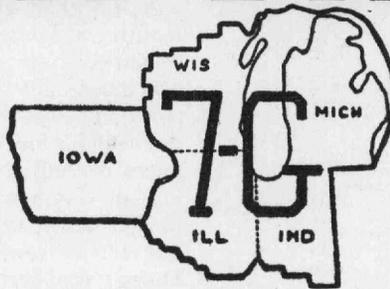


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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General Summary

A NOTICEABLE lessening of activity occurred during May in Seventh district manufacture and distribution of commodities. Declines in many instances were partly seasonal in nature, although in others comparisons with a year ago were less favorable than at any time so far in 1931.

Production of automobiles fell off slightly in May, as is usual for the month, and steel mills were seasonally less active. Casting foundries increased the tonnage of their shipments, but production and new orders decreased. The decline in shipments by furniture manufacturers was larger than usual for the period, while orders booked totaled smaller contrary to seasonal trend. Shoe production declined from April, but that of leather gained. The volume of building contracts awarded in the district again fell off, totaling the lowest since February. Manufacturing employment increased during May, largely owing to continued expansion in the automobile industry the early part of the month, to seasonal gains in the food and stone, clay and glass groups, and to increases in paper and printing.

Distribution of commodities for the most part diminished in May, following seasonal gains in the preceding two months. Declines in reporting lines of wholesale trade were general, and in most groups were larger in the comparison with a year ago than had been the case in April. Department store sales likewise totaled smaller in May than a month previous, while the decline from the corresponding month of 1930 was greater than for any month so far in 1931. Chain store sales and the retail shoe trade experienced declines, but the retail furniture trade recorded some expansion over April. Distribution

of automobiles, both at wholesale and retail, fell off noticeably during May.

The breaking of the drought in practically all sections of the district generally improved agricultural conditions, and prospects for good crops are most favorable. Wheat receipts and shipments gained in May over the preceding month and a year ago, but the movement of corn and oats was small. Meat production and sales declined during the month from April and from last May, while manufacture and distribution of butter totaled larger in both comparisons. Cheese production gained over April, although sales declined, and an opposite trend was shown in comparison with the same period of 1930.

Secured loans and investments of reporting member banks in the district were reduced between May 13 and June 10, while commercial loans increased; as compared with the corresponding date of last year, both types of loans were smaller but investments continued to be considerably larger. Demand deposits of these banks totaled less in the monthly and yearly comparison, whereas time deposits showed gains. Borrowings from the Reserve bank, though still small, increased over the middle of May and June 11 a year ago. Money rates in Chicago recorded slight change during May. For the first time this year, sales of commercial paper expanded in May. Financing by means of acceptances through Chicago banks was also in substantial amount, although dealer purchases of bills declined. The Chicago bond market, which showed declining tendencies through most of May, improved its tone somewhat in early June.

Credit Conditions and Money Rates

An unusually heavy demand for currency during the period from May 13 to June 10—the outgrowth of banking disturbances in some sections of the district, notably in outlying areas in Chicago—and an increase in member bank reserve balances were the principal changes among the factors making for increased member bank borrowing at the Reserve bank. Offsetting these developments were a considerable excess of local Treasury expenditures over receipts and a moderate gain to the district in funds arising from inter-district settlements for commercial and financial transactions. The net result of the foregoing changes, together with a few minor developments in the basic elements affecting the volume of member bank borrowing, was an increase of about $4\frac{1}{2}$ million dollars in loans to

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	JUNE 10 1931	CHANGE FROM	
		MAY 13 1931	JUNE 11 1930
Total Bills and Securities.....	\$115.9	\$+3.1	\$+4.7
Bills Discounted.....	16.8	+4.6	+0.4
Bills Bought.....	17.2	-2.2	+0.2
U. S. Government Securities.....	81.9	+0.7	+4.1
Total Reserves.....	596.7	+114.0	+105.6
Total Deposits.....	350.1	+16.0	-3.2
Federal Reserve Notes in Circulation.....	322.5	+100.5	+111.0
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	88.7*	+2.0*	+1.8*

*Number of Points.

member banks on June 10 as compared with May 13. A detailed analysis of changes in these factors is presented in the table below:

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

Changes between May 13 and June 10, 1931
(In millions of dollars)

Changes making for increase in member bank borrowing:	
1. Increase in demand for currency	94.02
2. Increase in member bank reserve balances	15.62
3. Increase in non-member clearing balances	0.80
4. Sales of gold to industry	0.06
Total	110.50
Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts	81.25
2. Funds gained through inter-district settlements for commercial and financial transactions	21.85
3. Increase in holdings of acceptances (local transactions)	1.20
4. Increase in holdings of U. S. securities (local transactions)	0.77
5. Decrease in unexpended capital funds	0.45
6. Increase in reserve bank float	0.36
Total	105.88
Excess of changes making for increase in member bank borrowing:	4.62
Absorption of this excess: Increase in member bank borrowings (discounts for member banks)	4.62

MEMBER BANK CREDIT

Total loans and investments of reporting member banks on June 10 showed a decrease of approximately 54 million dollars as compared with May 13, and of slightly more than 70 millions from June 11, 1930. Loans on securities declined by only 2 million dollars from May 13, but as against June 11 a year ago the shrinkage in this type of loan amounted to 240 millions; "all other" loans increased slightly from May 13 to June 10, but declined by 116 millions from the corresponding reporting date of last year. Investments of reporting member banks, in the yearly comparison, increased in volume approximately 280 million dollars, but during the period May 13 to June 10 moved downward about 60 millions. Net demand deposits declined in the monthly and yearly comparison, in the former by 60 millions and in the latter by more than 190 millions. Time deposits gained in both comparisons—nearly 130 million dollars over a year ago, and 8 millions over May 13. Borrowings of reporting member banks at the Reserve bank on June 10 amounted to 6 millions, a gain of 3 millions over May 13 of this year and of the same amount over June 11, 1930.

The prevailing rate on customers' commercial loans during the week ended June 15 was reported by eight downtown banks in Chicago as 3 to 5 per cent, as against a range of 2¾ to 5 a month previous. The average rate earned on loans and discounts by six large banks, also located in the central business section of Chicago, was 4.41 per cent during the calendar month of May, as against 4.42 in April and 5.13 in May 1930. In Detroit the average rate earned on loans and discounts during May of this year was reported as 5.22, which compares with 5.34 in the preceding month and with 5.79 in May a year ago. The prevailing rate on customers' commercial loans during the week of June 15 in Detroit was 4 to 5 per cent.

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	JUNE 10 1931	CHANGE FROM	
		MAY 13 1931	JUNE 11 1930
Total Loans and Investments	\$3,227	\$-54	\$-71
Loans on Securities	1,074	-2	-240
All Other Loans	1,178	+10	-116
Investments	975	-62	+285
Net Demand Deposits	1,761	-60	-194
Time Deposits	1,348	+8	+129
Borrowings from Federal Reserve Bank	6	+3	+3

Commercial paper sales by reporting dealers in the Middle West increased 9 per cent in May over April and showed the first reversal of the downward trend which had prevailed since January. The decline of 43½ per cent in volume from the corresponding month last year was less than evidenced in any of the preceding three months, although the recession from the 1923-30 average remained approximately the same as in April. Supplies continued light to moderate, and the demand averaged between fair to good. Selling rates in May ruled from 2 to 2¼ per cent for low to 2¾ and 3 per cent for high, with most paper moving at 2¼ to 2½ per cent. May 29 outstanding of commercial paper, as reported by dealers in the Middle West, were 2½ per cent greater than on April 30 but 47 per cent below the corresponding date of 1930. During the first half of June, sales aggregated slightly less than in the corresponding weeks of May. Demand was good from banks outside Chicago but practically negligible from banks in the city. The supply remained moderate, though augmented to some extent by the repurchase of a moderate amount of paper from outlying banks in Chicago as an outgrowth of the recent banking disturbances in those localities. Quotations closed on June 15 at 2 per cent for low and 2½ and 2¾ per cent for high, the customary charge being 2 to 2½ per cent.

Dealer purchases of local bills in the Chicago market declined 17 per cent during the four weeks ended June 10 from the preceding period, with a further decrease of 22 per cent recorded in receipts from Eastern markets. Total supplies, as a consequence of these recessions, aggregated only half as great as a year ago. Sales to out-of-town banks attained a high level and constituted a major portion of the business, inasmuch as the demand from local banks was almost negligible and the movement to other markets smaller than in any earlier period of 1931. June 10 holdings of acceptances by dealers totaled much heavier than a month previous, but continued below the usual level for this season of the year and considerably less than on the corresponding date of 1930. Selling rates eased further, closing on June 10 at ⅞ per cent for 30-day offerings to 1¼ per cent for those of 180 days.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

May 14 to June 10, 1931
PER CENT CHANGE IN COMPARISON WITH PERIOD FROM
APRIL 16 TO MAY 13 MAY 15 TO JUNE 11

	1931	1930
Bills purchased	-17.1	-57.8
Bills sold	-15.0	-43.3
Holdings*	+139.4	-43.4

*At end of period.

Acceptance credits at Seventh district banks were utilized to a considerable extent during May but in a somewhat smaller degree than in the same month of 1930. The discounting of these bills by the accepting institutions continued on a level with April, although the volume totaled 12 per cent less than a year ago. Purchases of other banks' acceptances, on the other hand, fell below those of any month since July 1930, but aggregated approximately 2½ times as great as for last May and the 1923-30 average.

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAY 1931	PER CENT OF INCREASE OR DECREASE FROM	
		MAY 1930	MAY 1931
Chicago	\$3,225	-0.4	-23.3
Detroit, Milwaukee, and Indianapolis	1,227	-1.6	-22.4
Total four larger cities	\$4,452	-0.7	-23.1
34 smaller centers	798	-5.3	-21.9
Total 38 centers	\$5,250	-1.4	-22.9

age for the month. Banks continued to retain a large percentage of current offerings for their own portfolios. Sales, consequently, remained considerably less than the volume of purchases and were at the lowest level since September 1929, while acceptance holdings of these banks attained a higher point on May 29 than for any previous reporting date in 1931. Outstandings were further reduced during the month. The total value of acceptances executed for customers during the first half of June was 5 per cent in excess of the corresponding period of May. Financing increased for grain, iron ore, iron and steel, creosote oil, machinery, coffee, copper, merchandise, rubber, and numerous other commodities, while it decreased for sugar, tobacco, packing-house products, tires, aluminum, hops, chemicals, and several miscellaneous items. Bill holdings of the accepting banks aggregated approximately 15 per cent less on June 15 than at the beginning of the month.

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

	PER CENT CHANGE IN MAY 1931 FROM	
	APRIL 1931	MAY 1930
Total value of bills accepted.....	+12.0	-11.9
Purchases.....	-31.5	+40.1
Sales.....	-21.5	-12.1
Holdings*.....	+21.8	+494.0
Liability for outstandings*.....	- 1.0	- 9.4

*At end of month.

SECURITY MARKETS

Following the abrupt reversal of the down trend in stock prices during the first week in June, the Chicago bond market displayed a decidedly improved tone and the recovery in prices was the sharpest recorded this year. The large over-subscription of the new United States Treasury offering of 800 millions of 3 7/8 per cent bonds gave a better tone to the high grade market, while second grade rails featured the advances in the lower classes, and recoveries were also noted in South American and Australian issues. Preceding this improvement, the demand in May had been active for the very high grade bonds which gave rise to some strengthening in prices, while medium and lower grade bonds and the foreign issues showed a rapid decline following a slight betterment earlier in the month. The volume of new offerings decreased materially from April and was also less than in May 1930. Individuals continue to be a minor factor among purchasers, with institutions furnishing the bulk of the buying. The prevailing downward trend in stock prices on the Chicago Stock Exchange became more prominent the latter part of May, and on June 2 the average price of twenty leading stocks * reached a new low point for 1931, \$68.44. A reversal in trend was noted at this point, and the average for the first two weeks in June was approximately three dollars higher; on June 17, the average price was \$71.05.

* Chicago Journal of Commerce.

Agricultural Products

Approximately 96 per cent of the 1931 corn acreage in the Seventh Federal Reserve district had been planted by June 1 in comparison with 91 per cent on the corresponding date of 1930, according to reports direct to this bank from 205 county agricultural agents. Stands were fairly even; some replanting was necessary, however, to offset the depredations of wire worms and cut worms. The outlook for fruits was exceptionally favorable at the time of these reports. A large production of peaches is in prospect this season, in contrast to a very limited supply in

1930; present conditions indicate a good crop of pears, 25 per cent more apples than a year ago, and an increase of 10 per cent in the volume of sweet cherries and of 15 per cent for sour cherries. In the northern tip of the lower peninsula of Michigan, however, production of sour cherries is reported to be only half as large as last year. Favorable prospects for strawberries are shown throughout the greater part of the district; the total crop is expected to approximate that of 1930. The current outlook indicates that the tonnage of grapes may fall 20 per cent under a year ago. Better yields than last year are anticipated for truck gardens. Current estimates of the 1931 winter wheat crop in the district exceed the 1930 yield by nearly 900,000 bushels.

The drought which prevailed throughout the district during the early months of 1931 was broken during the latter part of May. Corn was of good color and had made satisfactory growth by the middle of June because of more favorable weather, nearly all of the wheat had headed, and rye had begun to ripen; the condition of oats and hay had also improved. Some fields of small grain were beaten down early in the month by rain and heavy wind.

CROP PRODUCTION

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

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1925-29 AVERAGE
	FORECAST	FINAL	FORECAST	FINAL	
	1931	1930	1931	1930	
Winter Wheat..	95,896	95,077	649,115	604,337	547,427
Rye.....	9,799	8,757	43,766	50,234	46,129
Peaches.....	7,158*	648*	78,091	53,617	55,210
Pears.....	1,831*	1,289*	23,572	27,577	22,123

*Four states.

GRAIN MARKETING

Receipts of wheat at interior primary markets during May registered a larger increase than usual over April, and totaled 67 per cent heavier than the five-year average for the month. Reshipments increased to a lesser extent and were only slightly in excess of the five-year average. This concentration of the grain at central markets represented deliveries on May contracts made under the Government's stabilization program, and offset the reduction in the United States visible supply reported for April and early May, so that on June 13 the supply was about the same as a month earlier and totaled 75 per cent more than on the corresponding date of 1930. The export volume in four weeks of June was slightly under that of the preceding four-week period and more than one-third less than in the same period last year. The 19 million bushel decline in exports for the season to May 30 as compared with 1930, was reduced to less than 16 million bushels by a large export movement in the first week of June.

LIVE STOCK SLAUGHTER
(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, May 1931.....	187	662	306	117
Federally Inspected Slaughter, United States				
May 1931.....	704	3,408	1,444	425
April 1931.....	690	3,488	1,493	471
May 1930.....	690	3,823	1,370	421

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JUNE 20 1931	MAY 1931	APRIL 1931	MAY 1930
Native Beef Steers (average)...	\$7.60	\$7.15	\$7.90	\$11.25
Fat Cows and Heifers.....	6.25	6.00	6.40	8.60
Calves.....	8.65	8.10	7.70	9.85
Hogs (bulk of sales).....	6.65	6.55	7.35	10.05
Yearling Sheep.....	5.75	6.40	7.40	7.25
Lambs.....	7.30	8.30	9.00	9.80

Trading in futures during May was smaller than a year ago, and open contracts in wheat represented the lowest monthly average since July 1928. July and September future prices moved lower after slight gains at the beginning of the month. Cash wheat held firm in May, but dropped in June to the lowest point since March.

Corn and oats moved in small volume at primary centers, and the relatively small quantities available are indicated in the declines shown in the visible supply on June 13 compared with a year previous, of 6 per cent for corn and 35 per cent for oats. Corn and oats futures averaged a little lower than in April, while cash prices for these grains held firm in May.

MOVEMENT OF LIVE STOCK

Cattle receipts at public stock yards in the United States decreased in May from April, thus conforming to the contrary-to-seasonal trend evidenced during the corresponding period of 1929 and 1930. Marketings showed a less favorable comparison with the five-year average for the month than at any time since January, although they exceeded the low volume of a year ago by $4\frac{1}{2}$ per cent. Hog receipts failed to show the usual expansion over a month previous—a reflection of the sharp decline in prices during May; the recession in volume from last year and the 1926-30 average was greater than evidenced earlier in 1931. Lambs continued to be marketed in unusually large numbers for the spring season.

Exceptionally limited quantities of feeder cattle were reshipped to feed lots during May, while the movement of feeder lambs remained considerably in excess of last year but was 8 per cent less than the average for the month.

MEAT PACKING

The tonnage of packing-house commodities produced during May at slaughtering establishments in the United States aggregated one per cent less than a month earlier and 4 per cent under a year ago. Payroll data at the close of the period reflected little change from April in the number of employes, although a decline of 2 per cent was recorded in working hours and in wage payments. Sales billed to domestic and foreign customers decreased 2 per cent in total value from April and were $27\frac{1}{2}$ per cent smaller than for last May. Lower prices than a year ago remained the principal contributing factor in this recession from 1930. Quotations of practically all packing-house commodities declined in May. Inventories were seasonally lower on June 1 than at the beginning of the preceding month, and again totaled 113 million pounds greater than on the corresponding date of 1930 and approximately 3 per cent above the five-year average for the date.

Shipments for export slightly exceeded those of April. A large part of the tonnage moved to England, as had been the case for several months, and the greater portion of shipments during the month was forwarded on consignment terms. A better demand for lard was reported in the United Kingdom, but British trade in other packing-house commodities remained rather quiet; a slight improvement, however, took place in the demand for sweet pickled pork. Trade on the Continent continued on a limited basis. June 1 inventories of American products in foreign countries (inclusive of the stocks in transit) increased slightly over May 1. Prices realized in Europe for commodities from packing establishments in the United States were about on a parity with the Chicago market. Continental producers, however, continued to furnish the consuming countries of

Europe with liberal supplies at lower prices than asked for products from the United States.

DAIRY PRODUCTS

Seventh district butter production attained a new peak for 1931 during May; although the increase of 37 per cent over the preceding month was less than seasonal, the tonnage totaled only 5 per cent under the high record of June 1929. Sales expanded 23 per cent in volume over April and were 7 per cent greater than in May 1930. Production of the commodity in the United States also appears to have been heavier than a month previous, though below the same period last year. Inventories in the United States increased by a seasonal amount on June 1 over the beginning of May, but the previous excess of 6 million pounds over the five-year average was reduced to 5 million pounds. Quotations remained at an exceptionally low level.

The production of American cheese in Wisconsin increased 21 per cent during the four weeks ended May 29 over the preceding period, or in about the usual amount, but the recession of 14 per cent in volume from last year was more marked than in any other month of 1931. Distribution of the commodity from these markets expanded $14\frac{1}{2}$ per cent over May 1930, though totaling $5\frac{1}{2}$ per cent under the preceding four weeks and aggregating 22 per cent less than current production. The latter comparison was more unfavorable than in other years. Inventories of cheese in the United States totaled nearly 3 million pounds heavier on June 1 than at the beginning of May, as against an average gain for the period of 8 million pounds; they were much smaller than a year ago and slightly under the five-year average. Prices declined further in May from the extremely low level of April.

Industrial Employment Conditions

Aggregate employment and payrolls of reporting establishments in this district gained slightly in May, contrary to the usual trend. While the increase in the totals was not large, it was participated in by six manufacturing and two non-manufacturing groups. Local differences in trend were evidenced by the totals for individual states—greater manufacturing activity in Michigan offsetting declines in all other states, while gains in Wisconsin were largely responsible for increased non-manufacturing totals.

Among manufacturing industries, seasonal expansion

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF MAY 15, 1931			CHANGE FROM APRIL 15	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	690	182,976	4,377	-2.2	-4.4
Vehicles.....	159	234,426	7,186	+2.4	+8.0
Textiles and Products.....	153	31,476	540	-1.2	-4.3
Food and Products.....	378	55,696	1,377	+2.9	+1.3
Stone, Clay and Glass.....	146	12,501	315	+7.0	+8.4
Lumber and Products.....	310	31,288	586	-4.0	-4.1
Chemical Products.....	95	16,361	439	-2.3	-1.4
Leather Products.....	73	14,426	271	+2.7	+1.7
Rubber Products ²	9	6,766	202	+5.7	+13.3
Paper and Printing.....	333	45,197	1,304	+1.1	+0.5
Total Mfg., 10 Groups....	2,346	631,113	16,597	+0.5	+2.2
Merchandising ³	179	31,138	784	+1.9	+1.9
Public Utilities.....	77	94,882	3,099	-0.8	-3.2
Coal Mining.....	29	6,467	120	-12.6	-12.9
Construction.....	190	10,032	257	+23.8	+16.4
Total Non-Mfg., 4 Groups	475	142,519	4,260	+0.6	-1.6
Total, 14 Groups.....	2,821	773,632	20,857	+0.5	+1.4

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

occurred in stone, clay and glass, food products, vehicles, and paper and printing. Gains in canning and preserving, slaughtering and meat packing, dairy products, manufactured ice and ice cream influenced the food products totals, and in the vehicles group a larger number of men and increased time schedules at automobile plants offset declines in car and locomotive shops. Rubber products and the leather group reversed their usual trend for the month, recording moderate gains in both men and payrolls. Seasonal declines occurred in lumber, chemicals, metals, and textiles.

In non-manufacturing lines, a substantial increase occurred in construction, and a small gain was recorded in merchandising. Coal mines in Illinois curtailed operations, and the utilities failed to show the increase characteristic of May. The Department of Agriculture report on farm labor indicates a larger surplus in Illinois, Indiana, and Iowa on June 1 than a month earlier, while a reduction took place in Michigan and no change in Wisconsin. The supply of farm workers in the five states averaged about 10 or 15 per cent greater than on June 1, 1930, and the demand was 8 or 10 per cent smaller.

Reports from free employment offices show an increase of applicants in relation to the number of jobs available in the four states represented. In Iowa the ratio declined sharply, but this reduction was more than offset by increases in Illinois and Wisconsin, while the ratio for Indiana remained stationary.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN	FOUR STATES
1931 May.....	218	108	388	197	218
April.....	215	108	447	172	206
1930 May.....	196	105	285	135	175
April.....	190	118	300	159	186

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

A small decline took place in automobile production during May—a seasonal trend following five consecutive months of increase. Output of passenger cars, totaling 269,080, was 6 per cent less than in April and 26 per cent below May last year which month had shown a decline of 30 per cent from the corresponding period of 1929. Truck production totaled 45,695 in May, or 9 per cent below a month previous and 17 per cent smaller than a year ago.

Recessions were likewise recorded during May in wholesale distribution and retail sales of automobiles in the Middle West subsequent to the expansion shown in the

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in May 1931 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	APRIL 1931	MAY 1930	
New Cars			
Wholesale—			
Number Sold.....	-17.5	-26.3	24
Value.....	-19.5	-38.4	24
Retail—			
Number Sold.....	-19.9	-32.0	54
Value.....	-18.9	-33.3	54
On Hand May 29—			
Number.....	-5.2	-43.8	55
Value.....	-6.7	-37.7	55
Used Cars			
Number Sold.....	-13.4	-25.1	55
Salable on Hand—			
Number.....	-5.5	-31.9	55
Value.....	-1.1	-38.3	55

early months of the year, and sales continued to total much smaller than a year ago, although about one-fourth of the distributors and dealers reported gains in these comparisons. Stocks declined further and remained well below the 1930 level. Sales and stocks of used cars followed the trend of new cars. The proportion of deferred payment sales to total retail sales of thirty-four dealers increased somewhat in May over a month previous and the corresponding month last year, a ratio of 45 per cent in the current period comparing with 43 per cent in April and 39 per cent in May 1930.

IRON AND STEEL PRODUCTS

A continuance of the quiet conditions which have prevailed during recent months in the steel industry of the Chicago district was evident through May and the early weeks of June, and steel ingot output declined further to a little less than 40 per cent of capacity at the middle of the current month. The usual seasonal falling-off in some lines of industry reduced the demand for steel, while in others such as the structural market and pipe, demand was fairly well maintained. Pig iron output in the Indiana and Illinois district averaged only 13,081 tons daily during May, or about 12 per cent less than a month previous and comparing with a daily average of 23,204 tons a year ago. Prices, both of finished steel and pig iron, remained unchanged during the period, while scrap prices have been fairly steady following decided weakness the end of April and early part of May.

Orders booked during May by both steel and malleable casting foundries in the Seventh district fell off considerably from April, those for steel castings declining more than 40 per cent from a month previous and orders for malleable castings totaling almost one-fourth less. The tonnage shipped increased slightly in the comparison, but production declined. No improvement was noted in conditions as compared with a year ago. Shipments by stove and furnace manufacturers declined in May from a month previous and last year, although over half the firms recorded gains; orders booked totaled considerably smaller in both comparisons, as did production.

FURNITURE

Contrary to the seasonal trend in May, orders booked by reporting furniture manufacturers in the Seventh district fell off considerably from the preceding month, the decline amounting to 29 per cent as against an average increase for the month of 17 per cent; and the index for this item stood at a new low point in the depression, being about four points under the previous low in December. Shipments totaled 21 per cent under those of April, as compared with an average decrease for the period of 6

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	MAY 1931: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	APRIL 1931	MAY 1930	
Wholesale Trade:			
Sales in Dollars.....	+1.9	-36.9	14
Sales in Board Feet.....	+13.5	-20.9	11
Accounts Outstanding ¹	+2.9	-28.2	9
Retail Trade:			
Sales in Dollars.....	+3.0	-31.6	194
Sales in Board Feet.....	+11.0	-35.0	85
Accounts Outstanding ¹	+3.6	-15.6	190
	Ratio of accounts outstanding ¹ to dollar sales during month		
	MAY 1931	APRIL 1931	MAY 1930
Wholesale Trade.....	161.2	173.9	131.9
Retail Trade.....	307.4	299.6	252.1

¹End of Month.

per cent; cancellations, also, were low. Accordingly, the decline in unfilled orders outstanding at the close of the month fell a little short of that in new orders, the aggregate of unfilled orders amounting to 81 per cent of orders booked as compared with a ratio of 77 per cent a month previous. Comparisons with a year ago are very unfavorable, the decline in orders booked of 38 per cent being about three times that of a month previous, and that in shipments of 24 per cent twice as great. Unfilled orders were 34 per cent under the May 1930 total. The rate of operations maintained during the month was 51 per cent of capacity, or four points under a month ago and eight points below that obtaining in May 1930.

SHOE MANUFACTURING, TANNING, AND HIDES

Seventh district production of shoes decreased 8 per cent in May from April, and showed a decline of 19 per cent from the eight-year average and of 16 per cent from May 1930. Leather tanning gained over the earlier period; sales decreased from April and from last May. Leather prices remained steady.

Packer green hide, calf, and kip skin markets at Chicago were reported as more active during May than a month previous, and there was a corresponding increase in purchases by district tanneries; shipments of these commodities from the city, however, totaled less than in April.

Building Material, Construction Work

May reports gave no evidence of recovery in the Seventh district from the unsatisfactory conditions prevailing in all lines of building materials. Moderate demand for lumber came from the auto-body and construction lines, and concrete aggregates were taken in larger volume than in recent months on account of road building, but the increased distribution was considerably less than seasonal.

The volume of lumber sold by wholesalers reporting board foot measure totaled 21 per cent less than in May 1930, which was an improvement over recent months in the yearly comparison, but dollar sales of the same firms were 32 per cent less. The 2 per cent gain over April in dollar sales of all firms contrasts with declines shown in May of both 1929 and 1930. Stocks have been kept low and were smaller at the end of May than on the same date of 1930. Outstanding accounts rose only slightly, and a reduction took place in the ratio of accounts to dollar sales.

Retail yards reported a slight increase over April in aggregate sales of building materials, amounting to 3 per cent, against an average gain of 10 per cent for that month during the past five years. Twenty to thirty per cent smaller inventories than at the same time last year were reported by some yards, and a lesser reduction in stocks was indicated by most retailers. Collections were poor in May, the increase in accounts outstanding exceeding that shown in dollar sales.

WHOLESALE TRADE IN MAY 1931

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	-16.9	-2.8	-8.9	-11.0	97.1
Hardware.....	-29.8	-19.7	-18.7	-21.2	248.2
Dry Goods.....	-30.4	-33.3	-30.2	-26.8	323.4
Drugs.....	-20.5	-13.7	-9.4	-13.7	163.4
Shoes.....	-17.7	-19.8	-12.2	-21.5	359.3
Electrical Supplies.....	-30.6	-9.4	-32.8	-36.6	160.1

No improvement was reported in demand for clay products, and the level of operations continued much lower than usual at this season. Midwest cement producers increased shipments by 44 per cent over April, which compares with an average gain for the previous five years of more than 60 per cent. Production exceeded shipments, and stocks rose slightly. Distribution of cement during April in the five states including the Seventh district was considerably smaller than in the same month of the past three years.

BUILDING CONSTRUCTION

Declines in building activity were again evidenced during May in the Seventh Federal Reserve district, according to data on residential and total building contracts awarded. The slowing-down, however, was to a considerably smaller degree than shown during April. Residential contracts in May amounted to only 21 per cent of total construction in the district.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
May 1931.....	\$41,707,855	\$ 8,755,276
Change from April 1931.....	- 9%	-17%
Change from May 1930.....	-47%	-55%
First five months of 1931.....	\$217,614,556	\$47,616,340
Change from same period 1930.....	-30%	-39%

*Data furnished by F. W. Dodge Corporation.

Building permits issued during May in 101 cities of the Seventh district declined 43 per cent in estimated cost of proposed work from a month previous, and the number issued dropped 13 per cent. In the corresponding month-to-month comparison a year ago, May permits registered a gain of 30 per cent in estimated cost of prospective construction, although a drop was registered in the number of permits issued. May totals continued the trend of previous months, remaining considerably below the 1930 figures, with declines of 66 and 33 per cent shown in estimated cost and number, respectively. The only large reporting city to differ from the trend of the district was Indianapolis, which recorded gains of 18 and 5 per cent in estimated cost over a month and a year ago.

Merchandising

Recessions were general during May in reporting lines of wholesale trade, hardware sales falling off 13 per cent, drugs 10 per cent, shoes 9 per cent, dry goods 8 per cent, groceries 5 per cent, and electrical supplies recording no change. The declines shown in grocery and hardware sales were contrary to the usual trend for the month. With the exception of shoes and electrical supplies, the decreases from a year ago were larger than in the corresponding comparison for April and in groceries, dry goods, and drugs were greater than in any previous month this year. Aggregates for the first five months of 1931 com-

DEPARTMENT STORE TRADE IN MAY 1931

LOCALITY	PER CENT CHANGE MAY 1931 FROM MAY 1930		PER CENT CHANGE FIRST FIVE MONTHS 1931 FROM SAME PERIOD 1930	RATIO OF MAY COLLECTIONS TO ACCOUNTS OUTSTANDING APRIL 30	
	NET SALES	STOCKS END OF MONTH		1931	1930
Chicago.....	-17.5	-13.0	-12.7	29.9	32.8
Detroit.....	-19.4	-17.9	-13.5	34.0	37.4
Indianapolis.....	-5.2	-17.4	-5.0	44.0	39.4
Milwaukee.....	-13.6	-6.1	-8.3	45.8	49.3
Other Cities.....	-10.9	-16.7	-8.8	34.7	36.0
7th District.....	-15.8	-14.1	-11.4	34.8	36.7

pared with the same period of 1930 show grocery sales 12 per cent smaller, hardware 27 per cent less, dry goods 26 per cent, drugs 14 per cent, shoes 20 per cent, and electrical supplies 34 per cent less. Stocks, except of hardware and dry goods firms, continued to decline and in general were being maintained at levels considerably below a year ago. Collections were reported as fair to good. Commodity prices in the various groups showed no reversal of the downward trend prevailing for some time.

Department store sales in the Seventh district declined 9 per cent in May from the preceding month, which represents the heaviest recession for this month in a ten-year period, increases having been shown in five of these years. As a result of this falling-off in trade, the decline of 16 per cent from the corresponding month of 1930 was greater than for any month so far in 1931, bringing cumulative sales for the year through May to 11 per cent below the same period of 1930 as compared with a 10 per cent decrease shown for the first four months of 1931. In the comparison of May with April this year, stores in Chicago recorded a 9 per cent decline, Detroit 11 per cent, Indianapolis one per cent, Milwaukee 11 per cent, and stores in other cities a 7 per cent recession. The various changes from a year ago may be noted in the table. Between April 30 and the end of May, stocks were reduced 3 per cent, averaging 14 per cent below the level on the corresponding date last year.

Sales of shoes by reporting dealers and department stores showed a small decline—3½ per cent—in May from the preceding month, while the recession from a

year ago amounted to 16 per cent which is the same decline as shown in a similar comparison for April. In the first five months of 1931, the dollar volume sold totaled 9 per cent below the same period of 1930. A decrease of 6 per cent was recorded between April 30 and the end of May in stocks which averaged 11 per cent smaller than on the corresponding date of 1930.

The retail furniture trade experienced some further expansion during May, according to reporting dealers and department stores in the district, aggregate sales increasing 4 per cent over April with installment sales by dealers showing a gain of only one per cent. The decline of 17 per cent from last May in total sales was approximately the same as was recorded in the yearly comparison for April; installment sales decreased 18 per cent from May 1930. Stocks on hand at the end of May fell off about 3 per cent from a month previous, their total value averaging 17 per cent below a year ago.

The number of units operated by twenty chains declined slightly further in May from April, so that average sales per store decreased only one per cent in the comparison and aggregate sales 1½ per cent. The number continued to be a little larger than a year ago, however, and average sales declined 7½ per cent from last May with total sales 6½ per cent less. Sales of grocery, furniture, and men's clothing chains totaled larger in May than a month previous, while drug, five-and-ten-cent, cigar, shoe, women's clothing, and musical instrument sales were smaller. Drug sales alone totaled heavier than in May 1930.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

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

	No. of Firms	May 1931	Apr. 1931	Mar. 1931	Feb. 1931	Jan. 1931	Dec. 1930	May 1930	Apr. 1930	Mar. 1930	Feb. 1930	Jan. 1930	Dec. 1929
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	77	78	79	78	84	85	106	109	103	109	113	104
Castings Foundries—													
Shipments:													
Steel—In Dollars.....	15	38	39	44	40	34	31	81	92	86	77	80	84
In Tons.....	15	38	37	43	41	34	30	85	98	92	78	84	93
Malleable—In Dollars.....	23	33	34	35	31	30	27	63	70	72	73	69	60
In Tons.....	23	54	54	54	46	45	40	90	101	102	103	98	83
Stoves and Furnaces—													
Shipments (in dollars).....	11	88	96	80	69.	50	86	101	111	96	86	78	125
Furniture—													
Orders (in dollars).....	25	38	51	58	55	68	41	64	61	68	68	103	55
Shipments (in dollars).....	25	48	59	62	57	38	43	64	69	82	81	62	80
Flour—													
Production (in bbls.).....	26	88	93	93	94	101	100	103	107	97	97	108	92
Output of Butter by Creameries—													
Production.....	67	168	121	102	89	93	91	157	104	88	81	84	82
Sales.....	69	136	110	95	94	95	99	129	101	92	81	94	86
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	31	83	86	85	75	84	87	99	97	94	84	94	91
Hardware.....	14	63	71	55	41	42	59	89	84	82	61	58	76
Dry Goods.....	9	51	55	51	41	42	51	73	70	67	58	55	66
Drugs.....	14	78	87	86	82	88	84	99	101	100	91	97	96
Shoes.....	8	55	60	58	39	34	45	70	87	73	51	35	57
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	26	83	93	82	73	79	165	102	111	90	82	87	188
Detroit.....	5	109	126	109	95	87	184	139	153	119	104	101	222
Indianapolis.....	5	93	94	88	68	80	154	101	103	90	77	83	172
Milwaukee.....	5	99	112	93	75	85	167	116	117	95	84	94	184
Other Cities.....	50	89	97	79	68	72	146	100	104	90	74	73	160
Seventh District.....	91	91	102	88	76	80	165	110	117	96	85	88	188
Automobile Production (U. S.)—													
Passenger Cars.....		92	98	79	62	47	42	125	129	114	96	80	31
Trucks.....		121	133	120	105	89	84	146	180	167	129	98	73
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		30	36	52	23	22	20	67	77	56	33	34	38
Total.....		61	67	101	42	46	51	116	119	108	56	58	110
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		76	86	84	78	72	72	134	131	129	127	109	113
United States.....		66	69	67	62	56	55	106	108	107	103	93	93
Steel Ingot Production—(U. S.)*.....		72	79	86	78	68	57	111	119	123	126	105	87
Unfilled Orders U. S. Steel Corp.....		76	82	84	83	87	83	85	91	96	94	94	93

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial production showed little change between April and May following upon increases for four consecutive months, while factory employment declined by the usual seasonal amount. The general level of wholesale prices continued to decline.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, was about the same in May as in April, 9 per cent larger than in December, and 14 per cent smaller than in May 1930. Steel output continued to decline more rapidly than is usual at this season, and consumption of cotton by domestic mills was also curtailed, while wool consumption continued to increase, contrary to the usual seasonal tendency, and shoe production, which ordinarily declines in May, showed little change. Daily average output of automobiles, according to preliminary reports, was about the same as in April. During the first three weeks of June, activity at steel mills declined further. In the first five months of the year taken as a whole, output of textile mills and shoe factories has been in about the same volume as in the corresponding period last year, while output of steel, automobiles, and lumber has been about one-third smaller.

Changes in employment from the middle of April to the middle of May were of the usual seasonal character in many manufacturing industries. In the iron and steel industry, however, at carbuilding shops, and at establishments producing machinery, employment declined considerably, while it increased in the automobile and tire industries. At textile mills employment increased somewhat, contrary to seasonal tendency, while in the clothing industry the number employed decreased.

Value of building contracts awarded in May was somewhat smaller than in April, reflecting chiefly a decline in awards for public works and utilities. In the first half of June, daily average value of contracts awarded increased somewhat, reflecting larger awards for public works and utilities, offset in part by decreases in awards for other types of construction.

DISTRIBUTION

Sales by department stores decreased in May, contrary to the usual seasonal tendency, and the Board's index declined to the level prevailing before the sharp increase in April. Total freight carloadings increased somewhat less than usual.

WHOLESALE PRICES

The general level of wholesale prices declined 2.7 per cent further in May, according to the Bureau of Labor Statistics, reflecting large decreases in prices of agricultural products, textiles, non-ferrous metals, and building materials. In the first half of June, prices of live stock, which had declined rapidly in April and May, advanced, while prices of petroleum continued to decline.

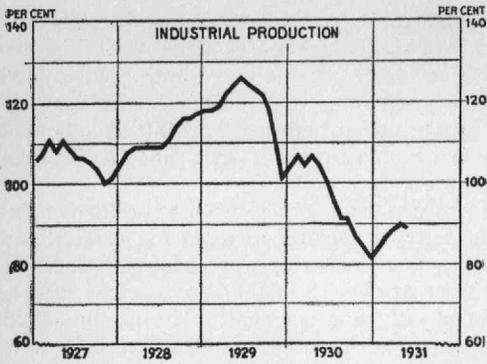
BANK CREDIT

Loans and investments of reporting member banks in leading cities declined further by about \$285,000,000 in the four weeks ending June 17, reflecting reductions of loans on securities. "All other" loans, largely commercial, have shown little change since the early part of May. The banks' investments, which reached a new high level late in April, were reduced somewhat during May and have fluctuated within a range from \$7,800,000,000 to \$7,850,000,000 since that time. During the four weeks ending June 17, there were imports of gold from Argentina and Canada, and in addition a large amount of gold previously earmarked for foreign account was released in the United States. The total increase in the stock of monetary gold was \$120,000,000 for the period, of which \$90,000,000 was added during the last week. Payments of currency into circulation, accompanying bank suspensions in the Chicago district, absorbed a large part of the funds arising out of the additions to the gold stock, with the consequence that there was little change in the volume of reserve bank credit.

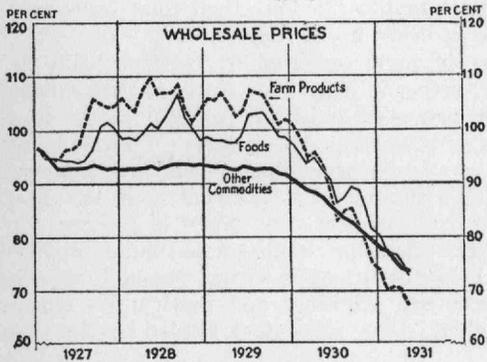
MONEY RATES

Money rates in the open market continued at a low level during May and the first three weeks of June. There was a further decline in prevailing rates on commercial paper from a range of 2-2¼ to a level of 2 per cent, while rates on bankers' acceptances were unchanged at ⅞ of 1 per cent.

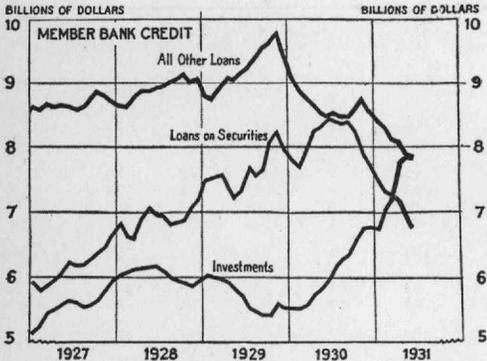
Rates paid on deposits by banks were further reduced, and clearing house banks in a number of financial centers established a rate of ½ of 1 per cent on bankers' balances.



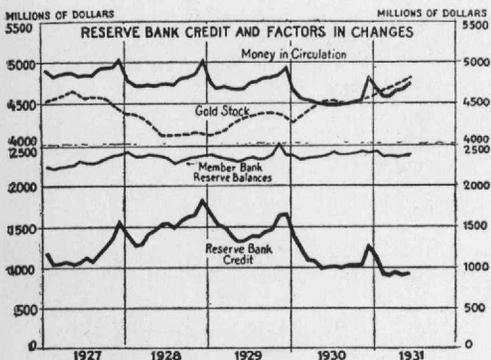
Index number of industrial production, adjusted for seasonal variation (1923-1925 average=100).



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



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



Monthly averages of daily figures. Latest figures, averages of first 17 days in June 1931.