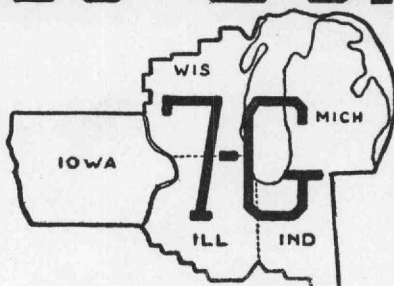


BUSINESS CONDITIONS

SEVENTH
FEDERAL



FEDERAL RESERVE BANK
OF ST. LOUIS

1931 JUN 1 10 36
RESERVE
DISTRICT
RECEIVED
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MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

May 31, 1931

General Summary

CONTINUED gains were recorded during April in some phases of Seventh district manufacture and distribution, but in others appeared a reversal of the upward trend evident a month previous, while little improvement was noted in most lines as compared with the corresponding month of 1930.

Automobile output expanded for the fifth consecutive month, the gain being larger than usual for the period, and shoe production again increased. Steel mills operated at about 50 per cent of capacity, which was a slightly lower rate than in March, while activity at malleable casting foundries averaged approximately the same as a month previous. Shipments and production by steel casting foundries declined seasonally, those of furniture factories were slightly lower, and the leather industry experienced some recession. Building contracts awarded in the district, following a sharp increase in March, fell off considerably. Data on manufacturing employment reflected these declines.

Further expansion was shown during April in wholesale and retail distribution of commodities. Automobile sales gained to a greater extent than usual for the period. April trade in reporting wholesale groups again increased, as did department store sales and the retail shoe, furniture, and chain store trades.

Production of foodstuffs, such as meat, butter, and cheese, totaled larger in April than in March, and distribution of the two last named commodities was heavier than either a month previous or a year ago. County agents report that farm work and corn planting are progressing satisfactorily in this district, and most crops except hay appear to be in good condition. The spring crop of lambs and pigs is somewhat larger than last year.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	MAY 13 1931	CHANGE FROM APRIL 15 1931	MAY 14 1930
Total Bills and Securities.....	\$112.8	\$ -3.2	\$ +6.8
Bills Discounted.....	12.2	-0.1	-5.7
Bills Bought.....	19.4	-3.1	+2.0
U. S. Government Securities.....	81.1	0	+10.5
Total Reserves.....	482.6	+14.4	-39.9
Total Deposits.....	334.2	+0.1	-18.7
Federal Reserve Notes in Circulation.....	222.0	+9.5	-15.8
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	86.7	+1.1*	-1.7*

*Number of points.

Loans on securities by reporting member banks were reduced between the middle of April and May 13, commercial loans showed little change, while the banks' investments continued to gain. Borrowings from the Federal Reserve Bank were small. A slight easing was noted during the period in Chicago money rates.

Credit Conditions and Money Rates

Borrowings of member banks at the Reserve bank on May 13 were slightly below April 15. In the table below are analyzed the changes in factors influencing the volume of member bank borrowing; it will be noted therein that among those elements tending to decrease discounting, the outstanding changes were an excess of local Treasury expenditures over receipts of about 47 million dollars and a 2 million dollar decrease in the demand for currency. The principal development making for increased member bank borrowing was a loss of over 47 million dollars through inter-district settlements for commercial and financial transactions. This item, together with a slight decrease in reserve bank float, and minor changes in other factors, however, in the aggregate were slightly less than the total of changes making for decreased borrowing, so that loans to member banks declined by a small amount.

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

Changes between April 15 and May 13, 1931
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts.....	47.09
2. Decrease in demand for currency.....	2.07
3. Increase in holdings of acceptances (local transactions)...	0.40
4. Decrease in non-member clearing balances.....	0.11
Total.....	49.67
Changes making for increase in member bank borrowing:	
1. Funds lost through inter-district settlements for commercial and financial transactions.....	47.88
2. Decrease in reserve bank float.....	1.36
3. Increase in member bank reserve balances.....	0.17
4. Increase in unexpended capital funds.....	0.07
5. Sales of gold to industry.....	0.07
Total.....	49.55
Excess of changes making for decrease in member bank borrowing:	0.12
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	0.12

MEMBER BANK CREDIT

A decline of 66 millions was shown in the total loans and investments of reporting member banks on May 13 as compared with April 15, reflecting a decline of more than a hundred million dollars in loans on securities, which was partially offset by a rise of about 40 millions in investments. All other (commercial) loans of reporting members were practically unchanged in this comparison. Net

demand deposits recorded no change on May 13 from the corresponding date in April, while time deposits dropped about 12 millions. As compared with May 14, 1930, an increase of 33 million dollars in total loans and investments of reporting member banks was shown, the resultant of decreases of 180 and 145 millions in loans on securities and all other (commercial) loans, respectively, and a gain of nearly 360 millions in investments. Net demand deposits on May 13 of this year were about 105 million dollars less than a year ago, whereas a rise of approximately 140 millions was recorded in time deposits.

Rates in Chicago have shown an easing trend; the prevailing rate on customers' commercial loans during the week ended May 15, as reported by six of the largest downtown banks, was $2\frac{3}{4}$ to 5 per cent against a range of 3 to $5\frac{1}{2}$ during the corresponding week of April. The average rate earned on loans and discounts by these identical banks during the calendar month of April was 4.42 per cent, as against 4.51 per cent in March and 5.27 in April 1930. In Detroit, the average rate earned during April was reported as 5.34 per cent, a decline of 2 points from the 5.36 reported for March; in April 1930 the item stood at 5.76 per cent.

April sales of commercial paper by reporting dealers in the Middle West totaled 12 per cent smaller than in the preceding period, continuing in approximately half the volume of a year ago and the 1923-30 average for the month, despite the low level of interest rates. Demand averaged fair to good, but investors were reported as being very discriminating in their selection of paper; supplies remained light to moderate. Selling rates eased in April, quotations ranging from 2 to $2\frac{1}{4}$ per cent for low to $2\frac{3}{4}$ and $3\frac{1}{4}$ per cent for high; most paper moved at $2\frac{1}{4}$ to $2\frac{3}{4}$ per cent. Dealer outstandings of commercial paper in the Middle West were further reduced, reaching a new low level at the end of the month. Sales in the first half of May aggregated about 7 per cent greater than for the corresponding weeks of April, largely owing to a slight improvement in the supply. Quotations closed on May 15 at 2 to $2\frac{1}{4}$ per cent for low and $2\frac{1}{2}$ to 3 per cent for high, the average charge being $2\frac{1}{4}$ to $2\frac{1}{2}$ per cent.

Local purchases of acceptances by dealers in the Chicago bill market were heavier from April 16 to May 13 than in the preceding period, but a marked decrease took place in the amount of acceptances received from Eastern markets, so that the average weekly supply of bills was 15 per cent smaller than from March 12 to April 15. Demand on the part of local banks was in very substantial volume for this season of the year; purchases by out-of-town banks were in limited proportions, however, and there was practically no buying by other investors. Shipments from Chicago to other markets averaged much heavier than in the preceding period. Dealers' holdings remained at a low level on May 13, although they totaled

about \$1,000,000 greater than a month earlier, at which time they were almost negligible. Rates were lowered $\frac{1}{2}$ per cent from April 15 and closed on May 13 at one per cent for 30- to 120-day offerings and at $1\frac{1}{4}$ per cent for longer maturities. Buying rates of the Federal Reserve Bank of Chicago were revised downward five times during the period, and on May 13 stood at one per cent for one- to 15-day bills, $1\frac{1}{8}$ per cent for maturities of 16 to 120 days, and at $1\frac{1}{4}$ per cent for those of five and six months.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	April 16 to May 13, 1931		PER CENT CHANGE IN COMPARISON WITH PERIOD FROM	
	MAR. 12 TO APRIL 15	1931	APRIL 10 TO MAY 14	1930
Bills purchased.....		+27.3		-33.5
Bills sold.....		-41.7		-25.2
Holdings (1).....		.. (2)		-68.9

(1) At end of period.

(2) See text.

Financing by means of acceptance credits was at a lower level in the Seventh Federal Reserve district during April than for any other month since June 1929 but exceeded the 1923-30 April average by nearly 100 per cent. The discounting of this class of bills by accepting banks continued in substantial amount for this season of the year and, as has been the case for some time, constituted approximately 60 per cent of the bills accepted by them, although the volume totaled considerably less than in March. Purchases of acceptances of other banks attained a level only slightly below the highest point on record. The month's sales, as reported by the accepting banks, were moderate in comparison with purchases, owing to the banks' policy of increasing their holdings following the heavy liquidation of this type of investment in March. April 30 portfolios of the accepting institutions, therefore, approached the February 28 high point for 1931. The liability for outstanding bills declined 6 per cent from March 31 and was $11\frac{1}{2}$ per cent less than last April. Bills accepted during the first half of May aggregated one-fifth greater in value than for the corresponding weeks a month earlier, and represented increased financing for grain, sugar, tobacco, iron ore, aluminum, raw silk, tires, and a number of other lines, with decreased borrowing shown for packing-house products, iron and steel, furs, cement, and several other commodities.

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

	PER CENT CHANGE IN APRIL 1931 FROM	
	MARCH 1931	APRIL 1930
Total value of bills accepted.....	-23.3	-12.2
Purchases.....	+13.1	+124.1
Sales.....	-52.8	-30.7
Holdings*.....	+109.8	+374.6
Liability for outstandings*.....	-6.2	-11.7

*At end of month.

SECURITY MARKETS

No outstanding developments took place during April in the Chicago bond market, and attention for the most part was devoted to the previously offered issues. The volume of new financing was extremely light, totaling less

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	MAY 13 1931	APRIL 15 1931	MAY 14 1930
Total Loans and Investments.....	\$3,281	\$-66	\$+33
Loans on Securities.....	1,076	-107	-181
All Other Loans.....	1,169	0	-145
Investments.....	1,036	+41	+359
Net Demand Deposits.....	1,821	0	-106
Time Deposits.....	1,340	-12	+138
Borrowings from Federal Reserve Bank.....	3	+1	-1

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	APR. 1931	MAR. 1931	APR. 1930
Chicago.....	\$3,236	+2.7	-22.9
Detroit, Milwaukee, and Indianapolis.....	1,247	-6.1	-20.2
Total four larger cities.....	\$4,483	+0.0	-22.2
34 smaller centers.....	844	+5.0	-17.8
Total 38 centers.....	\$5,327	+0.8	-21.5

than for any month this year and also below April 1930. Demand continued to favor bonds of the highest grade, municipal and public utility issues being shown the greatest preference. Much of the selling during the month reflected somewhat the unfavorable earnings reports. Bond prices during April, for the extremely high grade issues, were strong with some rising tendencies noticeable. Medium and low grade bonds tended to reflect developments in individual companies, and price levels trended downward. Domestic demand for foreign bonds has been negligible. Institutions have continued to be the principal purchasers of bonds. The downward trend in stock prices, which became apparent the latter part of March, continued throughout all of April and the first half of May. The average price of twenty leading stocks* on the Chicago Stock Exchange established a new low point for 1931 on May 18, at \$76.40. The corresponding price on April 18 was \$86.49.

* Chicago Journal of Commerce.

Agricultural Products

Reports as of May 10 sent direct to this bank by county agricultural agents representing 277,762 farmers located in 205 counties, indicate that the 1931 crop of spring pigs exceeded that of last year by one per cent; both farrowings and the number of pigs saved per litter gained in this comparison. The district crop of lambs totaled about 1½ per cent greater than in 1930. Corn planting was well advanced at the time of the report, and all farm work was a week to ten days ahead of normal despite some delay after May 1 because of showers and cool weather. Areas devoted to the various crops were in line with earlier intentions; the potato acreage has been increased slightly. Recent rains proved very beneficial to growing vegetation and penetrated into the subsoil to some extent, but were insufficient to provide adequate moisture for the summer in view of the marked deficiency in precipitation during the winter and spring months, which left the subsoil in a very dry condition. Most crops, however, have received ample moisture from the top soil in recent weeks to keep them in good condition. Hay is only fair, and the farmers in some counties are planting emergency hay crops. Frosts early in May are reported as having done some damage to early garden truck and fruit, but the extent of the injury has not yet been ascertained.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of May 1 condition.
(In thousands of bushels)

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1925-29 AVERAGE
	FORECAST 1931	FINAL 1930	FORECAST 1931	FINAL 1930	
Winter Wheat...	92,404	95,077	652,902	604,337	547,427
Rye.....	9,815	8,757	50,676	50,234	46,129

GRAIN MARKETING

April wheat receipts at primary markets exceeded the volume for that month of each year since 1923, though showing the usual decline from March. Reshipments increased in the comparisons with the preceding month, a year ago, and the five-year average for the month. April exports, which were the first since August 1930 to exceed the corresponding month of a year previous, were larger than in any of the four preceding months. The recession in exports for this crop season, however, amounted to about 17 million bushels as compared with the 1929-30 season to April 1. The increase in exports and movement into consumption lowered the United States visible supply

slightly in each week following the peak at the end of March. Future prices for delivery in July and later made no gains in April, declines in the latter part of the month offsetting earlier gains. The Chicago market continued above the export level, with only a few points difference between it and Liverpool. Cash wheat averaged 2 to 3 cents higher in April than in March. Future contracts in wheat at Chicago during April averaged the lowest in eight months, and the decline which began early in April continued through the first half of May.

The smaller receipts and larger shipments of corn at interior markets, as compared with March, corresponded to the movement in April of previous years. The movement of oats was larger than in March but less than the five-year average for April. Supplies of corn are small, but the supply of oats is ample, and restraint in purchases of live-stock feeds allowed cash and future prices for these grains to work lower during April.

MOVEMENT OF LIVE STOCK

Cattle marketings at public stock yards in the United States increased further during April and aggregated only one per cent less than for last April, though continuing to total 5 per cent below the usual level for the month. Hog receipts decreased by less than the customary amount from March and showed a smaller decline from the 1926-30 average than evidenced in the earlier period, but the recession from the corresponding period of 1930 was greater than in any preceding month of 1931. Lamb receipts exceeded the average April volume by more than 50 per cent, and totaled about 20 per cent greater than a year ago; they also showed an exceptional increase over March. The heavy receipts of lambs in April of this year are accounted for by the fact that lack of sufficient feed necessitated an earlier movement than had been the case in other years from the western and southwestern areas which supply the Fort Worth, Kansas City, and Ogden markets.

Reshipments of live stock to feed lots were seasonally greater during the month than in March; those of cattle totaled considerably under 1930 and the average for April, while the movement of lambs recorded a marked expansion in both comparisons.

MEAT PACKING

Production at slaughtering establishments in the United States expanded 2½ per cent in April over March, totaling slightly above the usual level for the month and 5 per cent in excess of a year ago. Employment at the end of April remained on a level with a month earlier, but an increase of one per cent was recorded in the number of

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, April 1931.....	206	746	316	153
Federally Inspected Slaughter, United States April 1931.....	690	3,488	1,493	471
March 1931.....	635	3,523	1,324	416
April 1930.....	635	3,480	1,387	455

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

	WEEK ENDED		MONTHS OF	
	MAY 16	APRIL 1931	MARCH 1931	APRIL 1930
Native Beef Steers (average)....	\$7.45	\$7.90	\$8.35	\$12.05
Fat Cows and Heifers.....	6.40	6.40	6.20	8.60
Calves.....	8.25	7.70	7.20	9.80
Hogs (bulk of sales).....	6.85	7.35	7.45	10.00
Yearling Sheep.....	6.50	7.40	7.40	7.65
Lambs.....	8.30	9.00	8.30	9.35

hours worked and of 3 per cent in payrolls. A fair domestic trade was experienced. The total value of sales billed to domestic and foreign customers decreased one per cent in April from March and was 28½ per cent under last year. The latter decline, as in earlier months of 1931, chiefly represented a lower level of prices than in 1930. Quotations for most of these commodities averaged less than in March; lamb prices advanced. United States stocks of packing-house products, contrary to the customary trend at this season of the year, showed an increase on May 1 over the preceding period, largely owing to heavier inventories of pickled pork than on April 1. Total holdings exceeded those of last year by 113 million pounds, although they were only 3½ per cent larger than the 1926-30 average for May 1. Domestic demand remained fair early in May.

April shipments for export appear to have been somewhat less than those of March, although some companies experienced a gain. A fairly large percentage of these shipments was comprised of lard forwarded to foreign countries on consignment terms; a number of straight sales also were reported. Export demand for lard failed to improve, and the trade in meats continued on a limited scale; very few commitments were made to cover future requirements. United States companies reported their May 1 inventories in foreign countries (including stocks in transit) as moderate, though slightly greater in volume than on April 1. Prices in Europe were fairly close to the United States parity. Continental producers, however, were able to quote lower prices than their American competitors.

DAIRY PRODUCTS

Creameries in the Seventh Federal Reserve district continued during April to maintain butter production at a high level; the volume showed more than the usual seasonal expansion for that month, being 20½ per cent greater than in March or a year ago. Sales tonnage also was in very substantial amount, totaling 16½ per cent heavier than a month earlier and 11 per cent in excess of the corresponding period of 1930. Production in the United States expanded further, but stocks were reduced inasmuch as consumption remained heavy owing to the extremely low price of the commodity. May 1 inventories of creamery butter in the United States were below any other reporting date in two years, although they decreased somewhat less than the usual amount from April 1 and exceeded the 1926-30 average by nearly 6 million pounds. Prices declined sharply during the month.

The Wisconsin production of American cheese, as evidenced by primary market receipts in that state, expanded 16½ per cent during the four weeks ended May 2 over the preceding period and about equaled distribution, though totaling 3 per cent below the volume of the corresponding weeks last year. Redistribution of the commodity from those centers gained 6½ per cent as compared with March 7 to April 4, and was 3 per cent heavier than in the corresponding period of 1930. Total stocks of cheese in the United States were reduced on May 1 to the level of a year ago, but the increase over the 1926-30 average was slightly greater than evidenced on other reporting dates of 1931. Prices continued to trend downward during April and early May.

Industrial Employment Conditions

April data of reporting Seventh district establishments

disclosed a reversal of the slight upward trend in manufacturing employment and payrolls which obtained during February and March. In non-manufacturing phases moderate gains were recorded—the first in number of men since last August and in their earnings since September. In the aggregates of all groups employment remained practically the same, while payrolls increased slightly.

The movement in manufacturing and non-manufacturing aggregates and in the individual groups corresponds roughly to the trend recorded in April of last year, indicating an interruption of the spring expansion in factory employment schedules coinciding with the seasonal upturn in other industries, particularly construction and the utilities.

Of the six manufacturing groups which reduced both number of men and payrolls, the most significant declines were chemicals, metals, and textiles. Food products recorded the ninth successive monthly decrease, paper and printing the third, and lumber products changed its recent upward trend. Coal mining was the only non-manufacturing group which reduced operating schedules.

The vehicles group made its third successive gain in April, stone, clay, and glass also increased, and rubber products had a larger number of men but smaller payroll aggregate. The leather industries, operating more hours, increased payrolls but reduced employment slightly. Expansion in construction, the utilities, and merchandising effected the gain in the non-manufacturing totals.

The ratios of applicants to positions available at free employment offices were lower in April in all four states reporting the data. This represents continuous improvement during several months in Illinois, Indiana, and Wisconsin, while in Iowa the highest ratio of the depression period was reported for March. The operations of these offices are largely in non-industrial placements, with a high proportion of odd-job and temporary work, and are not an indication of the general employment situation.

The Department of Agriculture reported a further reduction of the large farm labor surplus between April 1 and May 1 in Illinois, Indiana, and Michigan, while in Wisconsin and Iowa practically no change occurred. During the same period of 1930 a reduction in the ratio of supply to demand took place in Michigan and Wisconsin only, the other three states increasing their surplus.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF APRIL 15, 1931			CHANGES FROM MARCH 15	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	676	184,664	4,528	-2.1	-3.9
Vehicles.....	154	218,210	6,389	+1.7	+4.5
Textiles and Products.....	155	30,900	557	-1.1	-13.7
Food and Products.....	375	53,558	1,340	-1.4	-0.5
Stone, Clay, and Glass.....	136	11,254	279	+0.3	+0.2
Lumber and Products.....	313	31,916	593	-1.1	-3.6
Chemical Products.....	87	13,697	433	-9.1	-10.7
Leather Products.....	77	14,657	289	-0.5	+6.0
Rubber Products ²	9	6,403	179	+2.8	-2.2
Paper and Printing.....	318	42,475	1,264	-1.0	-2.9
Total Mfg., 10 Groups.....	2,300	607,734	15,851	-0.6	-0.6
Merchandising ³	187	31,937	804	+1.4	+0.4
Public Utilities.....	79	96,503	3,229	+1.3	+5.1
Coal Mining.....	31	7,490	144	-2.3	-21.0
Construction.....	192	8,466	232	+15.3	+21.7
Total Non-Mfg., 4 Groups.....	489	144,396	4,409	+1.9	+3.9
Total, 14 Groups.....	2,789	752,130	20,260	-0.1	+0.3

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

**REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE
EMPLOYMENT OFFICES**

	ILLINOIS	INDIANA	IOWA	WISCONSIN
1931 April.....	215	108	447	172
March.....	228	116	513	197
1930 April.....	190	118	300	159
March.....	209	136	329	177

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of automobiles in the United States again expanded in April, for the fifth consecutive month. Passenger car output of 285,028 totaled 23½ per cent in excess of the March figure, which increase is much greater than usual for the month. Despite this continued improvement in schedules, the April aggregate represented a decline of 24 per cent from the same month a year ago and was 47 per cent below the record April output of 1929. Truck production increased 11 per cent in April, with a total of 50,015 cars, and was 26 and 41 per cent smaller than in the corresponding period of 1930 and 1929, respectively.

Distribution of new automobiles in the Middle West, both at wholesale and retail, continued to show improvement during April, with the percentage gains over March much larger than in previous years, although sales totaled considerably smaller than a year ago. Stocks fell off, as is usual for the period, and continued to average well below the 1930 level. The trend in used car sales and stocks followed that in new car distribution. The ratio of deferred payment sales to total retail sales of dealers reporting the item declined slightly in April from March and also from last April, an average of 44 per cent for thirty-two dealers comparing with 48 per cent a month previous and 46 per cent a year ago.

IRON AND STEEL PRODUCTS

No developments of importance were noted during April in the steel industry of the Chicago district, conditions in general being rather quiet with operations averaging around 50 per cent of capacity. Seasonal activity in building and that in the automobile industry continued to be favorable factors in the market. Average daily pig iron output for April in the Indiana and Illinois district followed the usual trend for the month, increasing very slightly over the March level; no improvement was indicated, however, in the comparison with April of other years. Finished steel prices, though changing little during the period, trended slightly downward, pig iron remained the same in price, but scrap iron and steel were notably weak.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in April 1931 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MARCH 1931	APRIL 1930	
New Cars			
Wholesale—			
Number Sold.....	+32.6	-29.4	27
Value.....	+27.3	-37.0	27
Retail—			
Number Sold.....	+39.7	-31.5	55
Value.....	+48.5	-30.3	55
On Hand April 30—			
Number.....	-18.5	-28.1	56
Value.....	-14.9	-22.6	56
Used Cars			
Number Sold.....	+23.2	-7.9	56
Salable on Hand—			
Number.....	-4.4	-35.2	56
Value.....	-1.5	-41.0	56

The declines shown during April from March in shipments and production of reporting steel casting foundries of the Seventh district were partly seasonal in character, although a gain had been shown in the preceding two years. New orders, on the other hand, increased considerably over the preceding month, contrary to the trend a year ago and in 1929. Shipments of malleable casting foundries were in approximately the same volume during April as in March, and production was somewhat higher, while orders booked showed a further small gain. Activity at both steel and malleable casting foundries remained much lower than in the corresponding period of 1930. April shipments of stove and furnace manufacturers reporting to this bank totaled about one-fifth larger than in March and 14 per cent under last April; for the second successive month, the aggregate of orders booked was heavier than either a month previous or a year ago, gaining 30 and 25 per cent in the respective comparisons; production expanded over March but was below the level of April 1930.

FURNITURE

Orders booked by furniture manufacturers in this district fell off moderately in April, the decline from March totaling 10 per cent as compared with an average March-to-April recession of 12 per cent. Shipments, moreover, were only 3 per cent under those of the preceding month, in comparison with an average recession for the month of 15 per cent; therefore, despite a very low volume of cancellations—less than half those of a month previous—a moderate decrease took place in the aggregate of unfilled orders outstanding at the close of the month. These, on April 30, approximated 76 per cent of orders booked during the month. Comparisons with a year ago are still unfavorable. Orders and shipments were 19 and 16 per cent, respectively, under the April 1930 totals on which our index numbers, based on 1923-1924-1925 monthly averages, amount to only 61 and 69, both of which are a full 20 points under the four-year average for the month. Production during April was maintained at about 51 per cent of capacity, just under the rate of a month previous and seven points below that of a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe production in the Seventh Federal Reserve district showed a further slight expansion during April, and the recession of 15 per cent in volume from last year and the 1923-30 average was less marked than in any earlier

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	APRIL 1931: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MARCH 1931	APRIL 1930	
Wholesale Trade:			
Sales in Dollars.....	-4.5	-46.1	15
Sales in Board Feet.....	+1.6	-42.3	12
Accounts Outstanding ¹	-4.8	-28.1	11
Retail Trade:			
Sales in Dollars.....	+29.6	-25.1	229
Sales in Board Feet.....	+26.6	-10.6	88
Accounts Outstanding ¹	+8.7	-5.1	187
Ratio of accounts outstanding ¹ to dollar sales during month			
	APRIL 1931	MARCH 1931	APRIL 1930
Wholesale Trade.....	171.2	163.1	108.3
Retail Trade.....	333.2	397.5	267.7

¹End of Month.

month of 1931. The tanning and sales of leather fell below the preceding month and were under last April. Prices remained about the same as in March.

Demand for packer green hides, calf, and kip skins was more active at Chicago during April than in the preceding period, although a slight recession was shown in shipments of those commodities from the city. Quotations eased.

Building Material, Construction Work

The low level of activity in most lines of building materials continued through April. Demand from the usual types of consumption failed to expand, and the deficiency has not been offset by special construction projects. Dealers report numerous inquiries but few actual orders of any size. Supplies in retail yards are low, and those in producers' hands are not excessive, the result of a long period of curtailment. Price instability continued to discourage purchasing for future requirements—lumber and other materials moved downward at wholesale, and retail quotations were considerably lower in April than a month previous in several Seventh district cities.

The 30 per cent increase over March in dollar sales of retail lumber yards corresponds to a gain of 29 per cent in April 1930 over March of that year. In comparison with a year ago, eighty-eight yards reporting board foot sales show an aggregate decline of 11 per cent, while the dollar value of these sales decreased 22 per cent. Collections continued to manifest improvement, as indicated by the declining ratio of accounts to dollar sales. Wholesale lumber business, after gaining in the first two months of 1931, failed to expand in March and April, declining in the latter month to a greater extent in the year ago comparison than in any month since December.

Midwest cement producers improved their situation during April, relative to the country as a whole, their shipments exceeding production with a consequent reduction in stocks which fell below the April 30 figure for the two preceding years. Both production and shipments, however, were lower than for April during the past five years.

BUILDING CONSTRUCTION

Building activity in the Seventh Federal Reserve district trended decidedly downward during April following an unusually sharp seasonal expansion in March. Total construction contracts awarded dropped 23 million dollars from the March figure, while residential contracts which amounted to 23 per cent of the total, fell off 4½ million dollars. The declines registered from a year ago in both total and residential building were the largest recorded during the four months of 1931.

Permits issued in the Seventh district, according to 98 cities reporting to this bank, showed that the estimated

cost of proposed work during April had dropped 21 per cent from the March total, with a corresponding decrease also being shown in the year ago comparison. The number of permits issued in these same cities, however, registered a gain of 56 per cent over March, though declining 28 per cent from April 1930. In the comparison with a month previous, the decline in estimated cost was due largely to the heavy decrease in total valuation of Chicago permits, a result of the level during March being raised unusually high because of the issuance of one large office building permit.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
April 1931.....	\$46,030,133	\$10,573,843
Change from March 1931.....	-33%	-30%
Change from April 1930.....	-44%	-53%
First four months of 1931.....	\$175,906,701	\$38,861,064
Change from same period 1930.....	-25%	-34%

*Data furnished by F. W. Dodge Corporation.

Merchandising

Wholesale trade in April expanded further in most reporting groups. The gains over March of 4, 7½, and 4 per cent shown in drug, dry goods, and shoe sales, respectively, were contrary to seasonal trend, while in hardware the increase of 26 per cent was considerably larger than usual. Declines from a year ago in drugs, dry goods, hardware, and electrical supplies were smaller than had been recorded in the corresponding comparison for March. For the year through April, however, sales data compared unfavorably with the same four months of 1930, the grocery trade declining 10½ per cent, drugs 13½ per cent, dry goods 24 per cent, hardware 26 per cent, shoes 22 per cent, and electrical supplies 34½ per cent. Prices, which continue a downward trend, are partly responsible for the losses shown. Stocks on hand in the majority of groups declined further between March 31 and the end of April and in general were much smaller than at the same period of 1930.

Sales during April of 107 reporting department stores in the Seventh district increased 16 per cent over the preceding month, or in about the same amount as did March trade over February. The later date of Easter in 1930, however, made a more favorable showing for April of that year, so that sales this April totaled 12 per cent smaller and for the first four months of 1931 were 10 per cent less than in the same period of 1930. In the comparison with March this year, sales by department stores in Chicago gained 13 per cent, in Detroit 18 per cent, Indianapolis 7 per cent, Milwaukee 20½ per cent, and by stores in other cities 25 per cent. As will be noted in the table,

DEPARTMENT STORE TRADE IN APRIL 1931

LOCALITY	PER CENT CHANGE APRIL 1931 FROM APRIL 1930		PER CENT CHANGE FIRST FOUR MONTHS 1931 FROM SAME PERIOD 1930		RATIO OF APRIL COL- LECTIONS TO ACCOUNTS OUTSTANDING MARCH 31	
	NET SALES	STOCKS END OF MONTH	NET SALES		1931	1930
Chicago.....	-15.1	-15.1	-11.2		29.4	31.5
Detroit.....	-15.3	-13.9	-11.7		35.4	38.1
Indianapolis.....	-7.3	-21.6	-5.0		40.8	39.0
Milwaukee.....	-4.7	-6.6	-6.8	
Other Cities.....	-6.0	-16.9	-7.7		35.8	35.3
7th District..	-12.3	-14.7	-10.0		35.1	36.4

WHOLESALE TRADE IN APRIL 1931

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-11.6	-3.7	-8.2	-8.0	90.8
Hardware.....	-15.9	-18.5	-14.9	-26.2	222.6
Dry Goods.....	-21.8	-34.4	-28.8	-21.7	299.9
Drugs.....	-13.5	-15.1	-5.7	-12.6	155.5
Shoes.....	-30.8	-21.0	-11.2	-24.4	400.7
Electrical Supplies.....	-36.3	-5.9	-35.0	-34.4	158.9

sales by Milwaukee and Indianapolis stores declined to a lesser degree in the year ago comparison than did those by Chicago and Detroit firms. A further slight increase took place in stocks between the end of March and April 30, but the amount on hand on the latter date totaled nearly 15 per cent under April 30 last year.

The retail shoe trade again expanded seasonally in April, sales of reporting dealers and department stores totaling 18 per cent larger than in March. As compared with last April, however, sales were 16 per cent smaller, bringing the total for the year to date to 8 per cent below the corresponding period of 1930. Practically all reporting dealers and most of the department stores shared in the gain over a month previous and in the decline from a year ago. Stocks increased slightly on April 30 over the end of March and totaled only 4 per cent less than on the same date of 1930.

The gain of 17½ per cent shown for April over the preceding month in the retail furniture trade was somewhat smaller than usual for the season, that in the previous four years averaging 23 per cent. Installment and total

sales by reporting dealers increased to a greater degree than did department store sales of furniture and house furnishings. Little change was shown at the end of April from a month previous in stocks on hand which totaled 17½ per cent smaller than a year ago.

A slight decline in the number of units operated by twenty chains reporting to this bank effected a larger increase for April in their average sales per store than in their aggregate sales. The average-per-unit sales gained 10 per cent over March, while aggregate sales increased only 9 per cent. Grocery chains were an exception in the general expansion shown over the preceding month. As compared with April last year, average sales per store declined 5½ per cent, while the total dollar volume sold was less by 3 per cent, the number of units being 3 per cent greater this April. Drug chains again showed larger sales in the year ago comparison, but other reporting groups which include groceries, five-and-ten-cent stores, cigars, furniture, shoes, and men's and women's clothing, experienced continued declines.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Apr. 1931	Mar. 1931	Feb. 1931	Jan. 1931	Dec. 1930	Nov. 1930	Apr. 1930	Mar. 1930	Feb. 1930	Jan. 1930	Dec. 1929	Nov. 1929
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	78	79	78	84	85	89	109	103	109	113	104	111
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	15	39	44	40	34	31	32	92	86	77	80	84	79
In Tons.....	15	37	43	41	34	30	30	98	92	78	84	93	86
Malleable—In Dollars.....	23	34	35	31	30	27	25	70	72	73	69	60	60
In Tons.....	23	54	54	46	45	40	36	101	102	103	98	83	81
Stoves and Furnaces—													
Shipments (in dollars).....	11	96	80	69	50	86	118	111	96	86	78	125	167
Furniture—													
Orders (in dollars).....	25	51	58	55	68	41	51	61	68	68	103	55	86
Shipments (in dollars).....	25	59	62	57	38	43	52	69	82	81	62	80	98
Flour—													
Production (in bbls.).....	26	94	93	94	101	100	103	107	97	97	108	92	97
Output of Butter by Creameries—													
Production.....	67	124	102	89	93	91	78	104	88	81	84	82	81
Sales.....	69	111	95	94	95	99	94	101	92	81	94	86	88
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	31	86	85	75	84	87	86	97	94	84	94	91	101
Hardware.....	14	71	55	41	42	59	63	84	82	61	58	76	92
Dry Goods.....	9	55	51	41	42	51	55	70	67	58	55	66	78
Drugs.....	14	88	86	82	88	84	83	101	100	91	97	96	100
Shoes.....	8	60	58	39	34	45	63	87	73	51	35	57	69
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	26	92	82	73	79	165	99	111	90	82	87	188	126
Detroit.....	5	126	109	95	87	184	121	153	119	104	101	222	161
Indianapolis.....	5	94	88	68	80	154	97	103	90	77	83	172	120
Milwaukee.....	5	112	93	75	85	167	111	117	95	84	94	184	137
Other Cities.....	50	98	79	68	72	146	96	104	90	74	73	160	114
Seventh District.....	91	102	88	76	80	165	104	117	96	85	88	188	131
Automobile Production (U. S.)—													
Passenger Cars.....		98	79	62	47	42	35	129	114	96	80	31	57
Trucks.....		133	120	105	89	84	90	180	167	129	98	73	128
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		36	52	23	22	20	36	77	56	33	34	38	66
Total.....		67	101	42	46	51	58	119	108	56	58	110	85
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		86	84	78	72	72	76	131	129	127	109	113	124
United States.....		69	67	62	56	55	63	108	107	103	93	93	108
Steel Ingot Production—(U. S.)*.....		79	86	78	68	57	66	119	123	126	105	87	102
Unfilled Orders U. S. Steel Corp....		82	84	83	87	83	76	91	96	94	94	93	86

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

OUTPUT of manufactures and employment at factories showed little change from March to April, and output of mines, which ordinarily decreases at this season, also remained unchanged. Wholesale prices continued to decline, and money rates eased further.

PRODUCTION AND EMPLOYMENT

Industrial production, as measured by the Board's seasonally adjusted index which covers both manufactures and mines, increased from 88 per cent of the 1923-1925 average in March to 89 in April, compared with 82, the low point reached last December. Steel mill activity declined by considerably more than the usual seasonal amount, while in the automobile industry there was a larger than seasonal increase in output, according to preliminary reports. Consumption of cotton by domestic mills continued to increase, contrary to the usual seasonal movement, while there was a decrease in unfilled orders for cotton cloth, which was only partly seasonal in nature; consumption of wool, which ordinarily declines in April, increased considerably; at silk mills activity declined, there were large increases in the output of petroleum and anthracite coal, while production of bituminous coal declined by about the usual seasonal amount.

The number of employed in factories at the middle of April was about the same as a month earlier. In carbuilding shops and in establishments producing machinery, employment decreased considerably, while in the automobile and cement industries there were seasonal increases, and in the fertilizer industry a larger than seasonal increase. Employment at textile mills declined by less than the seasonal amount, reflecting chiefly a slight increase in employment at cotton mills, and a small decrease in the clothing industry; at mills producing woolen and silk goods declines in employment were larger than usual. Factory payrolls declined somewhat in April.

Value of building contracts awarded, which fluctuates widely from month to month, declined considerably in April, according to the F. W. Dodge Corporation, and decreases were reported in all the leading classes of construction. In the first four months of the year total awards decreased 26 per cent from the corresponding period of 1930, reflecting declines of 10 per cent for residential building, 17 per cent for public works and utilities, 25 per cent for educational building, 43 per cent for factories, and 57 per cent for commercial buildings.

DISTRIBUTION

Freight carloadings showed about the usual seasonal increase in April. Department store sales increased 9 per cent from March, and the Board's index, which makes allowance for the usual seasonal variations including changes in the date of Easter, stood at 105 per cent of the 1923-1925 average, compared with 97 per cent in March.

WHOLESALE PRICES

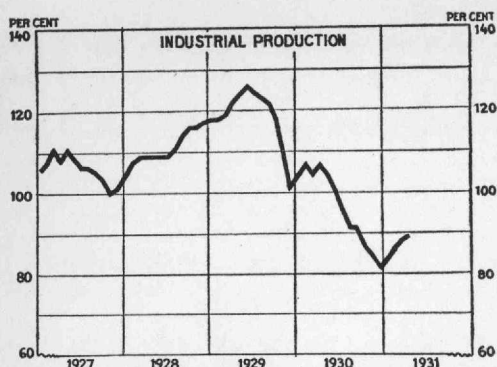
The general level of wholesale prices declined 1.6 per cent further in April, according to the Bureau of Labor Statistics. In the first half of May, prices of many leading commodities were reduced further, and for the six-week period as a whole, there were large declines in the prices of cotton, silk, and textiles; live stock and dairy products; cement, petroleum products, and nonferrous metals.

BANK CREDIT

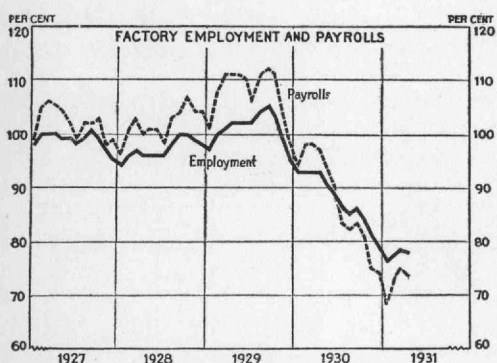
Loans and investments of reporting member banks in leading cities declined by about \$150,000,000 between April 1 and the middle of May, reflecting substantial liquidation in loans on securities and in all other loans, largely commercial. This liquidation of loans was offset in part by further large additions to the banks' investments, which on May 13 were over \$1,000,000,000 larger than at the beginning of the year.

Volume of reserve bank credit declined somewhat in the six weeks ending on May 16. Contrary to the usual seasonal tendency, there was some further increase in currency demand for the period, reflecting chiefly banking disturbances in the Middle West. Gold imports continued in considerable volume and supplied the member banks with sufficient funds to meet the additional demand for currency, and also to reduce somewhat the amount of reserve bank credit outstanding.

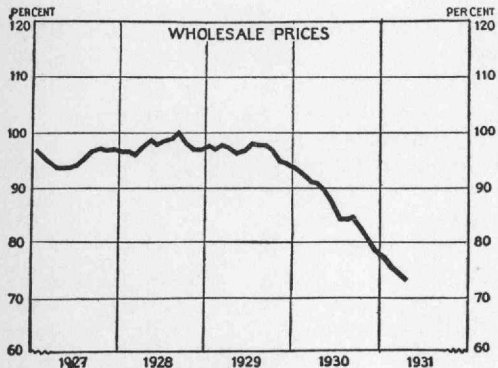
Money rates declined to new low levels during May. Rates on bankers' acceptances, which had declined from $1\frac{1}{2}$ per cent in the middle of April to $1\frac{1}{4}$ per cent by the end of the month, were reduced to $\frac{7}{8}$ per cent by the nineteenth of May. Rates on commercial paper declined from a range of $2\frac{1}{4}$ - $2\frac{1}{2}$ to a range of $2\frac{1}{4}$ per cent. At the reserve banks, buying rates on bankers' acceptances were reduced in April and the first half of May, and in May discount rates were also reduced, the rate at the Federal Reserve Bank of New York being lowered to $1\frac{1}{2}$ per cent.



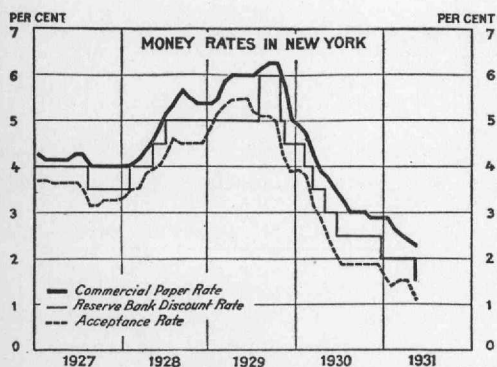
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



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



Index of United States Bureau of Labor Statistics (1926 = 100).



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 20 days in May 1931.