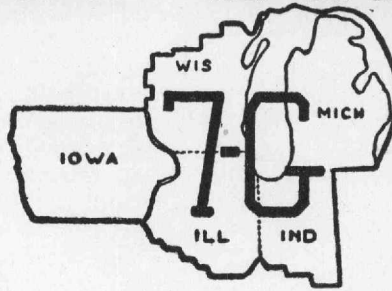


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 14, No. 12

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

November 30, 1931

General Summary

A CONTINUED low level of activity in production and trade prevailed during October in the Seventh Federal Reserve district. Finished steel output and that of pig iron were light, and in only half the volume of last October which month in turn had been comparatively quiet. The manufacture of automobiles dropped more sharply than usual for the period. Shipments of steel castings increased somewhat following heavier orders in September, but malleable casting shipments were less and the rate of operations in both types of foundries remained very low. Furniture orders and shipments declined in October, as did production of leather and of shoes, while building construction, as reflected in contracts awarded, showed further sharp curtailment. Building materials moved somewhat better at retail, but wholesale distribution and manufacture thereof declined. Employment was reduced to new low levels, with the decline in number of employes heavier than in payrolls.

Wholesale distribution of commodities, as indicated by reporting groups, compared less favorably in October with a year ago than in any previous month of 1931. The only gains shown over September—those in hardware and electrical supplies—were seasonal in character. Department store trade increased as is usual in October, but the decline from last year remained about the same as in September. The retail shoe and furniture trades experienced a lower volume of sales than a month previous, while chain store sales gained moderately.

Greater activity was shown in agricultural products during October than in other phases of industry. The wheat movement in this country was larger and exports expanded, so that the visible supply declined somewhat. Corn re-

ceipts and shipments at primary markets also were heavier. Production at slaughtering establishments increased over a month previous and last October, as did that of dairy products, including butter and cheese. Sales of meat-packing products totaled larger than in September, and distribution of butter was greater than a year ago.

Features of the financial and credit situation were the continued expansion in borrowing at the Reserve bank and further strengthening in money rates, also a slight gain in loans on securities by reporting member banks in the district as between the middle of October and November 10. Total loans and investments of these banks, however, continued a downward trend, as did demand and time deposits. Commercial paper sales were exceptionally light in October, and acceptance financing by banks likewise declined to a low level.

Credit Conditions and Money Rates

Member bank borrowing at the Reserve bank on November 10 was in considerably heavier volume than on October 14. A net outflow of funds from the district in connection with inter-district settlement for commercial and financial transactions (68 millions) and a decrease in holdings of acceptances (local transactions) of about 18½ millions, were the principal changes in factors making for increased recourse to the Reserve bank. Partially offsetting these developments and almost negligible changes in other basic factors, were an excess of local Treasury expenditures over receipts during the period of more than 27 million dollars, and a decrease in member bank reserve balances of substantially the same amount. The accompanying table is designed to show in detail the foregoing changes and others of minor influence in member bank

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

	CHANGE FROM		
	Nov. 10 1931	Oct. 14 1931	Nov. 12 1930
Total Bills and Securities.....	\$268.7	\$+11.2	\$+150.2
Bills Discounted.....	69.4	+29.9	+53.5
Bills Bought.....	96.3	-20.0	+74.9
U. S. Government Securities.....	100.9	+1.0	+19.7
Total Reserves.....	562.4	-39.9	+137.3
Total Deposits.....	303.3	-33.7	-51.4
Federal Reserve Notes in Circulation.....	492.1	+5.5	+348.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	70.7	-2.4*	-14.6*

*Number of Points.

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

	CHANGE FROM		
	Nov. 10 1931	Oct. 14 1931	Nov. 12 1930
Total Loans and Investments.....	\$2,895	\$-49	\$-488
Loans on Securities.....	992	+6	-259
All Other Loans.....	1,081	0	-218
Investments.....	822	-55	-11
Net Demand Deposits.....	1,599	-44	-338
Time Deposits.....	1,087	-36	-230
Borrowings from Federal Reserve Bank.....	43	+24	+40

borrowing which, it will be noted, showed an increase of about 30 million dollars between October 14 and November 10.

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

Changes between October 14 and November 10, 1931
(In millions of dollars)

Changes making for increase in member bank borrowing:		
1. Funds lost through inter-district settlements for commercial and financial transactions.....	68.00	
2. Decrease in holdings of acceptances (local transactions) ..	18.64	
3. Increase in unexpended capital funds.....	0.55	
4. Sales of gold to industry.....	0.07	
Total.....		87.26
Changes making for decrease in member bank borrowing:		
1. Excess of local Treasury expenditures over receipts.....	27.74	
2. Decrease in member bank reserve balances.....	27.16	
3. Increase in reserve bank float.....	1.47	
4. Decrease in demand for currency.....	0.60	
5. Increase in holdings of other securities.....	0.30	
6. Decrease in non-member clearing balances.....	0.10	
Total.....		57.37
Excess of changes making for increase in member bank borrowing:		29.89
Absorption of this excess: Increase in member bank borrowings (discounts for member banks).....		29.89

MEMBER BANK CREDIT

Loans on securities, as given by reporting member banks in the district, showed a gain on November 10 of about 6 million dollars over the volume on October 14; all other (commercial) loans were unchanged in the aggregate, and investments dropped approximately 55 millions, effecting a decrease of 49 millions in total loans and investments. As against November 12, 1930—the corresponding reporting date a year ago—total loans and investments declined nearly 490 million dollars on November 10, of which decrease about 260 millions was accounted for by lowered volume of loans on securities, 218 millions by all other (commercial loans), and 11 millions by investments. Net demand deposits during the period October 14—November 10, recorded a decrease of 44 million dollars, and time deposits of 36 millions. A comparison with November 12, 1930, shows a decline of 338 millions in net demand deposits of reporting member banks and one of 230 million dollars in time deposits.

During the week ended November 15, the prevailing rate charged by down-town banks in Chicago on customers' prime commercial loans was quoted at $3\frac{1}{4}$ to $5\frac{1}{2}$, as against $2\frac{3}{4}$ to 5 per cent during the corresponding week of October, reflecting a more or less general firming trend in the country's money markets. The average rate earned on loans and discounts by Chicago down-town banks during the calendar month of October was 4.45 per cent, whereas in September the item had stood at 4.28 per cent and at 4.68 per cent in October 1930. In the city of Detroit, the average rate earned in October of this year was 5.05 per cent, as against 5.01 per cent in September and 5.64 per cent in October a year ago. The prevailing rate on customers' commercial loans in that city during the week ended November 15 was 5 to $5\frac{1}{2}$ per cent, or the same as that reported for the corresponding week in October.

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	OCT. 1931	PER CENT OF INCREASE OR DECREASE FROM	
		SEPT. 1931	OCT. 1930
Chicago.....	\$2,700	+4.4	-32.0
Detroit, Milwaukee, and Indianapolis.....	1,063	-1.9	-20.3
Total four larger cities.....	\$3,763	+2.5	-29.0
34 smaller centers.....	723	+3.2	-22.8
Total 38 centers.....	\$4,486	+2.6	-28.1

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Dealer sales of commercial paper in the Middle West, which have been declining since May, aggregated less in October than for any other month on record (January 1923), totaling $27\frac{1}{2}$ per cent below September and 83 per cent under the 1923-30 average for October. Demand remained exceptionally quiet during the entire month, despite a firming in interest rates. Supplies also continued light with only a few borrowers in the market. Selling rates generally were quoted as 4 and 5 per cent for high to 2 and 4 per cent for low, with the average charge showing an extreme range from $2\frac{1}{4}$ and $2\frac{1}{2}$ per cent early in the month to $3\frac{3}{4}$ and 4 per cent at the close. October 31 outstandings also reflected the lessened activity and were smaller than for any corresponding date on record, declining more than 60 per cent from last year and the usual autumn level. A marked improvement was shown early in November, when sales for the first two weeks of the month recorded a decided gain over those for the corresponding period of October. This increase was largely due to a better supply of paper and to some expansion in the demand. Quotations opened on November 16 at $3\frac{3}{4}$ and 4 per cent for low to 4 and $4\frac{1}{2}$ per cent for high, with most paper moving at $3\frac{3}{4}$ and 4 per cent.

Operations in the Chicago bill market increased further during the four weeks ended November 10. Dealer purchases, however, averaged less than from September 10 to October 14. This decline was more than offset by an expansion in receipts from Eastern markets, so that the total supply exceeded that of the earlier period by $26\frac{1}{2}$ per cent. Sales also gained, reflecting a heavier demand from local banks and institutions. Shipments to other markets, on the other hand, were less than in the preceding period. The advance in rates was checked during the first week of November, and quotations for November 10 closed at 3 per cent for 30-day offerings to $3\frac{3}{4}$ per cent for those of 180 days. Holdings decreased on November 10 from October 14, owing to a larger amount of maturities in the current period than from September 10 to October 14.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

October 15 to November 10, 1931

	PER CENT CHANGE IN COMPARISON WITH PERIOD FROM	
	SEPT. 10 TO OCT. 14	OCT. 16 TO NOV. 12
	1931	1930
Bills purchased.....	-11.6	+51.3
Bills sold.....	+101.5	-10.6
Holdings*.....	-19.6	-26.3

*At end of period.

Bill transactions of accepting banks in the Seventh Federal Reserve district declined in October to a moderately low level, although they continued considerably in excess of the 1923-27 average for the month. New financing by means of bankers' acceptances was less in the aggregate than at any time in the previous thirty months, while purchases fell below those of any corresponding period since July 1930. In addition, sales showed a sharp recession from the September peak. Portfolios continued to decline. Liability for outstandings, on the other hand, increased slightly over September 30. The value of bills accepted during the first half of November totaled one-fifth greater than for the corresponding weeks of October. This expansion reflected increased financing for sugar, iron and steel, coal, machinery, merchandise, coffee, and other goods, which more than offset a decreased volume of acceptances involving grain, canned goods, wood pulp and paper, packing-house products, and a few miscellaneous commodities.

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

	PER CENT CHANGE IN OCTOBER 1931 FROM	
	SEPTEMBER 1931	OCTOBER 1930
Total value of bills accepted.....	-22.7	-60.0
Purchases.....	-23.2	-61.4
Sales.....	-66.1	-44.2
Holdings*	-19.2	-62.0
Liability for outstandings*.....	+1.3	-46.3

*At end of month.

SECURITY MARKETS

The dullness prevailing during October in the Chicago bond market reflected the limited demand and the almost negligible volume of new offerings. Prices, though for the most part unsatisfactory, displayed a slight firming tendency in the lower grade issues toward the close of the month. This factor combined with some weakening in the high grade bonds, aided partially in narrowing the spread between these classes. Rail, utility, and government issues were included among the high grade bonds which worked lower during the period. A somewhat improved tone was in evidence during the early part of November, however, and a few new municipal and public utility offerings were successfully sold. Purchasing throughout October was exceptionally limited, and appeared to be from scattered sources rather than concentrated in any one group of buyers. Prices on the Chicago Stock Exchange have moved within a narrow range in recent weeks, the average price of twenty leading stocks * amounting to \$49.58 on November 17, as compared with \$48.85 on October 17.

* Chicago Journal of Commerce.

Agricultural Products

The Government forecasts for Seventh district corn and beans were reduced on November 1 from the beginning of October, but those for most other crops were increased. Fall seedings are entering the winter in good condition.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of November 1 condition

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		1925-29 AVERAGE
	PRELIMINARY 1931	FINAL 1930	PRELIMINARY 1931	FINAL 1930	
Corn.....	901,038	731,749	2,674,369	2,093,552	2,760,753
Oats.....	479,627	565,861	1,173,999	1,358,052	1,316,954
Winter Wheat..	74,680	59,447	775,180	612,268	547,427
Spring Wheat..	3,374	4,290	109,106	251,162	274,688
Barley.....	48,703(a)	56,799(a)	215,889	334,971	265,006
Rye.....	8,750(a)	8,248(a)	36,233	48,149	46,129
Buckwheat.....	800(a)	654(a)	10,847	7,948	13,409
Flaxseed.....	186(b)	348(b)	11,314	21,369	20,917
Cloverseed.....	714(a)	889(a)	1,387	1,606	1,400
Timothy Seed..	1,049(c)	1,244(c)	1,700	1,741	2,035
Potatoes(white)	51,823	37,118	382,325	343,236	380,502
Potatoes(sweet)	1,494(d)	1,050(d)	73,475	62,230	80,263
Sugar Beets*..	522(e)	513(e)	7,620	9,201	7,355
Apples (total crop)..	29,875(a)	13,595(a)	220,244	163,543	174,474
Peaches.....	7,438(f)	648(f)	77,931	53,617	55,210
Pears.....	1,840(f)	1,289(f)	24,215	27,577	22,123
Grapes*.....	80(a)	91(a)	1,609	2,460	2,403
Dry Beans.....	6,176(g)	4,262(g)	20,369	22,107	18,432
Tobacco**..	49,340	52,685	1,647,975	1,641,437	1,357,130
All Tame Hay*	14,998	15,881	79,292	77,850	94,364
Soy Beans.....	9,982(a)	8,186(a)	18,001	13,323	7,809
Cow Peas.....	486(h)	220(h)	7,913	4,407	4,351
Cucumber Pickles.....	2,604(a)	3,734(a)	5,790	7,596	4,428
Broom Corn*..	8 1/2(i)	7 1/2(i)	47	50	45
Cranberries***	43(j)	40(j)	649	571	581

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

GRAIN MARKETING

Moderate changes in supply and demand relations affecting the wheat market raised prices from the low levels of early October and have caused some acceleration in both movement to market and exports during recent weeks. Sudden recognition of increased future demand for North American wheat, together with reports overestimating the reduction in supplies available from other surplus countries, drove Chicago prices up 50 per cent within a little over a month, to a point out of line with prices at Liverpool, where most of the expanded demand was expected to originate. Reaction in November, however, destroyed almost half of the gain.

Exports in October exceeded somewhat the volume of a year previous, and both receipts and shipments at primary centers were larger than in October 1930, though below the five-year average for the month. Domestic mills contributed a substantial demand, and the visible supply declined moderately. A significant readjustment in visible supply had been pointed out by Mr. Nat C. Murray, in that the increase of 33 million bushels between July 1 and November 1 of this year compares with a 90-million bushel increase in 1930 and with a 50-million bushel average increase for the past ten years.

Corn and oats future prices followed the gain in wheat, and oats held firm into November, while corn declined with the reaction in wheat. Receipts of corn and shipments of both grains at primary markets were larger than in September, but the movement was below average for October. Cash grain prices maintained a slight premium over the December futures throughout the gain and readjustment.

MOVEMENT OF LIVE STOCK

An increased movement of live stock to public stock yards in the United States was evidenced during October. Cattle receipts at these points totaled 20 per cent greater than in September, which increase is seasonal, but remained under last year and the average for early autumn. Hog marketings, on the other hand, expanded more than is usual for the season. Moreover, they showed the first gain in 1931 over the corresponding month of 1930, largely because of a heavier supply of spring pigs and also owing to earlier marketing than a year ago. Sheep receipts remained at a high level, but the excess over the 1926-30 average was smaller than has obtained in earlier months of 1931. Reshipments to feed lots expanded markedly during October, though failing to equal the five-year average for the month. A larger movement of feeder sheep was noted than a year ago, but that of cattle was smaller.

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, October 1931.....	211	845	433	103
Federally Inspected Slaughter, United States October 1931.....	781	3,772	1,804	406
September 1931.....	687	2,955	1,667	393
October 1930.....	836	3,492	1,727	438

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF		
	NOV. 21 1931	OCT. 1931	SEPT. 1931	SEPT. 1930	OCT. 1930
Native Beef Steers (average).....	\$8.85	\$8.40	\$8.05	\$8.10	\$10.75
Fat Cows and Heifers.....	5.25	5.35	5.55	5.55	8.10
Calves.....	5.75	6.70	8.85	10.90	9.35
Hogs (bulk of sales).....	4.55	5.10	5.55	5.55	6.10
Yearling Sheep.....	4.10	4.60	4.90	4.90	7.70
Lambs.....	5.55	5.80	6.05	6.05	7.70

MEAT PACKING

Activities of slaughtering establishments in the United States showed more than a seasonal expansion during October. Production, which totaled one per cent heavier than last year or the 1921-30 average, exceeded that of a month earlier by 17 per cent. Payrolls at the close of the period also recorded a gain over September of 2 per cent in number of employes and of $2\frac{1}{2}$ per cent in hours worked, although wage payments declined $4\frac{1}{2}$ per cent. Also, the value of sales billed to domestic and foreign customers totaled 7 per cent greater than in the preceding month, and the recession of 25 per cent from the corresponding month of 1930 was less than evidenced in a similar comparison for September. Lower price levels than a year ago continued mainly responsible for this decrease. Quotations of lard, barreled pork, dry salt meats, and steer beef advanced in October over the preceding period, but those of most pork, cow beef, veal, lamb, mutton, and smoked meat declined. November 1 inventories of packing-house commodities in the United States showed a seasonal reduction in volume from the beginning of October, and remained considerably below the 1926-30 average for early autumn. A fair to good trade was experienced in domestic markets during the first week of November.

October shipments for export totaled somewhat heavier than those of September, owing to increased forwardings of lard on consignment terms. Foreign demand for this commodity and for oleo oil improved during the month. On the other hand, trade in American meats was rather quiet in England and was moderate in other parts of Europe, because of heavy production on the Continent. European quotations for United States lard and fat backs remained close to the Chicago parity. Prices of most meats, which had shown an improvement during the early part of the month, closed under the United States parity.

DAIRY PRODUCTS

Seventh Federal Reserve district production of dairy products, contrary to the seasonal trend, increased in October over the preceding month. This gain was mainly the result of more cows being milked and of a greater output per cow. Butter manufacturing, which exceeded the 1923-30 average for the first time in several months, expanded 7 per cent over September and 6 per cent over last year. Sales, on the other hand, declined 3 per cent in October from the earlier period, although they exceeded those of a year ago and the average volume for this season. United States production of the commodity appears to have been lighter than in September or the corresponding month of 1930. Consumption remained heavy. Prices advanced until mid-month and then declined. Inventories were reduced 24 million pounds on November 1 from the beginning of October, which is a seasonal amount, and were only half as great as last year or the 1926-30 November 1 average.

The production of American cheese in Wisconsin increased 3 per cent during the four weeks ended October 31 compared with the preceding period, and exceeded that of last year by 40 per cent. Merchandising of the commodity from central markets of the state lagged $3\frac{1}{2}$ per cent behind current production; it also declined $4\frac{1}{2}$ per cent from a month earlier and 19 per cent from the usual autumn level. Total inventories of cheese in the United States decreased less than a seasonal amount on November 1 from

the beginning of October, and showed a smaller recession from last year and the 1926-30 average than had been evidenced in the preceding month. Prices eased.

Coal

October production of bituminous coal in Illinois aggregated 4,043,000 tons, little more than three-fourths the volume mined in October 1930. There were 142 mines in operation, comparing with 155 a year ago, and approximately 40,000 men employed—10 per cent under the number last year. Prices on domestic coals have been less by more than 10 per cent in the Southern Illinois district and by 20 per cent in the Central section, than those obtaining in the fall of 1930; screenings prices, however, have varied only slightly—but the range has been a little wider this fall than last.

For the year through October 31, the number of mines operated averaged 132, as compared with 149 for the corresponding period a year ago; there were 127 days worked, 16 days less than in the same months of 1930, and an average of 37,827 men employed—10 per cent fewer than a year ago. Production for the ten months totaled 35,189,000 tons, or 15 per cent under the same period of 1930.

United States output of 35,740,000 tons in October brought the total for the year to 317,780,000, and compares with 44,150,000 tons mined in October a year ago and 383,792,000 during the first ten months of 1930. Commercial stocks amounted on October 1 to 34,500,000 tons, a decrease of 1,400,000 tons from the supply on hand the same day a year ago. However, owing to contraction in the rate of consumption, these stocks represent a 39 days' supply against only 35 days for the heavier stocks of a year ago.

Industrial Employment Conditions

New low levels were reached during October in Seventh district industrial employment and in each manufacturing group represented in our survey except leather, rubber, and chemical products. The downward trend in number of employes was much sharper than in payrolls, and indicates that large numbers were laid off who had been engaged on part-time schedules in the preceding month. The effect of this has been to increase the average weekly earn-

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF OCTOBER 15, 1931			CHANGES FROM SEPT. 15	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	772	154,092	3,166	-4.1	-4.6
Vehicles.....	152	136,585	3,984	-22.5	+7.4
Textiles and Products.....	161	29,820	490	-5.2	-8.7
Food and Products.....	370	56,588	1,355	-6.0	-4.8
Stone, Clay and Glass.....	148	9,778	219	-5.6	-9.6
Wood Products.....	302	27,904	477	-1.4	-2.2
Chemical Products.....	107	14,904	390	+0.1	-3.4
Leather Products.....	78	16,473	254	-4.2	-11.8
Rubber Products ²	8	6,095	129	-2.3	+10.5
Paper and Printing.....	328	43,082	1,156	-0.4	+2.0
Total Mfg., 10 Groups....	2,426	495,321	11,620	-9.8	-0.3
Merchandising ³	179	30,212	742	+2.0	-0.0
Public Utilities.....	73	90,069	2,911	-1.2	-2.1
Coal Mining.....	20	5,577	102	+5.8	-6.8
Construction.....	173	9,749	253	-2.9	-3.9
Total Non-Mfg., 4 Groups.	445	135,607	4,008	-0.4	-2.0
Total, 14 Groups.....	2,871	630,928	15,628	-7.9	-0.8

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

ings of those employed in all groups from \$22.99 in September to \$24.77 in October, a gain of nearly 8 per cent, although total wage payments were slightly lower in the latter month.

All manufacturing groups except chemicals contributed to the decline from September in number of men, and the only groups reporting larger payrolls were vehicles, rubber, and paper and printing. The large reduction in number of men in the vehicles group, consisting largely of automobile plants but including railway car shops as well, follows smaller declines in the four previous months. The gain in wage payments of this group offsets almost half of the large loss recorded in September. Non-manufacturing totals showed a fractional reduction in number of men, as construction and utilities moved lower, while smaller payrolls in three groups and no change in the merchandising group resulted in a moderate decline in the total.

Paralleling the reduction in industrial employment, applications at free employment offices were much larger in October, and hence the ratio for each state moved upward. The combined ratio for four states was higher than for any month in recent years with the exception of January 1931.

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN	FOUR STATES
1931 October	251	232	503	249	275
September	220	128	480	232	234
1930 October	283	202	331	178	251
September	230	154	312	188	222

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of automobiles in the United States dropped sharply between September and October. Passenger car output totaled only 57,764, or 47 per cent less than in the preceding month, which is a greater decline than for any previous October. As compared with the corresponding month a year ago, passenger car production this October was only about half as large and represented the smallest total for any month on our record (July, 1921). Truck production of 21,727, declined 31 per cent from a month previous and 46½ per cent from last October.

Further recession took place during October in wholesale distribution of automobiles in the Middle West, as against a small increase shown in the corresponding period of 1930. Sales at retail by reporting dealers declined in number from the preceding month, while their aggregate value increased, owing principally to heavier sales of cer-

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in October 1931 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	SEPTEMBER 1931	OCTOBER 1930	
New cars			
Wholesale—			
Number Sold	-25.9	-68.1	21
Value	-35.5	-78.1	21
Retail—			
Number Sold	-6.7	-25.5	49
Value	+9.6	-28.6	49
On Hand October 31—			
Number	-7.9	-22.4	51
Value	-5.3	-27.2	51
Used cars			
Number Sold	-1.2	-22.4	51
Salable on Hand—			
Number	+7.9	-8.7	51
Value	+11.9	-4.0	51

tain of the higher-priced cars. Used car sales were likewise slightly smaller in number than a month previous. Comparisons with a year ago remained unfavorable in both retail and wholesale distribution, and for used car sales. Stocks, on the other hand, except of used cars, continued to be kept at exceptionally low levels and registered some further decrease between the end of September and October 31; those of used cars gained for the second successive month. Deferred payment sales in October constituted a somewhat larger proportion of retail sales by dealers reporting the item, the ratio averaging 57 per cent against 51 per cent in September and 48 per cent a year ago.

IRON AND STEEL PRODUCTS

No changes of importance have developed in conditions at Chicago district steel mills. Sales did not expand noticeably in October, and operations averaged around 25 per cent of capacity as against approximately 50 per cent a year ago and 80 per cent in October 1929. Output of pig iron in Illinois and Indiana totaled only about half that of last October and one-third that of the same month in 1929. Prices, on the other hand, of finished steel, pig iron, and old materials have been fairly stable in recent weeks.

Following the expansion in orders booked shown by reporting steel casting foundries in September, shipments in October increased somewhat over the preceding month, although production was 18 per cent smaller and new orders considerably less. At malleable casting foundries, shipments, production, and orders totaled smaller than a month previous. Activity at both steel and malleable casting foundries remained extremely low as compared with other years. Shipments of stove and furnace manufacturers reporting to this bank expanded seasonally in October but totaled more than 25 per cent under a year ago; orders booked and production were less than in September, with the former about 35 per cent under last October and production only slightly smaller than the rate in that period.

FURNITURE

The volume of orders booked by reporting furniture manufacturers in this district was seasonally lower in October than in September, the difference amounting to 14 per cent. October shipments, also, totaled less—6 per cent—the result of the smallness of orders booked in recent months. Moreover, shipments were 11 per cent in excess of current orders, so that with a small increase in cancellations relative to new orders, the volume of unfilled orders outstanding on October 31 was considerably under that of

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	OCTOBER 1931: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	SEPT. 1931	OCT. 1930	
Wholesale Trade:			
Sales in Dollars	-4.0	-44.5	13
Sales in Board Feet	+0.9	-28.5	11
Accounts Outstanding ¹	-16.3	-30.2	10
Retail Trade:			
Sales in Dollars	+13.9	-31.7	231
Sales in Board Feet	+16.0	-21.5	96
Accounts Outstanding ¹	+0.8	-17.9	227
	Ratio of accounts outstanding ¹ to dollar sales during month		
	OCT. 1931	SEPT. 1931	OCT. 1930
Wholesale Trade	172.8	192.1	135.6
Retail Trade	333.0	374.3	274.7

¹End of Month.

a month previous, their ratio to orders booked dropping five points to 63 per cent. As compared with October 1930, orders booked were less by 35 per cent, shipments by 42 per cent, and unfilled orders by 17 per cent. Operations were maintained during October at a rate of approximately 45 per cent of capacity, which compares with a rate of 46 per cent obtaining a month previous and 62 per cent a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturing operations in the Seventh Federal Reserve district decreased 20 per cent in October from a month earlier, contrary to the seasonal trend, and were 35 per cent under the 1923-30 average. Tanning and sales of leather also showed a recession from September and a year ago. Prices held barely steady.

Chicago trading in packer green hides was much less active in October than in the preceding month, but the demand for calf skins increased. Total shipments of these commodities from the city and purchases by district tanneries, however, considerably exceeded those of September. Prices, after having declined early in the month, showed greater strength at the close.

Building Material, Construction Work

Considerable improvement occurred during October in retail building material lines, while wholesale lumber business fell below the level of September, and brick and cement plants suffered a further decline in demand for their products.

Board foot lumber sales of retailers gained substantially, and the 14 per cent increase in dollar sales of all materials handled by these dealers compares with a five-year average gain of 8½ per cent for October over September. A majority of dealers have steadily reduced their stocks this year, and almost all were carrying less lumber at the end of October than a year previous. A smaller increase took place in outstanding accounts than in dollar sales, so that the ratio of accounts to sales was appreciably lower than a month earlier. Wholesale lumber dealers reported a less favorable trend in October as dollar sales declined, although board foot sales increased slightly, owing principally to one firm's expanded operations; all firms reporting on stocks showed a reduction as compared with the end of September.

Cement distribution in the five states including this district declined more than seasonally in each month of the third quarter, and the total for July, August, and September was 34 per cent less than in 1930, while the first six months of this year showed a decline of only 26 per cent from the same period of last year. October shipments from midwestern mills, though small, exceeded production, and stocks were consequently reduced. Clay products manufacturers continued to operate at extremely low levels.

WHOLESALE TRADE IN OCTOBER 1931

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	-25.8	-20.2	-14.2	-17.9	105.7
Hardware.....	-35.7	-10.6	-19.1	-31.9	255.8
Dry Goods.....	-31.3	-18.1	-30.8	-29.9	321.9
Drugs.....	-21.9	-9.0	-6.2	-6.4	187.8
Shoes.....	-38.9	-14.6	-22.1	-24.3	436.6
Electrical Supplies.....	-39.5	-11.2	-27.8	-37.9	185.7

BUILDING CONSTRUCTION

Construction activity during October in the Seventh Federal Reserve district, as reflected by total building contracts awarded, dropped sharply, the total volume reported being the lowest for any month since January 1919 when the figure amounted to only slightly more than 10 million dollars. Residential contracts having already dropped to a low point in September, showed a decline of smaller proportion.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
October 1931.....	\$18,605,650	\$4,841,418
Change from September 1931.....	-44%	-7%
Change from October 1930.....	-65%	-60%
First ten months of 1931.....	\$391,261,774	\$78,812,273
Change from same period 1930.....	-39%	-44%

*Data furnished by F. W. Dodge Corporation.

The estimated cost of proposed construction during October, as indicated by permits issued in 101 cities of the Seventh district, fell off 35 per cent from September and was 65 per cent below a year ago. The number of permits issued, however, while registering a decline of 26 per cent from last year, showed a slight gain over a month previous. Milwaukee, recording an increase of 15 per cent in estimated cost over the September total, was the only large city that differed from the trend of the district.

Merchandising

Wholesale trade conditions in October proved to be less favorable than in any previous month of 1931. Gains over September of 4½ per cent in hardware sales and of 13 per cent in electrical supply trade were seasonal in nature, while the declines of 11 per cent in groceries and 2 per cent in drugs were contrary to seasonal trend; dry goods sales were 8 per cent less and those of shoes 6 per cent smaller, which recessions are somewhat larger than usual for the period. Changes from last October may be noted in the table. Data for the ten months of 1931 show wholesale grocery sales to have been 13 per cent smaller, hardware 26 per cent, dry goods 26 per cent, drugs 15 per cent, shoes 27 per cent, and electrical supplies 34 per cent less than in the corresponding period of 1930. Stocks, though increasing slightly in some lines, continue to average below a year ago. Collections during October were heavier in all reporting lines except groceries, although ratios of accounts outstanding to net sales averaged higher in half the groups.

The expansion of 4 per cent for October over September in total sales of eighty-four department stores in the Seventh district, approximated that shown in the corresponding month of the previous four years. The district

DEPARTMENT STORE TRADE IN OCTOBER 1931

LOCALITY	PER CENT CHANGE OCTOBER 1931 FROM OCTOBER 1930		PER CENT CHANGE TEN MONTHS 1931 FROM SAME PERIOD 1930	RATIO OF OCT. COLLECTIONS TO ACCOUNTS OUTSTANDING SEPTEMBER 30	
	NET SALES	STOCKS END OF MONTH		1931	1930
Chicago.....	-22.9	-12.4	-14.9	29.3	34.0
Detroit.....	-19.0	-19.7	-15.0	35.4	37.7
Indianapolis.....	-8.2	-12.6	-8.9	40.5	41.3
Milwaukee.....	-12.0	-7.3	-8.3
Other Cities.....	-16.1	-12.2	-11.3	33.8	35.5
7th District.....	-19.0	-13.3	-13.4	35.0	37.5

aggregate was affected to a considerable extent by the decline of 21½ per cent recorded in the Detroit total, following a heavy September volume of business which has been customary to that city in recent years. Sales of Chicago stores exceeded those of September by 13 per cent, Milwaukee sales were larger by 14 per cent, while the expansion in Indianapolis was only 6 per cent but that in smaller cities of the district totaled 19 per cent. Allowing for the difference in number of trading days as between September and October, district sales were 4 per cent smaller in the daily average than in the preceding month. The decline of 19 per cent from a year ago in total sales was approximately the same as that shown in a similar comparison for September, so that cumulative sales for the year to date remained 13 per cent smaller than in the corresponding period of 1930. Stocks continue gradually to expand, those on hand October 31 being 5 per cent larger than a month previous, though totaling 13 per cent less than on the same date last year.

October sales of reporting retail shoe dealers and the shoe sections of department stores totaled 10 per cent below those of the preceding month, the decline, however, comparing with one of 17 per cent during the same period last year. The majority of dealers had larger sales in the

comparison, department stores effecting the decline shown. Aggregate sales were 13 per cent smaller than in October a year ago, and the total for the ten months of 1931 showed a decrease of 11 per cent from the same period of 1930. A further slight expansion was noted in stocks on October 31 over a month previous, but they continued to average below the level of last year.

Sales of furniture and house furnishings by reporting dealers and department stores likewise declined in October from September; the recession in total sales amounted to 11 per cent and that in installment sales by dealers to 7 per cent. As compared with October 1930, both aggregate and installment sales were about 12 per cent less. Stocks again averaged a little heavier than a month previous, though remaining almost 20 per cent lighter than a year ago.

A gain of 10½ per cent over September was recorded during October in total sales of eighteen chains, with average sales per unit showing approximately the same increase. Grocery, drug, five-and-ten-cent, cigar, shoe, furniture, musical instrument, and women's clothing chains shared in this expansion, men's clothing alone experiencing a decline. As compared with a year ago, however, all groups reported declines, total sales decreasing 4 per cent.

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	Oct. 1931	Sept. 1931	Aug. 1931	July 1931	June 1931	May 1931	Oct. 1930	Sept. 1930	Aug. 1930	July 1930	June 1930	May 1930
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	79	74	74	75	75	77	105	102	98	97	103	106
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	15	20	20	23	25	29	38	42	46	57	61	68	81
In Tons.....	15	20	19	22	24	27	38	42	48	62	65	71	85
Malleable—In Dollars.....	23	16	17	21	22	27	33	31	33	32	35	50	63
In Tons.....	23	25	26	33	36	43	54	44	48	46	49	71	90
Stoves and Furnaces—													
Shipments (in dollars).....	11	144	110	79	63	65	84	200	150	110	96	89	101
Furniture—													
Orders (in dollars).....	25	38	44	43	35	55	39	61	77	61	80	46	64
Shipments (in dollars).....	25	46	47	39	42	33	48	81	79	67	54	56	64
Flour—													
Production (in bbls.).....	26	123	122	128	112	89	88	118	122	116	106	97	103
Output of Butter by Creameries—													
Production.....	67	101	95	114	127	157	148	94	97	115	131	155	157
Sales.....	69	100	106	117	123	149	127	96	95	111	120	135	129
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	31	77	87	85	93	85	82	104	103	99	99	95	99
Hardware.....	14	57	55	50	58	63	62	88	75	66	70	74	89
Dry Goods.....	9	49	53	41	38	46	51	71	71	58	46	61	73
Drugs.....	13	79	78	76	78	83	79	102	95	88	88	92	99
Shoes.....	8	51	54	51	41	53	55	83	78	77	48	61	70
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	26	84	73	61	60	84	83	110	94	77	66	93	102
Detroit.....	5	95	123	78	71	101	109	118	150	97	80	115	139
Indianapolis.....	5	90	89	67	61	87	93	98	114	74	70	87	101
Milwaukee.....	5	102	89	73	75	95	99	116	107	80	75	95	116
Other Cities.....	50	86	72	70	59	82	89	103	86	81	68	87	100
Seventh District.....	91	89	85	67	63	88	91	110	105	81	70	96	110
Automobile Production (U. S.)—													
Passenger Cars.....		20	37	53	63	72	93	39	60	63	76	98	123
Trucks.....		58	83	84	91	107	121	108	117	107	115	129	156
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		17	18	27	20	26	30	42	44	37	42	45	67
Total.....		27	49	64	59	55	61	77	88	86	80	147	116
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		41	43	44	50	61	76	79	82	91	95	119	134
United States.....		39	40	42	48	56	66	71	77	83	87	100	106
Steel Ingot Production—(U. S.)*		44	45	50	54	60	72	75	82	88	84	103	111
Unfilled Orders U. S. Steel Corp....		65	66	66	71	73	76	73	72	75	84	83	85

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

PRODUCTION and employment in manufacturing industries declined further in October, while output of minerals increased more than is usual at this season. There was a considerable decrease in the demand for reserve bank credit after the middle of October, reflecting a reduction in member bank reserve balances and, in November, an inflow of gold, largely from Japan. Conditions in the money market became somewhat easier.

PRODUCTION AND EMPLOYMENT

Total output of manufactures and minerals, as measured by the Board's seasonally adjusted index of industrial production, declined from 76 per cent of the 1923-1925 average in September to 74 per cent in October. Output of steel remained unchanged at 28 per cent of capacity in October, although it usually shows an increase for that month; in the first half of November, activity at steel mills increased somewhat. Automobile production declined sharply in October, production of shoes and woollens decreased, and cotton mill activity showed little change, although an increase is usual at this season. Output of bituminous coal increased seasonally, and there were large increases in the output of anthracite and petroleum.

Volume of factory employment declined substantially from the middle of September to the middle of October. At woolen mills where an increase in employment is usual at this season, there was a large decrease. In the automobile and shoe industries reductions in employment were considerably larger than usual, while in the canning industry the decline was wholly of a seasonal character. In the silk goods and hosiery industries, employment increased by more than the usual seasonal amount.

The November cotton crop estimate of the Department of Agriculture was 16,903,000 bales, 600,000 bales larger than the October estimate and 3,000,000 bales larger than last year in spite of a reduction in acreage.

Data on the value of building contracts awarded in the period between September 1 and November 15, as reported by the F. W. Dodge Corporation, showed a continuation of the downward movement. In this period, value of contracts was 29 per cent smaller than in the corresponding period of 1930, reflecting smaller volume of construction and somewhat lower building costs.

DISTRIBUTION

Total volume of freight carloadings remained unchanged in October, while loadings of merchandise decreased. Department store sales increased by somewhat more than the usual seasonal amount.

WHOLESALE PRICES

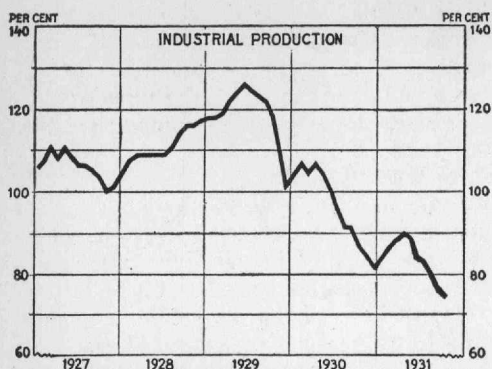
The general level of wholesale prices declined from 69.1 per cent of the 1926 average in September to 68.4 per cent in October, according to the Bureau of Labor Statistics. Prices of grains, cotton, and silver, after showing a rapid rise beginning early in October, declined considerably, but in the third week of November were still above their October low points. Prices of hides and petroleum were also higher in the middle of November than in early October. During this period the prices of live stock and meats declined rapidly, reflecting, in part, developments of a seasonal character.

BANK CREDIT

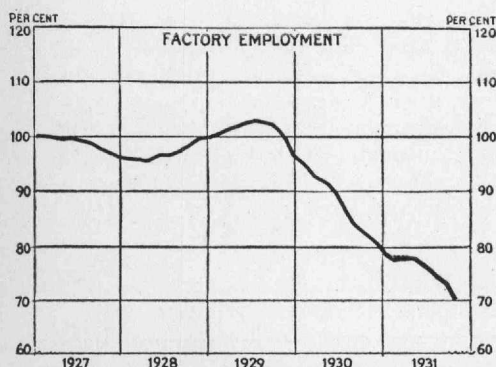
Reserve bank credit, which had increased rapidly between the middle of September and the third week of October, declined by \$265,000,000 during the following four weeks. This decline reflected a large reduction in member bank and other balances at the reserve banks and also an inflow of gold, chiefly from Japan. Demand for currency, which had been on a large scale during September and the first three weeks of October, showed relatively small fluctuations after that time, and in the second week of November declined by somewhat more than the seasonal amount.

Loans and investments of member banks in leading cities have continued to decline during recent weeks, and on November 18 the total volume was \$500,000,000 smaller than five weeks earlier. This decrease reflected substantial reductions in loans on securities and in other loans, as well as in the banks' holdings of investments. At the same time, deposits of these banks also declined with a consequent reduction in the reserve balances which they were required to hold with the reserve banks.

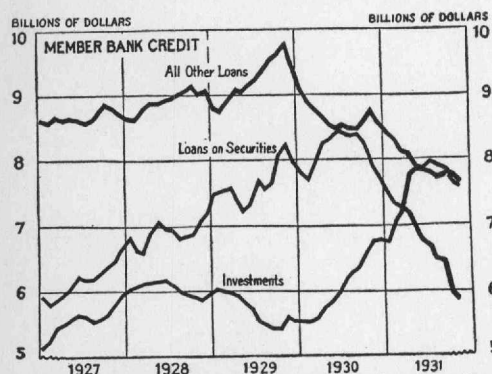
Money rates in the open market, which had advanced sharply during October, declined somewhat early in November. Rates on prime commercial paper declined from a range of 4-4¼ per cent to a range of 3¾-4 per cent, and rates on bankers' acceptances from 3¾ to 2¾ per cent.



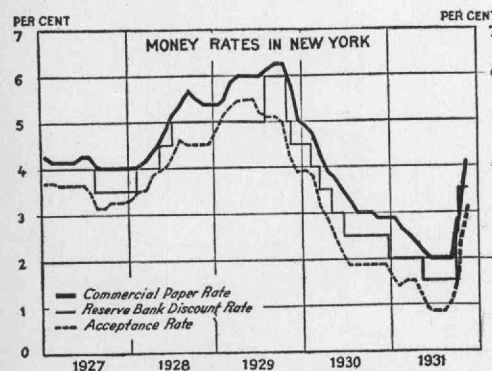
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



Federal Reserve Board's index of factory employment with adjustment for seasonal variation (1923-25 average = 100).



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



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper; acceptance rate on 90-day bankers' acceptances. Latest figures, averages of first 14 days in November, 1931.