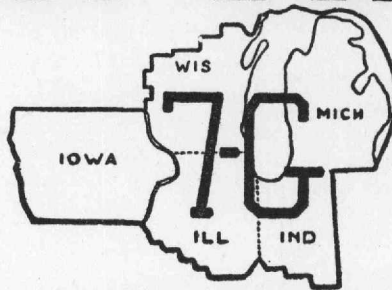


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 14, No. 9

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

August 31, 1931

General Summary

THE dullness characteristic of midsummer together with the generally reduced rate of activity prevalent for some time, caused most phases of manufacture and distribution in the Seventh district to reach an extremely low point in July.

Automobile production declined seasonally further, while steel output continued at the low rate of June. Iron and steel casting foundry operations were small, as is usual for July, and stove shipments were less. Shipments of furniture by reporting manufacturers increased considerably following the early showing this year in June, but orders booked totaled less. Shoe and leather production, also building construction, were larger than in June but small as compared with other years. Building materials, with the exception of cement, moved at a much slower rate. The sharp decrease shown in July employment data reflected the general slowing-down in most lines.

The declines which took place during July in reporting lines of wholesale and retail distribution were likewise partly seasonal in character. In wholesale trade, groceries alone recorded a gain in sales over the preceding month, while in retail lines, department store, shoe, furniture, and chain store sales decreased. Wholesale and retail distribution of automobiles declined slightly further in July.

Lack of moisture and intensely warm weather had a deteriorating effect upon crops in July, although the drought was not so severe as in 1930. Marketing of wheat during the month was in record proportions, and the corn and oats movement was active, though not so much so as in other years. Meat, butter, and cheese production fell off in July and totaled below a year ago. Distribution of meat products and of cheese approximated the June vol-

ume, but was under last July, while sales of butter aggregated less than a month previous, though increasing over a year ago.

A slight increase took place on August 12 over July 15 in member bank borrowing at the Reserve bank, largely the result of sustained heavy demand for currency and larger member bank reserve balances. Total loans and investments of reporting member banks declined further during the period, with investments, however, continuing to total above last year. Dealer sales of commercial paper and purchases of bankers' acceptances were in limited volume during July.

Credit Conditions and Money Rates

Below is given a tabulation showing the factors influencing the volume of borrowing of member banks at the Reserve bank in recent weeks:

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO	
Changes between July 15 and August 12, 1931 (In millions of dollars)	
Changes making for increase in member bank borrowing:	
1. Increase in demand for currency	21.01
2. Increase in member bank reserve balances	16.31
3. Increase in unexpended capital funds	0.47
4. Decrease in holdings of other securities	0.22
5. Sales of gold to industry	0.06
6. Decrease in holdings of acceptances (local transactions)	0.05
Total	38.12
Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts	28.35
2. Funds gained through inter-district settlements for commercial and financial transactions	5.58
3. Decrease in non-member clearing balances	0.90
4. Increase in reserve bank float	0.17
Total	35.00
Excess of changes making for increase in member bank borrowing	3.12
Absorption of this excess; Increase in member bank borrowings (discounts for member banks)	3.12

It will be noted that the demand for currency showed an increase in the period of only slightly smaller proportions than that shown from June 10 to July 15. Banking disturbances were in the main responsible for the continued increase in currency demand. Member bank reserve balances gained approximately 16 million dollars in the period, while only minor changes took place in other factors making for increased member bank borrowing. Offsetting these changes to a considerable extent was a 28 million dollar excess of local Treasury expenditures over receipts, and a small net inflow of funds to the district from inter-district settlements for commercial and financial transactions. The aggregate of the changes making

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	AUGUST 12 1931	CHANGE FROM	
		JULY 15 1931	AUGUST 13 1930
Total Bills and Securities	\$123.8	+\$ 8.2	+\$ 11.9
Bills Discounted	14.8	+ 3.1	-0.5
Bills Bought	13.2	+ 4.9	-2.1
U. S. Government Securities	95.3	+ 0.4	+14.0
Total Reserves	676.7	+46.8	+218.0
Total Deposits	365.6	+32.1	+8.0
Federal Reserve Notes in Circulation	397.7	+23.9	+222.9
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	88.6	-0.4*	+2.5*

*Number of Points.

for lessened member bank borrowing, however, fell short of the total of the changes in factors which tend to increase reserve bank loans to member banks; consequently, on August 12, member bank borrowing exceeded the volume on July 15 by slightly more than 3 million dollars.

MEMBER BANK CREDIT

Total loans and investments of reporting member banks declined on August 12 by about 40 million dollars from the aggregate shown July 15, and by nearly 270 millions from August 13, 1930. Investments as well as loans on securities and "all other" loans decreased in the monthly comparison; investments on August 12 of this year were 160 millions in excess of the volume reported on the corresponding date a year ago, but loans—on securities as well as "all other"—dropped in the aggregate more than 400 millions. In the matter of deposits, declines of 156 millions and 76 millions were shown on August 12 from a year ago in net demand and time deposits, respectively; as against July 15 of this year, a small recession—5 million dollars—was recorded in net demand deposits and a gain of 15 millions in time deposits. During the period from June 10 to July 15 of this year, time deposits of reporting member banks dropped over 120 millions.

Rate changes in recent weeks have been negligible, and continue to reflect easy conditions on the money market. The prevailing rate charged by down-town Chicago banks on customers' commercial loans during the week of August 15 was $2\frac{3}{4}$ to $5\frac{1}{2}$ per cent, and the average rate earned on loans and discounts during the calendar month of July was 4.42; in June, this item was given as 4.48 and in July 1930 as 4.80. In Detroit, the prevailing rate during the week of August 15 on customers' commercial loans was 5 to 6 per cent. The average rate earned on loans and discounts by Detroit banks reporting the item, was 5.09 in July, as against 5.41 in June and 5.68 a year ago.

Dealer sales of commercial paper in the Middle West decreased further in July to the lowest point on record (January 1923), being $7\frac{1}{2}$ per cent less than in June and 65 per cent under a year ago. Supply and demand were reported as light during the entire period. July quotations generally ruled from $2\frac{1}{2}$ and $2\frac{3}{4}$ per cent for high to $1\frac{3}{4}$ and 2 per cent for low; most paper moved at 2 to $2\frac{1}{4}$ per cent. Commercial paper outstandings in the Middle West were reduced to a new low level on July 31. Sales during the first half of August aggregated about 55 per cent heavier than in the corresponding weeks of July, owing to a somewhat larger supply of top grade paper together with a slight improvement in demand from Chicago banks and a moderate to good inquiry from the country. Selling rates on August 15 closed at $1\frac{3}{4}$ and 2 per cent for low to $2\frac{1}{4}$ and $2\frac{1}{2}$ per cent for high, with the customary charge 2 to $2\frac{1}{4}$ per cent.

Purchases of bankers' acceptances, as reported by Chicago dealers, were reduced to a limited volume during the

four weeks ended August 12, after having shown a marked expansion in the preceding period. Local purchases, however, were greatly augmented by exceptionally heavy receipts from Eastern markets, so that the supply of bills averaged approximately 40 per cent greater than from June 11 to July 15. Sales exceeded those of any corresponding period since February 13 to March 12, 1930, owing to an unusually good investment demand from Chicago and out-of-town banks. Rates remained steady, closing on August 12 at $\frac{7}{8}$ per cent for 30-day offerings to $1\frac{1}{4}$ per cent for those of 180 days. Holdings were at the average level for this time of year.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	July 16 to August 12, 1931		PER CENT CHANGE IN COMPARISON WITH PERIOD FROM JUNE 11 TO JULY 15		JULY 10 TO AUGUST 13 1930	
	1931	1930				
Bills purchased.....	-44.3	-29.4				
Bills sold.....	+453.0	+65.9				
Holdings*.....	+383.8	+98.2				

*At end of period.

Accepting banks in the Seventh Federal Reserve district accepted bills in smaller amounts during July than in any other month since April 1929, though in considerably greater volume than the 1923-28 average for the period. The discounting of these acceptances also decreased from June, while purchases of bills of other banks were again in moderate proportions following a sharp contraction in the earlier month. More than four-fifths of the July purchases and discounts still remained in the portfolios of accepting banks at the end of the month, as the banks enlarged their holdings subsequent to the extensive liquidation in June. Sales, therefore, declined to the lowest level of any month since October 1928. The liability for outstanding bills aggregated less than at any time subsequent to July 31, 1929. The utilization of Seventh district acceptance credits increased approximately one-third during the first half of August over the corresponding weeks of July. This mainly reflected a seasonal increase in the financing of grain, sugar, general merchandise, foodstuffs, and machinery.

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

	PER CENT CHANGE IN JULY 1931 FROM	
	JUNE, 1931	JULY, 1930
Total value of bills accepted.....	-28.3	-51.2
Purchases.....	+23.0	-5.6
Sales.....	-86.4	-74.5
Holdings*.....	+153.7	+121.5
Liability for outstandings*.....	-11.3	-23.5

*At end of month.

SECURITY MARKETS

Continued demand for high grade bonds with practically no interest shown in the second and low grade issues characterized activity in the Chicago bond market during July. Following a slight advance in the early part of July, bond prices tended to weaken later in the month. The volume of new offerings during July was very small, totaling only slightly more than one-half of new offerings in June and materially below that of July 1930. Practically all of the new issues were of the higher grade,

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

	(Amounts in millions of dollars)		
	AUG. 12 1931	CHANGE FROM JULY 15 1931	FROM AUG. 13 1930
		\$	\$
Total Loans and Investments.....	\$3,122	\$-39	\$-268
Loans on Securities.....	1,059	-3	-223
All Other Loans.....	1,130	-31	-205
Investments.....	933	-5	+160
Net Demand Deposits.....	1,777	-5	-156
Time Deposits.....	1,242	+15	-76
Borrowings from Federal Reserve Bank.....	3	+1	+1

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VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

	(Amounts in millions of dollars)		
	JULY, 1931	PER CENT OF INCREASE OR DECREASE FROM	
		JUNE, 1931	JULY, 1930
Chicago.....	\$3,090	-4.6	-22.5
Detroit, Milwaukee, and Indianapolis.....	1,162	-12.8	-21.9
Total four larger cities.....	\$4,252	-7.0	-22.4
34 smaller centers.....	782	+0.7	-18.5
Total 38 centers.....	\$5,034	-5.9	-21.8

mainly public utilities, with a noticeable lack of railroad and foreign bonds. Purchasing during the month again appeared to be largely institutional with individual investment remaining a minor factor. Stock prices, following the brief rise during the latter part of June and early in July, have moved within a narrow range. The average price of twenty leading stocks* on the Chicago Stock Exchange on August 17 was \$72.27, which compares with an average of \$72.53 on the corresponding date in July.

*Chicago Journal of Commerce.

Agricultural Products

Most crops in the Seventh Federal Reserve district suffered deterioration in yield and quality during the last half of July and the first week in August, owing to an inadequate supply of moisture for the plants at the time exceedingly high temperatures prevailed. The damage to corn, however, appears to have been considerably less than in the corresponding period of 1930, when the district was experiencing a severe drought. Estimates for the 1930 corn crop were reduced on August 1 from the beginning of July by 50 million bushels in Iowa, 16 million bushels in Wisconsin, and by considerably smaller amounts in each of the other three states of the district. Oats and barley crops did not yield so well as was anticipated earlier in the season. The potato crop in Wisconsin and also in Michigan was reduced approximately 5 million bushels by the hot, dry weather. Rains occurred on August 10 throughout most of the district and were followed by milder temperatures; both proved very beneficial to growing crops and tended to revive pastures. It is felt, however, that these rains came too late to offset much of the earlier damage. Furthermore, crops in several counties of the district showed further deterioration after the middle of August, owing to droughty conditions again prevailing in these areas. The United States Department of Agriculture reports that there were fewer cattle in corn belt feed lots on August 1, 1931, than a year ago.

GRAIN MARKETING

The prevalence of supplies in excess of immediate needs

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the Basis of August 1 Condition

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		1925-29 AVERAGE
	FORECAST 1931	FINAL 1930	FORECAST 1931	FINAL 1930	
Corn.....	940,382	731,749	2,775,301	2,093,552	2,760,753
Oats.....	478,766	565,861	1,169,657	1,358,052	1,316,954
Winter Wheat..	74,680	59,447	775,180	612,268	547,427
Spring Wheat..	2,957	4,290	118,402	251,162	274,688
Barley.....	46,919(a)	56,799(a)	221,259	334,971	265,006
Rye.....	8,750(a)	8,248(a)	36,233	48,149	46,129
Buckwheat.....	900(a)	654(a)	10,396	7,948	13,409
Flaxseed.....	190(b)	348(b)	13,807	21,369	20,917
Potatoes (white)	47,218	37,118	370,580	343,236	380,502
Potatoes (sweet)	1,280(c)	1,050(c)	80,669	62,230	80,263
Sugar Beets*...	412(d)	513(d)	7,202	9,201	7,355
Apples (total crop)...	28,159(a)	13,595(a)	217,971	163,543	174,474
Peaches.....	7,166(e)	648(e)	77,074	53,617	55,210
Pears.....	1,856(e)	1,289(e)	24,143	27,577	22,123
Cherries*.....	31(f)	30(f)	95	107	81
Grapes*.....	75(a)	91(a)	1,784	2,460	2,403
Dry Beans.....	7,648(f)	4,662(f)	20,659	21,907	18,432
Tobacco**.....	47,193	52,685	1,616,793	1,641,437	1,357,130
All Tame Hay*	14,799	15,881	77,587	77,850	94,364
Canning Crops:					
Tomatoes*...	322(e)	462(e)	1,255	1,816	1,255
Sweet Corn*...	331(a)	346(a)	695	661	708
Snap Beans*...	14(g)	15(g)	69	85	63
Broom Corn*...	8½(h)	7½(h)	48½	50	45

*In thousands of tons. **In thousands of pounds. (a) Five states including the Seventh Federal Reserve district. (b) Iowa and Wisconsin. (c) Illinois, Indiana, and Iowa. (d) Michigan. (e) Illinois, Michigan, Indiana, and Iowa. (f) Michigan and Wisconsin. (g) Wisconsin, Michigan, and Indiana. (h) Illinois.

has depressed all wheat markets during recent weeks, as current requirements continue to be limited by milling and import restrictions in most of Europe and by economic uncertainties. The United States visible supply increased steadily after the week of June 27, and on July 25 surpassed even the record figure of last September. Factors in this increase were a 10 per cent gain over 1930 in the carry-over on July 1, a limited export movement which, however, in the five weeks to August 1 exceeded the volume in the same period of 1930, and heavy marketing of the new crop. July receipts of wheat at primary markets were the largest in our records of the past ten years and shipments were exceeded only by October 1924. Wheat futures, in which there was a small volume of trading, moved downward, the July option setting an all-time low for the Chicago market on the closing day of the month.

The movement of corn and oats was smaller than average for July, although receipts of both grains exceeded the June volume—contrary to the usual trend. The rise in the visible supply of corn since the end of July seems to indicate that smaller quantities have been bought for feeding and also that farmers, protected by good prospects for the new crop, are holding less for winter feeding than in the drought period of 1930 when the much smaller visible supply declined rapidly. A temporary shortage of corn for fulfilling July contracts forced the price up more than 14 cents a bushel during the closing days of the month, but by the middle of August the September future price was slightly below that of September wheat. Cash corn followed a similar trend, and oats prices weakened somewhat during July and early August.

MOVEMENT OF LIVE STOCK

Cattle marketings at public stock yards in the United States showed little change in July from the level of the preceding four months. Hog receipts decreased in seasonal amount from June and showed a greater recession from last year and the 1926-30 average than evidenced in any other month of 1931. Lamb receipts remained at a high level, decreasing only 2 per cent in July from a month earlier. Cattle moved to feed lots in small numbers for July, though in greater volume than in the preceding month or a year ago; shipments of feeder lambs fell off from June, but continued to record a decided increase in the other two comparisons.

MEAT PACKING

July production of packing-house commodities at slaughtering establishments in the United States showed a seasonal recession of 5 per cent in volume from a month earlier and was 7 per cent smaller than last year, with operations continuing somewhat below the 1922-29 average.

LIVE STOCK SLAUGHTER

(In thousands)

Yards in Seventh District, July 1931.....	CATTLE		LAMBS AND SHEEP		CALVES
	1931	1930	1931	1930	
Federally Inspected Slaughter, United States	193	555	339	86	
July 1931.....	706	2,767	1,491	356	
June 1931.....	667	3,251	1,516	417	
July 1930.....	710	3,187	1,411	375	

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF		
	AUGUST 22 1931	JULY 1931	JUNE 1931	JULY 1930	JULY 1930
Native Beef Steers (average).....	\$8.65	\$7.80	\$7.45	\$ 9.50	
Fat Cows and Heifers.....	6.25	6.05	6.05	7.00	
Calves.....	9.00	8.00	8.45	11.40	
Hogs (bulk of sales).....	5.85	6.30	6.40	8.80	
Yearling Sheep.....	5.00	5.50	6.25	7.35	
Lambs.....	6.35	7.05	7.75	9.75	

age for the period. Payrolls at the end of July reflected a reduction of 2 per cent in number of employes from June, together with a decrease of 3½ per cent in hours worked and of 4 per cent in wage payments. Sales billed to domestic and foreign customers aggregated approximately the same in value during July as in the preceding month but totaled 23 per cent smaller than a year ago. The decrease in the year-to-year comparison was mainly the result of a considerably lower level of prices in 1931 than in 1930, although there was also a slight decline in the volume. Quotations for hams, pork loins, and a few choice pork cuts advanced in July over June, and a stronger tendency also was evidenced for lamb, veal, and smoked meats. Prices of beef ranged between barely steady and slightly firmer, while those of lard and most pork products declined. August 1 inventories were reduced more than a seasonal amount from July 1 and totaled 95 million pounds less than the 1925-29 average for the date, with the excess over a year ago aggregating only 20 million pounds and mainly reflecting heavier holdings of frozen and dry salt pork.

Shipments for export decreased further during July, partially because of a light export demand and also owing to the policy of restricting the movement of extremely perishable commodities to immediate requirements during the exceptionally hot weather. No improvement in foreign demand was reported from the United Kingdom or the Continent. American stocks abroad, inclusive of those in transit, totaled a little less on August 1 than a month earlier. Prices ruled somewhat nearer to Chicago parity than in June.

DAIRY PRODUCTS

The Seventh Federal Reserve district production of dairy products decreased somewhat more than is usual in July from June and was smaller than is ordinarily the case at this season, owing to poor condition of the pastures during the period.

Creamery butter manufacturing in the district declined 20 per cent from a month earlier, and totaled 2 per cent less than the small July volume of a year ago; sales fell off 18½ per cent and increased 2 per cent in the respective comparisons. United States production of the commodity also appears to have been less than in 1930. Demand remained steady. Inventories of creamery butter

in cold-storage warehouses and packing plants of the United States expanded less than a seasonal amount on August 1 over the beginning of July and totaled considerably below those of a year ago or the five-year average for the date. Prices firmed in July, and a substantial advance took place during the first half of August.

The production of American cheese at Wisconsin factories fell off 17 per cent during the four weeks ended August 1 from the preceding period, and totaled 10 per cent smaller than in the same month of 1930; it exceeded current distribution by only 2,370,000 pounds, as against an average excess at this season of 4,300,000 pounds. Distribution of the commodity from primary markets in Wisconsin remained at the June 8-to-July 4 level, but recorded a decline of 2½ per cent from a year ago. Total stocks of cheese in the United States increased less than usual on August 1 over the beginning of July and were considerably smaller than last year or the 1925-29 average. Prices firmed.

Industrial Employment Conditions

The usual midsummer slackening of industrial activity gave rise in July to the sharpest recession in employment and payrolls in our records for Seventh district industry. As a result of declines in nine of the past twelve months, manufacturing employment and wage earnings for July were approximately 18 and 29 per cent lower, respectively, than in July 1930.

The only significant increases recorded were in food products, due to seasonal activity in fruit and vegetable canning, and in leather products, contributed to by moderate gains in shoe manufacturing. Paper and printing recorded no change in number of men and a small decline in their pay; longer hours in the men's clothing and hat industries offset losses in other branches of the textile group, producing a fractional increase in payroll amounts, combined, however, with a loss in number employed.

The automobile, metal, and machinery industries exerted the greatest downward influence on the totals, although rubber products, with a smaller representation, showed larger percentage declines. Less significant reductions occurred in the wood products, stone, clay and glass, and chemical groups, on which curtailed activity in furniture manufacture, at brick and tile plants, and in the paint industry had an unfavorable effect. The upward trend of recent months in non-manufacturing employment was reversed in July, each of the four groups falling off in both men and payrolls. Coal mining, contrary to the usual trend, registered the largest declines, while merchandising, particularly retail trade and department stores, and construction work had seasonal losses.

A lower ratio of applicants to jobs available at free employment offices was reported in Iowa and Wisconsin for July in comparison with June, but in Indiana this ratio registered the second successive increase and in Illinois the third, the latter influenced largely by registrations for clerical and domestic service positions.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF JULY 15, 1931			CHANGES FROM JUNE 15	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	674	158,304	3,368	-5.1	-10.8
Vehicles.....	155	189,477	4,327	-9.9	-26.1
Textiles and Products.....	150	29,604	554	-1.9	+0.5
Food and Products.....	377	61,740	1,444	+11.7	+3.8
Stone, Clay, and Glass.....	143	10,233	252	-3.2	-5.7
Wood Products.....	307	29,136	530	-3.8	-2.3
Chemical Products.....	102	14,222	381	-2.5	-4.4
Leather Products.....	76	16,602	301	+2.5	+0.1
Rubber Products ²	9	4,797	124	-28.3	-37.5
Paper and Printing.....	322	44,518	1,251	+0.0	-2.9
Total Mfg., 10 Groups.....	2,315	558,633	12,532	-4.6	-14.0
Merchandising ³	176	29,414	772	-2.9	-1.2
Public Utilities.....	75	92,859	3,041	-1.9	-4.4
Coal Mining.....	17	3,590	65	-6.0	-4.6
Construction.....	174	9,867	256	-2.1	-2.2
Total Non-Mfg., 4 Groups.....	442	135,730	4,134	-2.2	-3.7
Total, 14 Groups.....	2,757	694,363	16,666	-4.1	-11.6

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

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN	FOUR STATES
1931 July.....	262	160	459	186	244
June.....	245	149	462	212	250
1930 July.....	262	168	258	150	223
June.....	224	170	295	155	206

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

The decline of 12 per cent from the preceding month in July production of passenger cars in the United States compared with an average recession for the period of 9 per cent and with one of 22 per cent last year; output of 182,927 cars totaled 17½ per cent under a year ago. Truck production of 35,854 in July aggregated 13 per cent less than a month previous and 17 per cent below last June.

The number of automobiles sold at wholesale and retail by reporting distributors and dealers in the Middle West declined slightly further in July from June, although a considerable number of firms had sales totaling equal to or larger than the June volume. The decrease of only 3 per cent from last July in the number of cars sold at wholesale compared with a decline of 24 per cent in their value; this disparity is principally due to lower prices prevailing this year and to smaller sales of higher priced cars. The difference of only 8 per cent from last year in number of retail sales and of 10 per cent in their value is the smallest decline recorded since January. In the year-ago comparison, also, many distributors and dealers showed larger sales this July. Stocks continued the downward trend noted since March, and remained far below the 1930 level. Deferred payment sales of thirty-two dealers reporting the item, averaged 48 per cent of their total retail sales, against a ratio of 49 per cent in June and of 43 per cent for July 1930.

IRON AND STEEL PRODUCTS

A continuance of the quiet conditions prevailing during June in the steel industry of the Chicago district was experienced through July and the early part of August, with ingot output averaging 30 per cent of capacity against about 55 per cent a year ago for the same period. Pig iron production in Indiana and Illinois of 8,650 tons for the July daily average, also reached a low point (since July 1924). Price levels of finished steel products remained the same in July as in June, but quotations for scrap iron and steel suffered a drop in the early part of August.

Further declines took place during July in Seventh district casting foundry operations, shipments and production of steel and malleable castings falling below the June aggregates—a seasonal trend. Orders booked by reporting malleable foundries increased moderately over a month previous, while those by steel foundries were smaller. No improvement can be noted as compared with conditions in 1930. Shipments of reporting stove and furnace manufacturers in the district fell off slightly further in July,

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in July 1931 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JUNE 1931	JULY 1930	
New Cars			
Wholesale—			
Number Sold.....	-5.3	-2.7	22
Value.....	-10.0	-24.1	22
Retail—			
Number Sold.....	-0.9	-8.0	49
Value.....	-5.3	-9.9	49
On Hand July 31—			
Number.....	-9.4	-29.4	51
Value.....	-9.3	-22.5	51
Used Cars			
Number Sold.....	-9.3	-17.2	51
Salable on Hand—			
Number.....	-7.1	-22.6	51
Value.....	-5.0	-22.4	51

whereas an increase had been shown for July over June in the two preceding years; the dollar volume shipped totaled about one-third less than for last July. New orders received were smaller in the aggregate than either a month or a year previous, while production gained in both comparisons.

FURNITURE

July bookings of Seventh district furniture manufacturers reporting to this bank were more than one-third under the June volume, which month was far short of expectations arising from the advance showing of new furniture, so that the index of orders booked during the current month touched a new low point. Shipments, which reached their low point a month previous, gained 25 per cent in July; and, although there was a reduction of 18 per cent during the month in the volume of unfilled orders on hand, the aggregate outstanding on July 31 stood at the relatively high level of 103 per cent of current orders booked. Ordinarily, the month following the semi-annual showing of furniture, which has been held in July in other years, has been characterized by a decline in orders booked of about 20 per cent and an increase in shipments of about one-third. Comparing July with August a year ago, therefore, new orders were off by 43 per cent and shipments by 39; against July a year ago, orders booked during the current month totaled less by 57 per cent, shipments by 23 per cent, and unfilled orders by 45 per cent. The July rate of operations was under that of a month previous, being at 44 per cent of capacity as compared with 47 per cent in June and 54 per cent in July a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Seventh district shoe production increased 6 per cent in July over June—reversing the downward trend evidenced since April—but remained much less than a year ago and the 1923-30 average for the month. Leather tanning and sales expanded over the earlier period but continued under last July. Prices firmed slightly during the month. The Chicago hide market was moderately active; little trading, however, was evidenced in calf and kip skins. Shipments of hides and skins from the city considerably exceeded those of June. Quotations advanced.

Building Material, Construction Work

Wholesale lumber dealers and retailers of lumber and other materials in this district suffered a sharp decline in their sales during July, and clay products also were in poor demand, but shipments from midwest cement mills continued larger than production and gained seasonally in comparison with June. Price movements were mixed,

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	JULY 1931; PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JUNE 1931	JULY 1930	
Wholesale Trade:			
Sales in Dollars.....	-19.1	-36.7	14
Sales in Board Feet.....	-22.8	-24.9	12
Accounts Outstanding ¹	-13.0	-23.3	9
Retail Trade:			
Sales in Dollars.....	-9.1	-31.7	209
Sales in Board Feet.....	-2.1	-26.9	95
Accounts Outstanding ¹	-1.4	-16.1	200
	Ratio of accounts outstanding ¹ to dollar sales during month		
	JULY 1931	JUNE 1931	JULY 1930
Wholesale Trade.....	163.4	145.9	132.4
Retail Trade.....	425.0	394.0	349.1

¹ End of month.

with the tendency still downward, particularly in quotations on concrete aggregates.

Reporting lumber retailers, many of them operating rural yards, continued to show the effects of stagnation in farm and residential construction and repairs. Their dollar sales in July were only 52 per cent of the five-year July average, and a 37 per cent loss was recorded in the first half of 1931 from the five-year average for the corresponding six months' period. The 9 per cent decline from June was somewhat greater than the usual decrease in this period. The ratio of accounts to dollar sales rose sharply, reaching the highest point since the end of last February. Further reduction of yard stocks indicated restricted buying by dealers, reports showing up to 30 per cent smaller stocks than a year ago. Wholesalers also reported a greater-than-seasonal loss in sales, both in dollar value and in board foot measure, accompanied by a higher ratio of accounts to dollar sales than either a month or a year previous. The movement of lumber at Chicago continued at a low level, both receipts and shipments totaling only slightly more than one-third of the five-year July average.

Distribution of cement in the five states of this district was considerably larger in June than in May, yet for the six-month period totaled 31 per cent less than the average for the same period of the previous three years. As in each year since 1928, the first half year showed a decline from the corresponding six months of the preceding year.

BUILDING CONSTRUCTION

A slight improvement was shown during July in building construction activity of the Seventh Federal Reserve district, according to total building contracts awarded which registered a gain in valuation over June of approximately 3 million dollars, and marked the first time in the past four months that total contracts have amounted to more than the figure of the preceding month. Residential contracts, which comprised only 14 per cent of the total, reached the lowest volume since February 1921.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
July 1931	\$40,326,703	\$5,741,411
Change from June 1931	+8%	-24%
Change from July 1930	-26%	-53%
First seven months of 1931	\$295,439,643	\$60,955,295
Change from same period 1930	-37%	-41%

*Data furnished by F. W. Dodge Corporation.

Permits issued in ninety-eight cities of the district aggregated only 4 per cent below June in the estimated cost of proposed work, while the number issued fell off 10 per cent. The declines from a year ago still remain large, totaling 58 and 30 per cent, respectively. The larger cities followed the trend of the district in estimated valuation as compared with July 1930; in the comparison with a month previous, however, Chicago recorded a gain of

WHOLESALE TRADE IN JULY 1931

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTANDING	COLLECTIONS	
Groceries	-5.0	-5.3	-5.0	-4.8	85.2
Hardware	-17.8	-15.8	-12.1	-24.8	256.3
Dry Goods	-17.5	-35.0	-32.4	-25.4	368.4
Drugs	-11.3	-10.9	-4.5	-15.6	160.9
Shoes	-15.1	-19.7	-12.5	-16.9	519.8
Electrical Supplies	-27.4	-10.3	-28.5	-35.4	162.4

16 per cent, Indianapolis of 5 per cent, and Milwaukee one of 13 per cent.

Merchandising

Declines were general during July in reporting lines of wholesale trade, with the exception of groceries which group showed a 9 per cent gain in aggregate sales over the preceding month, the increase being contrary to seasonal trend. In the other groups, hardware sales declined 10 per cent, dry goods 18 per cent, drugs 4 per cent, shoes 22 per cent, and electrical supplies 2 per cent. The recessions in hardware, dry goods, and shoes were larger than usual for the period, with those in drugs and electrical supplies about average. Declines from a year ago were smaller than in a similar comparison for June in groceries, dry goods, and electrical supplies, but heavier in hardware, drugs, and shoes. In the first seven months of 1931, grocery sales decreased 10 per cent from the same period of 1930, hardware 24 per cent, dry goods 25 per cent, drugs 13 per cent, shoes 20 per cent, and electrical supplies 33 per cent. Stocks, though remaining well below 1930 levels, had increased at the end of July over June in drugs and shoes. Ratios of accounts outstanding to net sales during the month were higher in the majority of lines than either a month previous or a year ago.

Seventh district department store trade declined somewhat more than seasonally in July, sales of ninety reporting firms totaling 29 per cent less than in June against a decrease of 24 per cent in the nine-year average for the period. Trends among the various cities were very similar, with the exception of Milwaukee where the decline from June totaled only 21 per cent and a small gain was shown over a year ago. Stocks continued their downward trend, and the rate of turnover for the year through July was very slightly greater than for the same period of 1930. Comparisons with a year ago in the several items covered may be noted in the table.

The recession of 36 per cent from June shown in July sales of shoes by reporting retail dealers and department stores compared with 26 per cent in the five-year average for the same period, while the decline of 13 per cent from a year ago contrasted with only 7 per cent in a similar comparison for June. Sales for the first seven months of 1931 totaled 10 per cent smaller than for the same period of 1930. Stocks declined moderately between the end of June and July 31, averaging 23 per cent below the corresponding date last year.

Sales of furniture and house furnishings likewise fell off seasonally in July from the preceding month; the decline of 20 per cent recorded in the aggregate for reporting dealers and department stores compared with 23 per cent shown in July a year ago and with 15 per cent in the four-year average for the month. As compared with

DEPARTMENT STORE TRADE IN JULY 1931

LOCALITY	PER CENT CHANGE JULY 1931 FROM JULY 1930		PER CENT CHANGE FIRST SEVEN MONTHS 1931 FROM SAME PERIOD 1930	RATIO OF JULY COLLECTIONS TO ACCOUNTS OUTSTANDING JUNE 30	
	NET SALES	STOCKS END OF MONTH		1931	1930
	Chicago	-9.4	-12.0	-12.5	28.9
Detroit	-11.5	-23.5	-13.5	34.4	34.3
Indianapolis	-12.2	-14.5	-6.7	38.0	36.8
Milwaukee	+0.4	-9.0	-6.3
Other Cities	-14.4	-15.4	-9.1	31.2	32.4
7th District	-9.9	-14.7	-11.2	33.4	33.6

last July, sales totaled only 3 per cent less, which represents a smaller decline in the year-ago comparison than for any month since November 1929. Installment sales by dealers totaled 22 per cent less than a month previous and only one per cent below July 1930. Furniture and furnishings stocks were reduced slightly on July 31 from the end of June and totaled 14 per cent lighter than a year ago.

Declines of 5 per cent from a month previous and one

per cent from last year were recorded during July in total sales of seventeen chains reporting to this bank. The number of units operated was approximately the same in these comparisons, so that average sales per store showed the same recessions as did aggregate sales. Drug chains had larger sales than either a month previous or a year ago, and grocery and shoe sales totaled heavier than in June, but other lines including five-and-ten-cent stores, cigars, furniture, musical instruments, and women's clothing, experienced 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	July 1931	June 1931	May 1931	April 1931	March 1931	Feb. 1931	July 1930	June 1930	May 1930	April 1930	March 1930	Feb. 1930
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	75	75	77	78	79	78	97	103	106	109	103	109
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	15	25	29	38	39	44	40	61	68	81	92	86	77
In Tons.....	15	24	27	38	37	43	41	65	71	85	98	92	78
Malleable—In Dollars.....	23	22	27	33	34	35	31	35	50	63	70	72	73
In Tons.....	23	36	43	54	54	54	46	49	71	90	101	102	103
Stoves and Furnaces—													
Shipments (in dollars).....	11	63	65	84	94	77	69	96	89	101	111	96	86
Furniture—													
Orders (in dollars).....	25	35	55	39	51	58	55	80	46	64	61	68	68
Shipments (in dollars).....	25	42	33	48	57	62	57	54	56	64	69	82	81
Flour—													
Production (in bbls.).....	26	112	89	88	93	93	94	106	97	103	107	97	97
Output of Butter by Creameries—													
Production.....	67	127	157	148	110	91	89	131	155	157	104	88	81
Sales.....	69	122	149	127	104	89	94	120	135	129	101	92	81
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	31	95	85	82	86	85	75	99	95	99	97	94	84
Hardware.....	14	58	64	62	71	55	41	70	74	89	84	82	61
Dry Goods.....	9	38	46	51	55	51	41	46	61	73	70	67	58
Drugs.....	14	78	81	79	87	86	82	89	92	99	101	100	91
Shoes.....	8	41	53	55	60	58	39	48	61	70	87	73	51
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	26	59	84	83	93	82	73	66	93	102	111	90	82
Detroit.....	5	71	101	109	126	109	95	80	115	139	153	119	104
Indianapolis.....	5	61	87	93	94	88	68	70	87	101	103	90	77
Milwaukee.....	5	75	95	99	112	93	75	75	95	116	117	95	84
Other Cities.....	50	58	82	89	97	79	68	68	87	100	104	90	74
Seventh District.....	91	63	88	91	102	88	76	70	96	110	117	96	85
Automobile Production (U. S.)—													
Passenger Cars.....		63	71	92	98	79	62	76	98	123	127	113	96
Trucks.....		95	110	121	133	120	105	115	129	156	189	174	134
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		20	26	30	36	52	23	42	45	67	77	56	33
Total.....		59	55	61	67	101	42	80	147	116	119	108	56
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		50	61	76	86	84	78	95	119	134	131	129	127
United States.....		48	56	66	69	67	62	87	100	106	108	107	103
Steel Ingot Production—(U. S.)*.....		54	60	72	79	86	78	84	103	111	119	123	126
Unfilled Orders U. S. Steel Corp....		71	73	76	82	84	83	84	83	85	91	96	94

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL production and factory employment declined by somewhat more than the usual seasonal amount in July, while the general level of commodity prices remained unchanged. Conditions in the money market continued easy.

PRODUCTION AND EMPLOYMENT

Industrial production, as measured by the Board's index, which is adjusted to allow for the usual seasonal variations, declined one per cent further in July to 83 per cent of the 1923-1925 average, compared with the low point of 82 for last December and the year's high point of 90 in April. Output of iron and steel, automobiles, lumber, and copper decreased further, while activity at textile mills and shoe factories was maintained at a high level.

Factory employment and payrolls declined by somewhat more than the seasonal amount from the middle of June to the middle of July. Large decreases in employment were reported at carbuilding shops and machinery and automobile factories, and at lumber mills. In the textile industries as a whole, employment decreased somewhat less than is usual in July, and there were increases in employment in the woolen goods and men's clothing industries.

Figures on the value of building contracts awarded during July and the first half of August, as reported by the F. W. Dodge Corporation, show a continuation of the downward movement of recent months. Department of Agriculture estimates, based on August 1 condition, indicated an unusually large crop of winter wheat, an exceptionally small yield of spring wheat, and a total wheat crop of 894,000,000 bushels, 72,000,000 bushels larger than the five-year average. The corn crop was estimated at 2,775,000,000 bushels, about the usual size and 700,000,000 bushels larger than last year's small crop. In spite of a 10 per cent reduction in acreage, the cotton crop was estimated by the Department of Agriculture to be about 15,584,000 bales, an increase of 1,600,000 bales over last year.

DISTRIBUTION

Freight carloadings increased by slightly less than the usual seasonal amount in July and department store sales, which ordinarily decline sharply at this season, apparently decreased somewhat more than usual.

WHOLESALE PRICES

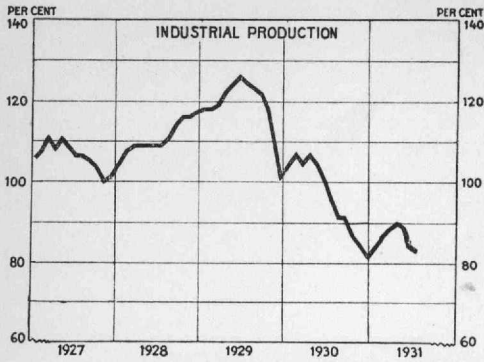
The general level of wholesale prices in July continued at 70 per cent of the 1926 average, according to the index of the Bureau of Labor Statistics. Increases were reported in the prices of live stock and meats, while prices of building materials and of grains, particularly wheat, declined. During July and the first half of August, prices of cotton and cotton textiles declined sharply, while prices of dairy products increased.

BANK CREDIT

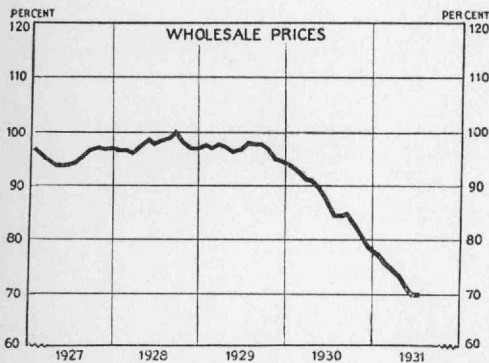
Loans and investments of reporting member banks in leading cities declined by about \$340,000,000 between July 15 and August 15, reflecting chiefly further liquidation of loans on securities, and a decrease in all other loans which was partly a consequence of sales of acceptances to the reserve banks. The volume of the member banks' investments also showed a slight decline for the period.

At the reserve banks, there was an increase in the total volume of credit of \$190,000,000 between July 15 and August 19. Demand for reserve bank credit during this period increased as a result of an outflow of \$144,000,000 of currency, which was larger than is usual at this season, and further transfers of foreign funds from the open market into balances at the reserve banks. This demand for reserve bank credit was met by the reserve banks for the most part through the purchase of bills and United States Government securities in the open market, but also through increased discounts for member banks.

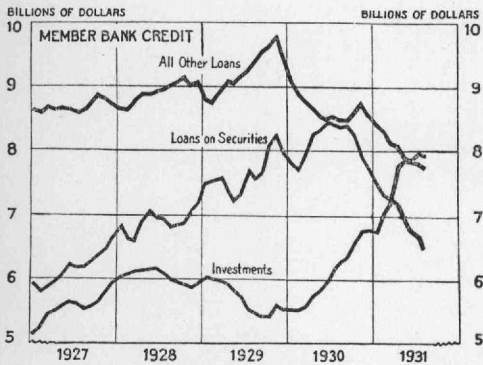
Money rates remained at low levels.



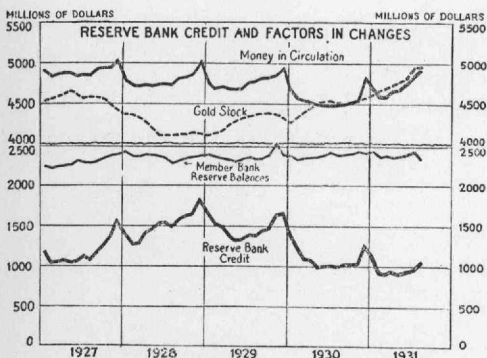
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



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 two weeks in August 1931.



Monthly averages of daily figures. Latest figures, averages of first 20 days in August 1931.