preceding month and 28½ per cent under last year. A reduction from the earlier month in the prices of packing-house commodities, with the exception of lamb, as well as lessened demand during the Lenten season, contributed to most of the decline from January, while lower prices than a year ago were mainly responsible for the recession from 1930. Holdings of packing-house products at slaughtering establishments and in cold-storage warehouses in the United States recorded a seasonal increase on March 1 over the beginning of February and totaled slightly greater than last year and the 1926-30 average for that date.

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP		CALVES
Yards in Seventh District, February 1931.....	165	892	298		97
Federally Inspected Slaughter, United States February 1931.....	559	4,142	1,223		353
January 1931.....	651	5,362	1,426		379
February 1930.....	561	4,034	1,187		329

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTH OF		
	MAR. 14 1931	FEB. 1931	JAN. 1931	FEB. 1930	FEB. 1930
Native Beef Steers (average).....	\$8.45	\$8.35	\$9.60	\$12.30	
Fat Cows and Heifers.....	6.35	5.70	6.40	8.75	
Calves.....	7.50	8.50	9.30	11.65	
Hogs (bulk of sales).....	7.65	7.10	7.65	10.65	
Yearling Sheep.....	7.35	7.10	6.85	8.85	
Lambs.....	8.40	8.15	8.05	10.95	

February shipments for export exceeded those of the preceding month, owing to an increased demand in Europe for lard and also to an effort on the part of companies in the United States to build up their consignment stocks in foreign countries before the advance in freight rates from Chicago to New York becomes effective on April 1. Foreign demand for lard, from stocks already abroad or available for immediate shipment, was good during the period; demand for meats continued on a limited basis but with some improvement shown over January. Very little buying of meats or lard for future delivery was reported. March 1 consignment inventories in Europe (inclusive of stocks in transit from the United States) totaled heavier than on February 1.

DAIRY PRODUCTS

Seventh Federal Reserve district production of creamery butter remained in February at a high level for this season of the year and exceeded that of a year ago by $9\frac{1}{2}$ per cent, the decline of $4\frac{1}{2}$ per cent from January being average for the month. The tonnage sold to customers by reporting firms in the district totaled $16\frac{1}{2}$ per cent larger than in the corresponding month of 1930 and was only 2 per cent less than in the preceding month, as consumption remained heavy because of the low price of the commodity. March 1 stocks of creamery butter in the United States were below those for any corresponding date since May, totaling 16,000,000 pounds less than for March 1 last year, despite greater production in 1931. The increase of 9,000,000 pounds in these inventories as compared with the 1926-30 average was smaller than evidenced at the beginning of January or February. Prices trended upward after the early part of the month, though continuing at a relatively low level.

Wisconsin factories increased the manufacture of American cheese by approximately 13 per cent during the four weeks ended February 28 over the preceding period, but the volume remained nearly 10 per cent less than in the corresponding month of 1930 notwithstanding a heavier production of milk than usual at this season. This recession from a year ago may be ascribed to the diversion to the butter industry of some milk ordinarily used in cheese. Redistribution of American cheese from primary centers in Wisconsin continued to exceed current production but was 15 per cent less than from January 5 to 31 or the corresponding period of 1930. Total stocks of cheese in the United States declined seasonally on March 1 from the beginning of February, though remaining on a level with a year ago and 4,000,000 pounds above the 1926-30 average for that date. Quotations for the commodity continued to decline during February and early March.

Industrial Employment Conditions

A fair recovery from recent low levels of manufacturing employment and payrolls was indicated for February by reporting firms in this district. The expansion in numbers employed was small in most lines and averaged about one per cent for the ten groups, but significant increases in working time at many plants gave rise to a 5 per cent gain over the middle of January in aggregate payrolls. This enlarged employment brought these groups to slightly under the December 1930 figure, while payrolls rose to approximately the figure for last November.

Expansion in manufacturing activity is customary in February, and the upward turn recorded compares favorably with the usual February trend, even exceeding the in-

creases of February 1930. However, in view of the continuous declines of the previous eleven months, February 1931 employment was about 80 per cent and payrolls were about 70 per cent of the February 1930 level.

There was a noticeable lack of uniformity in trend between sections of the district and between specific industries. Industries in Wisconsin showed a relatively greater increase than in other portions of the territory surveyed. Among the specific industries reporting better than average gains throughout the district were several of the iron and steel lines, automobiles, knit goods, men's and women's clothing, shoes, furniture, paints, brick, and miscellaneous groceries.

Non-manufacturing totals, including several groups characterized by seasonal slackness in the first two or three months of the year, registered further recession in both number of men and aggregate wages. These declines account for the failure of the total of all groups to show a more favorable trend.

A reduction of the labor surplus in towns where free employment offices are located is indicated by the declines shown in the ratio of applicants to jobs available. The increase in this ratio for Wisconsin was due to an unusually large number of registrations at one office.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN
1931 February.....	250	123	471	250
January.....	331	156	497	230
1930 February.....	246	181	346	186
January.....	257	164	315	196

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of passenger automobiles in the United States expanded during February for the third consecutive month. The increase of 30 per cent over January was much larger than for the same period a year ago, although output of 181,735 compared with 280,996 in February 1930, representing a decline of 35 per cent, and totaled 55 per cent below the same period of 1929. Trucks produced during the month aggregated 37,633, gaining 19 per cent

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF FEBRUARY 15, 1931			CHANGES FROM JAN. 15, 1931	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	534	157,502	3,932	+1.0	+4.6
Vehicles.....	66	28,524	696	+1.2	+13.8
Textiles and Products.....	137	27,611	565	+7.4	+23.7
Food and Products.....	332	49,929	1,285	-2.1	-2.6
Stone, Clay, and Glass.....	120	9,305	226	-0.6	+6.6
Lumber and Products.....	237	24,416	475	+2.7	+14.9
Chemical Products.....	80	11,322	297	+2.3	+10.0
Leather Products.....	68	14,386	262	+2.4	+11.8
Rubber Products ²	7	2,765	41	+1.2	-5.3
Paper and Printing.....	249	31,909	925	-2.2	-1.8
Total Mfg., 10 Groups....	1,830	357,669	8,704	+0.9	+5.4
Merchandising ³	178	29,017	741	-6.6	-4.5
Public Utilities.....	73	87,665	2,954	-1.0	-0.5
Coal Mining.....	30	8,561	183	+0.6	-4.8
Construction.....	194	6,926	180	-12.8	-14.5
Total Non-Mfg., 4 Groups.	475	132,169	4,058	-2.9	-2.2
Total, 14 Groups.....	2,305	489,838	12,762	-0.1	+2.8

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

over the preceding month and declining 22½ per cent from last February.

Substantial gains were shown in February over January in distribution of automobiles in the Middle West, although the increases in both wholesale and retail sales failed to equal those recorded a year ago for the same period. Comparisons with February last year were unfavorable. Almost half the retail dealers, however, reported sales equal to or larger than last February. In contrast to the usual upward trend, stocks of new cars in dealers' hands changed little between the end of January and February 28. Used car sales increased considerably during February, and were only 3 per cent under a year ago. The number on hand showed a slight gain over a month previous and a small decline in value. Stocks of both new and used cars remained considerably lighter than last year. Deferred payment sales, though constituting a somewhat larger portion of the total retail sales of dealers reporting the item, were below a year ago, the ratio of 44 per cent this February comparing with 41 per cent a month previous and 50 per cent last February.

IRON AND STEEL PRODUCTS

The approach of spring with consequent seasonal developments in various phases of industry, have had a slowly stimulating effect upon the steel industry of the Chicago district. Specifications and shipments in February increased over those of the preceding month, though remaining considerably below the volume of a year ago, while the rate of operations had expanded from 50 per cent of capacity the middle of February to about 60 per cent a month later. Pig iron production in the Illinois and Indiana district likewise gained in the daily average for February over January, but was only a little more than 60 per cent of the level for last February. The price situation, as regards finished steel, pig iron, and scrap iron and steel, has shown little change in recent weeks.

Despite increased shipments and production of steel castings by foundries in the Seventh district for the third consecutive month and a larger volume of new orders than a month previous, February activity fell far short of the level maintained in the same period of 1930 which in turn was considerably below February 1929. Similarly, malleable foundries have failed to show improvement in the comparison with a year ago, although conditions at that time had become unfavorable. As compared with the preceding month, orders booked by malleable foundries declined, while shipments increased slightly and production gained. Shipments by stove and furnace manufacturers of the district expanded seasonally in February over January,

the increase of 38 per cent comparing with only 10 per cent in the same period a year ago; orders booked, however, were smaller by 31 per cent. In the year-to-year comparison, shipments remained noticeably smaller, but new orders gained 6 per cent.

FURNITURE

Furniture manufacturers in the Seventh district booked orders during the month of February aggregating only 19 per cent under those of the preceding month, as compared with an average January-to-February decline of 26 per cent. Shipments, despite heavy cancellations in February, increased twice the usual amount for the month—by 48 per cent. Unfilled orders fell off slightly from a month previous and stood at the close of February at 84 per cent of orders booked during the month, an increase of 12 points over the 72 per cent obtaining at the close of January. In the year ago comparison, orders booked, shipments, and unfilled orders were 19, 30, and 27 per cent lower this February. The average rate of operations maintained was 53 per cent of capacity, comparing with 48 per cent in January and 63 per cent a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturing during February in the Seventh Federal Reserve district was at approximately four-fifths the average level for the month and exceeded that of January by 28 per cent. Tanneries operated at an increased rate over the preceding period and a year ago; sales of leather also gained in the comparison with January, though continuing less than in 1930. Prices firmed.

A larger volume of packer green hides was sold in the Chicago market during February than a month earlier; trading for calf and kip skins decreased, and shipments of hides and skins from that city totaled less than in January. Prices declined.

Building Material, Construction Work

Slightly better demand for building materials in February was evidenced by increased activity of reporting dealers in this district. In part, at least, the improvement was due to the fact that absence of severe weather conditions during the month permitted more than ordinary progress on projects under way, and hence was not necessarily an indication of expansion of the general construction and repair program.

Wholesale lumber dealers reported increases in both sales in dollars and sales in board feet. Industrial users of high grade lumber were buyers to a greater extent than in recent months, which caused the dollar value of sales

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in February 1931 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JANUARY 1931	FEBRUARY 1930	
New Cars			
Wholesale—			
Number Sold	+37.7	-34.1	25
Value	+38.9	-36.8	25
Retail—			
Number Sold	+45.7	-20.2	53
Value	+45.1	-15.9	53
On Hand February 28—			
Number	+0.4	-43.2	54
Value	-0.6	-39.1	54
Used Cars			
Number Sold	+25.5	-2.9	54
Salable on Hand—			
Number	+0.8	-31.0	54
Value	-2.6	-42.2	54

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	FEB. 1931: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JAN. 1931	FEB. 1930	
Wholesale Trade:			
Sales in Dollars	+15.4	-28.8	14
Sales in Board Feet	+14.5	- 6.8	11
Accounts Outstanding ¹	+4.8	-18.2	11
Retail Trade:			
Sales in Dollars	+2.5	-27.6	190
Sales in Board Feet	+6.1	-30.6	41
Accounts Outstanding ¹	-2.2	-10.9	183
	Ratio of accounts outstanding ¹ to dollar sales during month		
	FEB. 1931	JAN. 1931	FEB. 1930
Wholesale Trade	159.0	176.5	133.7
Retail Trade	464.5	482.0	372.4

¹End of Month.

to gain more than the board foot volume. Yard stocks of wholesalers expanded slightly during the month and averaged considerably larger at the end of February than a year previous.

Reporting retailers showed a small increase over January in their dollar sales, which include other items besides lumber. Forty-one yards reporting lumber trade only had larger gains in their sales, both in dollars and in board feet, suggesting a greater expansion in lumber sales than in other items. Retailers reported a reduction in their stocks since the end of January, and as the declining market of the past year has made advance purchases inadvisable, the quantity of lumber in their yards was smaller than in February 1930. Price changes during the month were not significant, the tendency still being downward for cement, brick, and other items at wholesale, while retail prices showed no recovery from the lowered quotations at the first of the year.

Distribution of cement in the five states including this district was smaller in January than in December or January of the preceding year. February production at mid-western mills fell below the January volume, and was exceeded by shipments which showed some gain over a month previous. A slight reduction in stocks took place between January 31 and February 28.

BUILDING CONSTRUCTION

The lowest dollar volume of building contracts awarded for any month in ten years was recorded for February in the Seventh Federal Reserve district. February 1921, the previous low month, showed a volume only $4\frac{1}{2}$ million dollars under the current level. For the second consecutive month, however, residential contracts registered a slight increase over the preceding month, although they also were smaller than in corresponding periods of recent years.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
February 1931.....	\$29,010,666	\$6,688,982
Change from January 1931.....	-9%	+4%
Change from February 1930.....	-24%	-30%
First two months of 1931.....	\$60,777,166	\$13,147,925
Change from same period 1930.....	-22%	-33%

*Data furnished by F. W. Dodge Corporation.

Permits issued during February in 102 cities of the Seventh district increased 10 per cent in estimated cost over the January total, and the number issued showed a gain of 32 per cent. As compared with a year ago, however, declines of 21 and 38 per cent were recorded. Among the larger cities three differed from the trend of the district, Detroit dropping 60 per cent below January, and Chicago

WHOLESALE TRADE IN FEBRUARY 1931

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	-7.7	-5.2	-8.0	-7.9	99.3
Hardware.....	-31.6	-15.6	-17.2	-24.1	323.0
Dry Goods.....	-29.9	-37.7	-29.9	-24.7	384.2
Drugs.....	-10.0	-12.1	-5.4	-11.1	180.7
Shoes.....	-34.3	-19.4	-17.9	-12.6	554.3
Electrical Supplies.....	-36.8	-9.8	-38.4	-23.5	173.0

and Des Moines increasing 46 and 195 per cent, respectively, over a year ago—all in estimated cost of proposed work.

Merchandising

Wholesale distribution of commodities in the Seventh district continued to decline in the second month of 1931, the recessions in the majority of reporting lines being contrary to seasonal trend. Such were the declines in hardware sales of $2\frac{1}{2}$ per cent, in dry goods of 3 per cent, and in drugs of 7 per cent, together with the failure of shoe sales to show a gain. The decreases of $9\frac{1}{2}$ per cent in grocery trade and of 9 per cent in electrical supplies were larger than usual for the period. Because of the dullness in February trade, comparisons with a year ago remained unfavorable, although with a few individual firms, notably in groceries, business was better than last February. In groceries, hardware, drugs, and electrical supplies, ratios of accounts outstanding the end of the month to sales during the month were higher than in January or a year ago, while the ratio rose over the preceding month for dry goods but was lower than for last February, and that for shoes showed an opposite trend.

Aggregate sales of 106 reporting department stores in this district decreased 4 per cent in February from the preceding month, as against a decline of only one per cent shown in the same period of 1930. An increase of 9 per cent recorded in the total for Detroit stores largely counteracted the effect of declines of 7, $12\frac{1}{2}$, and 11 per cent, respectively, for Chicago, Indianapolis, and Milwaukee stores, sales in other cities falling off only 5 per cent. There were a few individual instances of gains being shown over February last year, but the total was less by 10 per cent in the comparison, and trade in the first two months of 1931 likewise aggregated 10 per cent under the corresponding period of 1930. As will be noted from the table, Chicago and Milwaukee stores experienced the heaviest declines from a year ago of the larger cities. The rate of stock turnover for the year through February was very slightly in excess of the same two months of 1930, as stocks continued to be maintained at a low level.

A decline of 7 per cent took place between January and February in sales of shoes by reporting retail dealers and department stores, although a number of firms in the latter group showed increases in the comparison. Sales totaled 6 per cent smaller than for last February, while those in the first two months of the year aggregated 5 per cent less than in the corresponding period of 1930. Stocks expanded between January and February, but were slightly smaller than a year ago.

DEPARTMENT STORE TRADE IN FEBRUARY 1931

LOCALITY	PER CENT CHANGE FEBRUARY 1931 FROM FEBRUARY 1930		PER CENT CHANGE TWO MONTHS 1931 FROM TWO MONTHS 1930	RATIO OF FEB. COLLECTIONS TO ACCOUNTS OUTSTANDING JANUARY 31	
	NET SALES	STOCKS END OF MONTH		1931	1930
	Chicago.....	-11.2	-17.0	-10.5	30.7
Detroit.....	-9.0	-14.0	-11.4	34.8	40.8
Indianapolis.....	-10.0	-15.9	-6.8	39.6	37.5
Milwaukee.....	-11.2	-6.0	-10.4
Other Cities.....	-8.8	-18.0	-5.7	31.9	33.4
7th District..	-10.2	-15.3	-9.8	34.3	37.0

The gain for February over January of 11 per cent in the dollar volume of furniture and house furnishings sold by dealers and department stores was smaller than usual for the period, and the decrease of 12 per cent from the same month of 1930 was somewhat larger than recorded in January. Installment sales by dealers increased 21 and declined 14 per cent in the respective comparisons. Stocks increased in the monthly comparison but totaled well below those at the end of February last year.

Chain store trade, as reflected in sales of twenty chains

operating 2,627 stores, declined 5 per cent in February from January. Average sales per store fell off in the same amount, as little change was recorded in the number of units operated. As compared with a year ago, total sales were less by 6 per cent and average sales by 10 per cent, the number of stores increasing 4 per cent. Practically all reporting groups which include groceries, drugs, five-and-ten cent stores, cigars, shoes, furniture, musical instruments, and clothing, experienced declines in business from both a month and a year previous.

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	Feb. 1931	Jan. 1931	Dec. 1930	Nov. 1930	Oct. 1930	Sept. 1930	Feb. 1930	Jan. 1930	Dec. 1929	Nov. 1929	Oct. 1929	Sept. 1929
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	78	84	85	89	105	102	109	113	104	111	129	126
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	15	40	34	31	32	42	46	77	80	84	79	87	85
In Tons.....	15	41	34	30	30	42	48	78	84	93	86	92	88
Malleable—In Dollars.....	23	31	31	27	25	31	33	73	69	60	60	73	78
In Tons.....	23	46	45	40	36	44	48	103	98	83	81	99	105
Stoves and Furnaces—													
Shipments (in dollars).....	11	69	50	86	118	200	150	86	78	125	167	256	213
Furniture—													
Orders (in dollars).....	25	55	68	41	51	61	77	68	103	55	86	112	117
Shipments (in dollars).....	25	57	38	43	52	81	79	81	62	80	98	149	133
Flour—													
Production (in bbls.).....	27	92	98	99	103	117	121	97	107	92	97	122	106
Output of Butter by Creameries—													
Production.....	67	89	93	91	78	94	97	81	84	82	81	96	106
Sales.....	69	94	95	99	94	96	95	81	94	86	88	92	98
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	31	78	83	87	86	104	103	84	94	91	101	113	107
Hardware.....	14	41	42	59	63	88	75	61	58	76	92	112	106
Dry Goods.....	9	41	42	51	55	71	71	58	55	66	78	97	115
Drugs.....	14	82	88	84	83	101	95	91	97	96	100	113	108
Shoes.....	8	34	34	45	63	83	78	51	35	57	69	98	112
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	26	73	79	165	99	110	94	82	87	188	126	126	110
Detroit.....	5	95	87	184	121	118	150	104	101	222	161	152	192
Indianapolis.....	5	68	80	154	97	98	114	77	83	172	120	113	131
Milwaukee.....	5	75	85	167	111	116	107	84	94	184	137	131	120
Other Cities.....	50	68	72	146	96	103	86	74	73	160	114	110	98
Seventh District.....	91	76	80	165	104	110	105	85	88	188	131	128	125
Automobile Production (U. S.)—													
Passenger Cars.....		62	48	42	35	40	61	96	80	31	57	109	124
Trucks.....		100	84	84	87	102	111	129	98	73	128	161	137
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		23	22	20	36	42	44	33	34	38	66	89	104
Total.....		42	46	51	58	77	88	56	58	110	85	122	150
Iron and Steel—													
Pig Iron Production:													
Illinois and Indiana.....		78	72	72	76	79	82	127	109	113	124	132	135
United States.....		62	56	55	63	71	77	103	93	93	108	118	119
Steel Ingot Production—(U. S.)*... .		79	69	58	67	76	83	128	106	87	102	126	136
Unfilled Orders U. S. Steel Corp....		83	87	83	76	73	72	94	94	93	86	86	82

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

OUTPUT of most of the important industries increased more than seasonally in February, and although factory employment advanced at a less rapid rate, the volume of wage payments at factories also rose by more than the usual seasonal amount. The general level of commodity prices continued to decline.

PRODUCTION

Industrial production, as measured by the Board's index which is adjusted to allow for seasonal variation, increased by 4 per cent in February from the low level prevailing in December and January. On the basis of the average for 1923-1925 as 100, the volume of production in February was 85, compared with 82 for the two preceding months and 107 for February of last year. At steel mills activity increased considerably, and the output of automobiles advanced by somewhat more than the usual seasonal amount. Output of shoe factories and textile mills increased substantially, while the output of coal continued to decline. During the first half of March, activity at steel mills continued to increase.

Value of building contracts awarded in February was slightly larger than in January, according to the F. W. Dodge Corporation. An increase in residential building was accompanied by a decrease in contracts for public works and utilities, while awards for factories and commercial buildings continued in small volume. In the first half of March, there was an increase in the daily average of contracts awarded, as is usual at this season.

FACTORY EMPLOYMENT AND PAYROLLS

Factory employment increased slightly less than usual in February, while factory payrolls increased by more than the seasonal amount from the low level of January. In many industries the rate of increase in payrolls was about the same as in February of other recent years, but in the automobile, shoe, woolen goods, and clothing industries, the rate of increase was larger than usual.

DISTRIBUTION

Daily average freight carloadings showed little change from January to February, while ordinarily there is an increase at this season. Sales by department stores increased slightly.

WHOLESALE PRICES

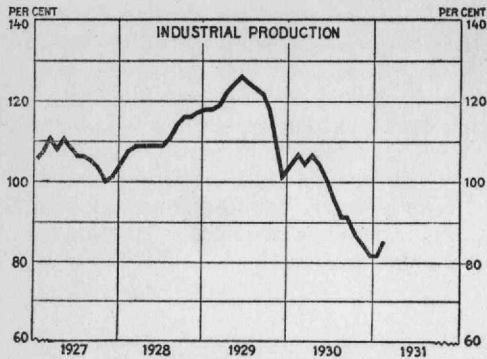
Wholesale commodity prices declined further in February, and the Bureau of Labor Statistics index, at 75.5 per cent of the 1926 average, was about 18 per cent below the level of a year ago. Prices of many agricultural products decreased considerably, while the price of cotton advanced further. In the first half of March, there were considerable increases in prices of silver, live stock, meats, and hides, and declines in the prices of petroleum and cotton.

BANK CREDIT

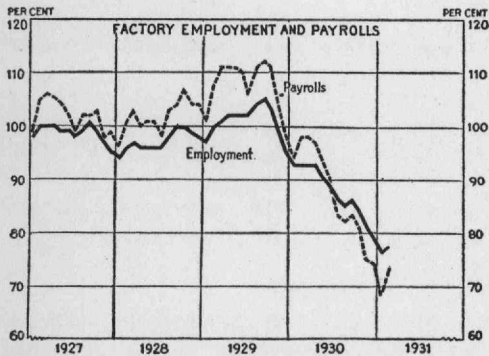
Loans and investments of member banks in leading cities changed relatively little between the end of January and the middle of March. Total loans on securities declined, notwithstanding the growth in brokers' loans in New York City, and all other loans showed considerable further liquidation, while the banks' investments continued to increase.

Volume of reserve bank credit tended downward in February, and showed little change between March 4 and March 18. Funds arising from gold imports in February were largely absorbed in meeting a seasonal demand for currency, while in the early part of March there was an increase in member bank reserve balances.

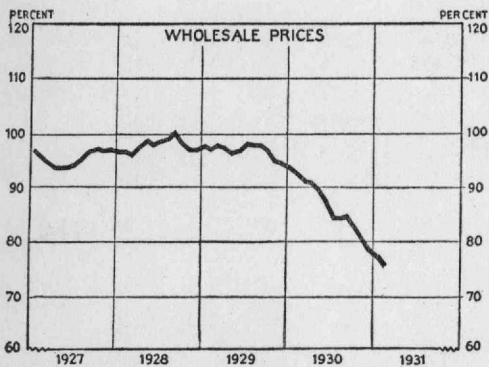
Money rates in the open market continued at low levels from the middle of February to the middle of March. Rates on commercial paper were reduced from a range of $2\frac{1}{2}$ - $2\frac{3}{4}$ to a prevailing level of $2\frac{1}{2}$ per cent, while rates on 90-day bankers' acceptances remained at $1\frac{1}{2}$ per cent. Yields on high grade bonds continued to decline.



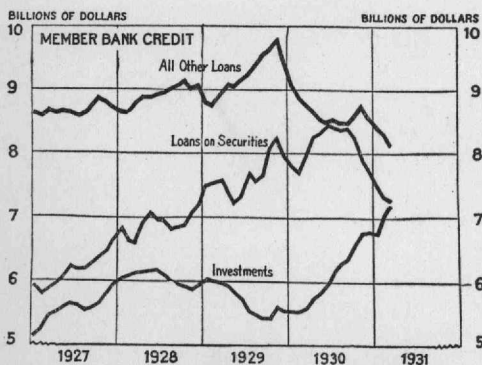
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average = 100.)



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



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