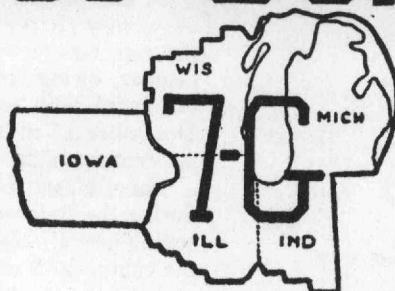


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 15, No. 1

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## General Summary

NOVEMBER data available on industrial and trade conditions in the Seventh Federal Reserve district show a continued downward trend, many of the declines, however, being of a seasonal nature. Operations in the steel industry remained at a low level, while shipments and production of malleable and steel castings declined as is usual for the month, although orders booked by foundries totaled considerably larger than in October. Shipments and orders booked by furniture manufacturers decreased somewhat less than last November. Production of automobiles and that of shoes and of leather were reduced further in November. The building industry continued quiet, despite a slight gain over the preceding month in total contracts awarded, and there was little demand for building materials. A further slight contraction in employment took place.

Department store sales declined in November, largely affected by the fewer trading days in the month, and chain store trade was less, as were retail shoe and furniture sales. Wholesale distribution of commodities such as groceries, hardware, dry goods, drugs, shoes, and electrical supplies, fell off by about the usual seasonal amounts. Sales of automobiles at retail were light, although aggregate sales of reporting wholesale distributors gained, owing to the introduction of new models by one manufacturer.

A survey of the live-stock situation in the district indicated no increase over 1930 in the autumn crop of pigs. Supplies of hogs and of beef cattle for winter and spring marketing were less than a year ago, while those of lambs and of dairy cattle were slightly larger. Crop conditions on December 1 were very good. The marketing of grain in

November was small, largely due to price reactions. Food-producing industries for the most part showed recessions: production at meat-packing plants declined from October, contrary to the usual trend, and sales were less, as were production and sales of dairy products; however, the volume of cheese manufactured and distributed exceeded that of a year ago, and butter production was heavier in this comparison.

Borrowing by member banks at the Reserve bank has continued to expand, and was  $8\frac{1}{2}$  million dollars greater on December 16 than a month previous. Loans and investments of reporting member banks, as well as their deposit liabilities, continued the downward trend in evidence for some time. Money rates showed a further slight firming tendency. Dealer sales of commercial paper remained limited in volume during November, while activity in bill transactions of accepting banks in the district was only moderate.

## Credit Conditions and Money Rates

As set forth in the accompanying tabulation of factors in member bank borrowing at the Reserve bank, seven of the eleven items listed involved changes making for increased recourse to the Reserve bank during the period November 10 to December 16, the largest being a net outflow from the district of 29 millions in funds in inter-district settlements for commercial and financial transactions, a rise of more than 27 millions in member bank reserve balances, and an increase of 14 millions in currency demand. A decrease of about  $7\frac{1}{2}$  million dollars was shown in holdings of acceptances (local transactions). Among factors making for lowered borrowings, the outstanding changes were a 40 million dollar increase in holdings of U. S. securities (local transactions) and an excess

### FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	DEC. 16 1931	NOV. 10 1931	CHANGE FROM DEC. 17 1930
Total Bills and Securities.....	\$283.4	\$+14.8	\$+146.0
Bills Discounted.....	78.0	+8.6	+54.8
Bills Bought.....	62.3	-34.0	+31.7
U. S. Government Securities.....	139.5	+38.6	+56.9
Total Reserves.....	579.9	+17.5	+183.0
Total Deposits.....	320.6	+17.3	-31.4
Federal Reserve Notes in Circulation.....	508.0	+15.9	+366.7
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	69.9	-0.8	-10.5

\*Number of Points.

### CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	DEC. 16 1931	NOV. 10 1931	CHANGE FROM DEC. 17 1930
Total Loans and Investments.....	\$2,843	\$-51	\$-572
Loans on Securities.....	975	-17	-256
All Other Loans.....	1,036	-44	-251
Investments.....	832	+10	-65
Net Demand Deposits.....	1,567	-32	-343
Time Deposits.....	1,056	-31	-244
Borrowings from Federal Reserve Bank.....	48	+5	+41

of about 27 millions of local Treasury expenditures over receipts. As a result of these changes, member banks on December 16 were borrowing at the Reserve bank about 8½ million dollars more than on November 10.

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

Changes between November 10 and December 16, 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.....	29.05
2. Increase in member bank reserve balances.....	27.66
3. Increase in demand for currency.....	14.19
4. Decrease in holdings of acceptances (local transactions) ..	7.61
5. Increase in unexpended capital funds.....	0.61
6. Increase in non-member clearing balances.....	0.27
7. Sales of gold to industry.....	0.07
Total.....	79.46
Changes making for decrease in member bank borrowing:	
1. Increase in holdings of U. S. securities (local transactions) ..	40.00
2. Excess of local Treasury expenditures over receipts.....	27.47
3. Increase in reserve bank float.....	1.81
4. Increase in holdings of other securities.....	1.60
Total.....	70.88
Excess of changes making for increase in member bank borrowing:	8.58
Absorption of this excess: Increase in member bank borrowings (discounts for member banks).....	8.58

#### MEMBER BANK CREDIT

Total loans and investments of reporting member banks in this district on December 16 were about 50 millions less than on November 10, and more than 570 millions less than on the corresponding reporting date in 1930. Loans on securities declined some 17 millions in the monthly comparison, and "all other" (commercial) loans dropped nearly 45 millions, while investments gained 10 millions. Of the 572 million dollar decrease shown from a year ago in total loans and investments, 256 million dollars was accounted for in lessened loans on securities, 251 millions in all other loans, and 65 millions in investments. Deposit aggregates also showed considerable shrinkage from a month previous and from December 17, 1930.

The prevailing rate charged on customers' commercial loans by down-town Chicago banks during the week ended December 15 was reported as 3½ to 6 per cent, which compared with 3¼ to 5½ per cent during the corresponding week in November. The average rate earned on loans and discounts by banks in the down-town area during the calendar month of November was 4.55 per cent, compared with 4.45 in October and 4.65 in November 1930. In Detroit, the prevailing rate on customers' commercial loans during the week ended December 15 was 5 to 5½ per cent, and the average rate earned on loans and discounts during the calendar month of November was 5.09 per cent. The latter item stood at 5.05 per cent in October and 5.64 per cent in November 1930.

Dealer sales of commercial paper in the Middle West remained limited in volume during November, though totaling 25 per cent heavier than in October. This condition mainly reflected the low level of general business and the usual tendency on the part of borrowers to reduce indebtedness before preparing the year-end statements.

More-over, the moderate demand centered principally upon the small supply of highest grade offerings. Commercial paper outstandings showed a further recession in volume on November 30. Selling rates for the month ranged from 4 and 5 per cent for high to 3¾ and 4 per cent for low, with the customary charge at 4 per cent. A further expansion of 6 per cent was recorded in sales during the first half of December, owing to a slight improvement in the supply as compared with early November. Quotations opened on December 15 at 3½ to 4 per cent for low and 4 to 4½ per cent for high; most paper moved at 3¾ and 4 per cent.

The Chicago bill market was considerably less active during the four weeks ended December 9 than in the preceding period. Dealer purchases decreased 57 per cent in the comparison with those of October 15 to November 10, and there was also a recession of 20 per cent in receipts from Eastern markets. Total supplies, consequently, declined approximately 40 per cent from a month earlier. A similar trend was shown in sales, increased buying by out-of-town banks being insufficient to offset a decrease in demand on the part of local banks and other institutions. On the other hand, shipments to Eastern offices expanded more than 34 per cent and absorbed the remainder of current offerings. Holdings declined one per cent on December 9 from November 10, and aggregated 67 per cent less than on the corresponding date of 1930. Closing quotations on December 9 were slightly easier than a month earlier, ranging from 3 per cent for 30-day offerings to 3½ per cent for maturities of 180 days.

#### AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

November 11 to December 9, 1931  
PER CENT CHANGE IN COMPARISON WITH PERIOD FROM  
OCT. 15 TO NOV. 10 NOV. 12 TO DEC. 10

	1931	1930
Bills purchased.....	-57.1	-65.5
Bills sold.....	-52.8	-30.2
Holdings*.....	-0.9	-67.0

\*At end of period.

Accepting banks in the Seventh Federal Reserve district experienced only moderate activity in bill transactions during November. New financing by means of bankers' acceptances exceeded that of any month since May, and the discounting of these bills attained the highest level in more than a year. On the other hand, purchases of other banks' bills were the lowest since April 1930. Sales declined further, continuing considerably under current purchases. Portfolios, as a consequence, were larger than in either of the two preceding months, though less than half those of a year ago. A moderate expansion also took place on November 30 in the liability for outstanding acceptances. During the first half of December, the amount of bills accepted by these banks was one-fifth greater than in the corresponding weeks of November. The gain reflected increased financing for grain, iron and steel, tobacco, canned goods, and coffee; borrowing decreased for sugar, coal, wood, aluminum, machinery, general merchandise, and miscellaneous commodities.

#### VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT (Amounts in millions of dollars)

	Nov. 1931	PER CENT OF INCREASE OR DECREASE FROM OCT. 1931	Nov. 1930
Chicago.....	\$2,343	-13.2	-26.2
Detroit, Milwaukee, and Indianapolis.....	876	-17.5	-23.5
Total four larger cities.....	\$3,219	-14.4	-25.5
34 smaller centers.....	606	-16.2	-25.0
Total 38 centers.....	\$3,825	-14.7	-25.4

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

	PER CENT CHANGE IN NOVEMBER 1931 FROM OCTOBER 1931	NOVEMBER 1930
Total value of bills accepted.....	+53.4	-9.6
Purchases.....	+8.0	-22.3
Sales.....	-25.5	-18.9
Holdings*.....	+41.1	-57.6
Liability for outstandings*.....	+5.4	-42.0

\*At end of month.



## SECURITY MARKETS

The brief improvement in bond prices in the Chicago market during the early part of November, was followed by a marked decline which continued through early December. Some of the sharpest declines were registered in the lower grade issues, particularly in the railroad division, although bond prices in general dropped to the lowest point for many months. The little demand in evidence appeared to favor high grade public utility and municipal bonds. Most foreign bonds are selling at levels which reflect an almost complete lack of demand. An increase was shown in the volume of new offerings during November as compared with that of October, although the total was approximately one-half that of November 1930. Of these new issues, practically all were domestic corporation and utility bonds. No one class of purchaser is outstanding in the present bond market, demand being low from all sources. Further declines in stock prices on the Chicago Exchange were reflected in the average price of twenty leading stocks\*, which on December 15 amounted to only \$36.17 as compared with \$49.19 on November 14, a drop of 13 dollars in thirty days.

\* Chicago Journal of Commerce.

## Agricultural Products

December 1 reports from agricultural agents, representing 328,307 farmers in 201 counties, show the supply of live stock available on Seventh district farms for winter and spring marketing to be somewhat smaller than a year ago. Hog supplies totaled 5½ per cent less than in 1930, owing to the fact that a greater number of animals from the larger crop of last spring were marketed earlier than usual this season. Moreover, the autumn crop of pigs, which had been expected to exceed that of 1930, was in fact no larger, in consequence of reduced farrowings in Iowa and Wisconsin and of losses from cholera prevalent in many localities. There also was a 9 per cent decline in the number of beef cattle on farms as compared with a year ago, mainly reflecting reduced purchases for feed lots in 1931. Lamb holdings, on the other hand, slightly exceeded the 1930 level, and an increase of 1½ per cent took place in the number of dairy cattle.

Crop conditions were very satisfactory on December 1. Approximately 85 per cent of the corn had been husked and cribbed by that date and showed a high grading. Furthermore, the corn in the cribs was reported as being in good condition. Fall seedings of winter wheat and rye in the Seventh district are going into the winter in excellent shape, in contrast to a poor condition reported in the great plains area of the United States.

## GRAIN MARKETING

The marketing of all grains in November was restricted by the reaction in prices which began early in the month

## CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics as of December 1  
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		1925-29 AVERAGE
	1931	1930	1931	1930	
Corn.....	880,844	741,908	2,556,863	2,060,185	2,760,753
Oats.....	469,985	539,401	1,112,142	1,277,764	1,316,954
All Wheat.....	77,431	62,416	892,271	858,160	822,115
Potatoes(white) 51,022	37,016	376,248	333,210	380,502	
Tame Hay*.....	12,011	13,072	64,233	63,463	94,364
Tobacco**.....	48,544	52,596	1,610,098	1,635,210	1,357,130

\*In thousands of tons. \*\*In thousands of pounds.

and continued, unevenly, into December. Ample wheat supplies held by export countries and restrictions on imports arising largely out of the European financial situation, overcame most of the earlier strength in world markets. Domestic prices declined correspondingly, but smaller marketings and substantial domestic consumption held the December future at Chicago higher than at Liverpool during the first half of the month.

Wheat receipts fell off sharply toward the end of November, and the total for the month was less than in the preceding month or the five-year November average. Shipments were larger than average and exceeded receipts, as was the case in the same month of 1929 and 1930. The visible supply continued to decline and on December 12 was only about 25 million bushels larger than on July 1. Exports declined in November, but exceeded the volume of a year ago at which time domestic prices were stabilized above the export level.

Receipts of corn and oats and corn shipments were less than in October and considerably below the November average, while shipments of oats were larger than in the preceding month, though under the same month of the past five years. The visible supply of corn remained slightly larger than in 1930, but the increase of recent weeks was less than usual for this season; the supply of oats declined in the same period and was but little more than half of the 1930 volume. Corn and oats prices weakened under the influence of the decline in wheat. The monthly average, however, for these grains, as well as wheat, was higher in November than in October.

## MOVEMENT OF LIVE STOCK

November marketings of live stock at public stock yards in the United States were considerably in excess of last year's low volume. Moreover, the receipts of cattle, calves, and lambs decreased less than a seasonal amount from October. Hog marketings, on the other hand, after having shown more than a normal gain in the preceding month, expanded less than usual for November. The movement of cattle and hogs decreased from the ten-year average, but that of lambs increased. Reshipments of live stock to feed lots were seasonally less than in October; the number of feeder cattle expanded over last year and declined in the comparison with the 1926-30 November average, while that of lambs showed an opposite trend.

## MEAT PACKING

Slaughtering establishments in the United States reduced operations during November. Production declined 4 per cent from October—contrary to the usual trend—was 3

## LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, November 1931.....	205	996	386	102
Federally Inspected Slaughter, United States November 1931.....	614	4,218	1,505	355
October 1931.....	781	3,772	1,804	407
November 1930.....	605	4,024	1,305	324

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

	WEEK ENDED		MONTHS OF	
	DEC. 19 1931	NOV. 1931	OCT. 1931	NOV. 1930
Native Beef Steers (average).....	\$6.65	\$8.65	\$8.40	\$10.55
Fat Cows and Heifers.....	3.65	4.95	5.35	7.75
Calves.....	5.50	6.00	6.70	9.00
Hogs (bulk of sales).....	4.10	4.65	5.10	8.55
Yearling Sheep.....	4.25	4.30	4.60	6.50
Lambs.....	5.15	5.55	5.80	7.45

per cent less than in November 1930, and totaled 7 per cent under the ten-year average. End-of-month payrolls also showed a recession from October of 5 per cent in hours worked and of 3½ per cent in wage earnings, although the number of workers was increased by 1½ per cent. Moreover, the aggregate value of sales billed to domestic and foreign customers decreased 16 per cent from a month earlier and 26 per cent from last November. A reduction in tonnage during the Thanksgiving season, together with price declines in practically all packing-house commodities, accounted for most of the recession from October. On the other hand, prices alone were mainly responsible for the decrease from 1930. December 1 inventories slightly exceeded those of the preceding period; holdings continued, however, at a much lower level than a year ago or the 1926-30 average.

Shipments for export were curtailed sharply during November. Owing to lard futures being quoted under November prices, foreign purchasers hesitated to buy this commodity for immediate shipment, and packers were reluctant to make extensive forwardings on consignment terms. A substantial demand, however, was experienced for American lard already landed in European ports. Furthermore, some purchases were made for future delivery. Trade in meats, on the other hand, continued dull. Inventories of American packing-house products in Europe (including stocks in transit) were much smaller on December 1 than at the beginning of November. Lard prices continued close to the United States parity, but quotations for meats were at a discount.

#### DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district showed a less-than-seasonal decline in November. The volume fell off 11½ per cent from October, but increased 9½ per cent over a year ago and 18 per cent over the 1923-30 average for the month. On the other hand, the sales tonnage decreased by more than the usual amount in November from the preceding period, aggregating 11½ per cent smaller in the comparison and 4 per cent under last year. Statistics of the American Association of Creamery Butter Manufacturers indicate that United States production of the commodity also was smaller in the month-to-month comparison and greater than in 1930. Prices were lower than in October. Influenced by the trend in production, inventories in the United States declined by less than the usual amount on December 1 from the beginning of November, but showed a recession of more than 50 per cent from last year and the 1926-30 average for that date.

The production of American cheese in Wisconsin likewise was heavier than average for the season, decreasing only 18½ per cent during the four weeks ended November 28 from the preceding period and increasing 25 per cent over a year ago. Although merchandising of the commodity was 5 per cent smaller than from October 5 to 31, it exceeded production by 13 per cent and was 10 per cent heavier than in November 1930. Prices trended downward during November. Total inventories of cheese in the United States decreased further on December 1, but the recession from last year and the 1926-30 average was less than evidenced a month earlier.

### Industrial Employment Conditions

Employment in Seventh district industry was fractionally lower in November than a month earlier and payrolls

declined moderately, as shown by data for 2,825 firms included in our survey. Average weekly earnings were 2½ per cent lower in the total and nearly 4 per cent less in manufacturing than in the preceding month. The trend in the total of ten manufacturing groups was not uniform throughout the district, as Michigan, influenced largely by the automobile and rubber industries, recorded increases of 6 per cent in men and one-half of one per cent in wages, while in the other states declines took place which more than offset these gains.

The only group having larger employment and payrolls was vehicles, which reversed the sharp downward trend of the previous five months in number of men with a moderate gain, and added a fractional increase in payrolls to that of October; these gains apparently reflect assembly operations of a number of manufacturers on new models. Rubber products firms, operating longer hours, reported considerably larger payrolls than in October. The declines in individual groups were largely seasonal and sharpest in the leather, stone, clay and glass, food, and wood products groups; fairly large reductions in payrolls accompanied by only slight loss in employees occurred in the textiles, chemicals, and metal products groups. Paper and printing, which usually expands operations in November, had a fractional loss in employees and a larger one in their earnings. In non-manufacturing employment, construction was seasonally lower, and both construction and coal mining had smaller wage payments.

At free employment offices registrations were smaller in November, probably because of increased activity on the part of relief agencies, and the ratio of applicants to jobs available declined in each of the four states.

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

MONTH	ILLINOIS	INDIANA*	IOWA	WISCONSIN	FOUR STATES
1931 November.....	208	149	351	225	225
October.....	251	232	503	249	275
1930 November.....	280	251	281	210	263
October.....	283	202	331	178	251

### Manufacturing

#### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Automobile production in the United States followed the usual trend for November, declining further for both

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF NOVEMBER 15, 1931			CHANGES FROM OCTOBER 15	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products¹.....	744	150,027	2,907	-0.2	-5.8
Vehicles.....	144	138,127	3,874	+4.5	+0.6
Textiles and Products.....	162	29,218	446	-1.7	-9.0
Food and Products.....	364	54,009	1,271	-3.8	-5.8
Stone, Clay, and Glass.....	150	8,196	179	-9.0	-10.8
Wood Products.....	301	26,679	426	-3.0	-8.8
Chemical Products.....	102	14,656	372	-1.2	-4.2
Leather Products.....	81	16,087	227	-9.4	-18.9
Rubber Products².....	8	6,066	138	-0.5	+7.1
Paper and Printing.....	324	41,102	1,052	-0.3	-3.3
Total Mfg., 10 Groups....	2,380	484,167	10,892	-0.1	-3.9
Merchandising³.....	186	31,247	757	+0.1	-0.6
Public Utilities.....	70	87,472	2,861	-0.3	+0.5
Coal Mining.....	18	5,142	99	-0.2	-3.4
Construction.....	171	8,381	222	-8.7	-4.8
Total Non-Mfg., 4 Groups.	445	132,242	3,939	-0.8	-0.1
Total, 14 Groups.....	2,825	616,409	14,831	-0.3	-2.9

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



passenger cars and trucks; output of the former totaled 48,185, or 17 per cent under October and 52 per cent smaller than a year ago, while truck output of 19,683 was 9 per cent less than in the preceding month and 45 per cent below November 1930.

The introduction of new models of a medium-priced car effected the increase shown in November over the preceding month in midwest distribution of automobiles at wholesale. Retail sales, on the other hand, fell off as is usual in November, though showing somewhat smaller differences from the corresponding period of 1930 than in a similar comparison for October. Average stocks of new cars on hand the end of November were almost 40 per cent smaller than on November 30 last year, having declined about 20 per cent from the level of a month previous. Used car sales in November again were somewhat less than in the preceding month, while stocks increased further—their value to a greater degree than the volume, the former also being slightly greater than a year ago. The ratio of 55 per cent, representing the proportion in November of deferred payment sales to total sales of twenty-six retail dealers, compared with 59 per cent for October and 44 per cent for November a year ago.

#### IRON AND STEEL PRODUCTS

The approach of year-end inventory-taking and the holidays have further curtailed steel demand in this district, while operations of Chicago mills have averaged little more than 22 per cent of capacity since the middle of November, as compared with a rate of 40 to 45 per cent during the same period last year. Pig iron production in Illinois and Indiana increased very slightly in the daily average for November over the preceding month. Prices have displayed weakness since the first of December: those of steel bars, plates, and shapes have been reduced; pig iron is lower by 50 cents per ton; and scrap iron and steel prices have likewise weakened.

Orders booked by both steel and malleable casting foundries in the Seventh district totaled considerably heavier in November than a month previous, and several firms reported larger bookings than a year ago, although totals were still far short of those at that time. Shipments and production declined as is usual in November from the preceding month. Shipments of stove and furnace manufacturers were likewise seasonally smaller during November and totaled 25 per cent under a year ago; new orders and production were sharply less than a month previous and approximately 25 per cent below last year.

**MIDWEST DISTRIBUTION OF AUTOMOBILES**  
Changes in November 1931 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	OCTOBER 1931	NOVEMBER 1930	
<b>New Cars</b>			
Wholesale—			
Number sold.....	+36.2	-18.4	22
Value.....	+77.3	-21.7	22
Retail—			
Number sold.....	-21.3	-21.4	50
Value.....	-17.7	-18.1	50
On hand November 30—			
Number.....	-18.7	-35.0	52
Value.....	-17.8	-39.0	52
<b>Used Cars</b>			
Number sold.....	-11.0	-18.9	52
Salable on hand—			
Number.....	+4.4	-7.1	52
Value.....	+6.9	+1.0	52

#### FURNITURE

New orders booked by Seventh district furniture manufacturers reporting to this bank fell off further in November, though somewhat less than in the same period a year ago—the current decline of 12 per cent comparing with one of 17 per cent in November 1930. Shipments, also, declined less than in the corresponding period a year ago, being only 18 per cent under those of a month previous, whereas November 1930 shipments were 35 per cent under the preceding month. Cancellations were low, and unfilled orders outstanding at the close of November were in approximately the same ratio to current orders booked as a month previous—77 per cent. In comparison with November 1930, orders booked and shipments were alike smaller by 33 per cent, and unfilled orders less by 13 per cent. The rate of operations maintained during the month under review approximated 45 per cent of capacity, one point under October and six points under that obtaining during November a year ago.

#### SHOE MANUFACTURING, TANNING, AND HIDES

Shoe factories in the Seventh Federal Reserve district made a further reduction in operations during November. Production, as a consequence, totaled 12 per cent less than in October, and 32 per cent under the 1923-30 average for the month, although it exceeded that of a year ago by 2 per cent. The tanning and sales of leather were smaller than in October or the corresponding period of 1930. Prices eased.

Trading in packer green hides and calf skins was almost negligible at Chicago during November. Purchases by district tanneries also were reduced. On the other hand, shipments of hides and skins from the city considerably exceeded those of October. Quotations averaged higher in November than a month earlier.

#### Building Material, Construction Work

Seasonal declines took place during November in Seventh district building materials lines; exceptions to the trend were attributed to favorable weather which permitted prolonged outdoor work. In part, the usual November recession is due to reduction of stocks preparatory to end-of-the-year inventories.

Retail yards reported a decline in total dollar sales of materials slightly in excess of the five-year average November loss, while lumber sales dropped more sharply. Despite the small volume of business, most firms reduced their stocks. As accounts were reduced only moderately, the ratio of accounts to dollar sales rose sharply to the high-

#### LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	NOV. 1931: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	OCT. 1931	NOV. 1930	
<b>Wholesale Lumber:</b>			
Sales in dollars.....	-22.9	-48.4	15
Sales in board feet.....	-21.4	-24.0	13
Accounts outstanding <sup>1</sup> .....	+0.2	-28.1	12
<b>Retail Building Materials:</b>			
Total sales in dollars.....	-30.3	-33.5	188
Lumber sales in board feet.....	-44.1	-36.0	50
Accounts outstanding <sup>1</sup> .....	-5.1	-15.4	182
Ratio of accounts outstanding <sup>1</sup> to dollar sales during month			
	Nov. 1931	Oct. 1931	Nov. 1930
Wholesale trade.....	236.1	181.5	166.5
Retail trade.....	469.1	343.5	365.5

<sup>1</sup>End of month.

est point since February. Prices of lumber and other materials were reported stable at the recent low levels by most of these dealers, although several mentioned further cuts.

The loss in dollar sales of lumber at wholesale continued the downward trend of the two preceding months. A similar decline in board foot sales indicates that prices remained at the October level; the greater decrease in the former item from last November represents the degree to which prices have fallen during the past year. Stocks were reduced in November and approximated the volume of a year ago. The accounts to dollar sales ratio reached the highest point on our records, because of small November collections.

Cement shipments from midwestern mills were less than half the October volume and somewhat less than a year ago; stocks increased moderately, although the total at the end of the month was less than on the same date of 1930. Brick and tile demand was only fair.

#### BUILDING CONSTRUCTION

Contrary to the usual seasonal trend, an increase in total building contracts awarded was registered during November in the Seventh Federal Reserve district. Residential contracts, however, amounting to only 17 per cent of the total, showed a considerable decline from a month previous, and exceeded by only \$350,000 the previous low point in January 1921.

#### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
November 1931.....	\$21,189,987	\$3,583,736
Change from October 1931.....	+14%	-26%
Change from November 1930.....	-46%	-67%
First eleven months of 1931.....	\$412,451,761	\$82,396,009
Change from same period 1930.....	-39%	-45%

\*Data furnished by F. W. Dodge Corporation.

The Seventh district trend in estimated cost of proposed construction, according to building permit figures in 102 cities, continued downward during November. The drop from October, however, amounting to only 6 per cent, was considerably smaller than that shown in the October-September comparison of 35 per cent. A large decline from a year ago was again recorded, and amounted to 55 per cent. Following the small gain shown in number of permits issued during October, the November reports registered a decline of 34 per cent from a month previous, and of 23 per cent from last year. Three of the larger cities in the district differed from the trend of the district in the comparison with October in estimated cost, Indianapolis, Des Moines, and Milwaukee reporting gains of 177, 59, and 15 per cent, respectively. Indianapolis likewise showed a large gain of 262 per cent over last year, in this same item.

#### WHOLESALE TRADE IN NOVEMBER 1931

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND- ING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-20.8	-22.1	-10.2	-23.6	135.8
Hardware.....	-27.2	-12.8	-17.3	-33.4	296.7
Dry Goods.....	-21.2	-18.7	-30.2	-24.6	347.2
Drugs.....	-15.8	-10.2	+0.0	-15.2	202.7
Shoes.....	-34.6	-10.4	-31.3	-12.8	341.6
Electrical Supplies.....	-36.5	-18.6	-31.2	-41.2	190.6

## Merchandising

The declines shown during November in reporting lines of wholesale trade were about average for the period. Grocery sales declined 11 per cent, hardware 18 per cent, dry goods 12 per cent, drugs 11 per cent, shoes 20 per cent, and electrical supplies 8 per cent from the preceding month. Differences from a year ago, as indicated in the table below, were smaller in all groups than in a similar comparison for October. In the year through November, grocery sales totaled 15 per cent, hardware 26 per cent, dry goods 25 per cent, drugs 15 per cent, shoes 25 per cent, and electrical supplies 34 per cent smaller than in the same period of 1930. No tendency has been shown to expand stocks, and levels are well below those of a year ago. Ratios of accounts outstanding on November 30 to net sales during the month were higher in the majority of groups than either a month previous or last year.

Department store trade in the Seventh district fell off 8 per cent in November from the preceding month, following three successive months of increase, although daily average sales totaled 5 per cent larger in the comparison; the decline compares with one of 6 per cent in the corresponding period last year. Sales by Detroit stores were only 3 per cent smaller than in October, while those in Chicago, Milwaukee, Indianapolis, and smaller cities of the district were less by 8½, 9½, 13, and 10 per cent, respectively. The decline of 22 per cent from a year ago brought sales for the year through November to 15 per cent below the same period of 1930, as against a 13 per cent recession shown for the first ten months of the year. Stocks on hand at the end of November averaged a little lighter than a month previous, whereas a small gain is usually recorded during the period; turnover so far in 1931 has been very slightly slower than in 1930.

Total sales of shoes by reporting retail dealers and department stores declined in November, contrary to seasonal trend and although about half of the department stores recorded gains in the comparison with October. The dollar volume sold was 26 per cent smaller than in the same month last year and for 1931 through November totaled 13 per cent below the corresponding period of 1930. Stocks again declined, following a slight expansion shown in recent months.

The recession of 16 per cent from the preceding month in November furniture trade was somewhat greater than usual for the period, comparing with an average decline of 12 per cent in the four preceding years; business done on the installment plan by dealers fell off 23 per cent in the comparison. Total dollar volume sold by both dealers and department stores was 24 per cent less than in November 1930, while installment sales by dealers totaled 27 per cent smaller. As was the case in other retail lines, stocks were

#### DEPARTMENT STORE TRADE IN NOVEMBER 1931

LOCALITY	PER CENT CHANGE NOVEMBER 1931 FROM NOVEMBER 1930		PER CENT CHANGE ELEVEN MONTHS 1931 FROM SAME PERIOD 1930	RATIO OF NOV. COL- LECTIONS TO ACCOUNTS OUTSTANDING OCT. 31	
	NET SALES	STOCKS END OF MONTH		1931	1930
Chicago.....	-25.4	-12.6	-18.3	27.7	31.6
Detroit.....	-23.0	-21.4	-15.8	32.6	35.1
Indianapolis.....	-16.4	-8.9	-9.7	41.1	41.3
Milwaukee.....	-16.7	-8.6	-9.2	.....	.....
Other Cities.....	-20.1	-12.7	-12.4	32.2	35.6
7th District.....	-22.4	-13.9	-15.2	33.3	35.9



reduced slightly, although increases had been shown in the past few months.

Seventeen chains reporting to this bank and operating 2,604 units in November, had sales totaling 11 per cent smaller than in the preceding month and the same amount below a year ago. The number of units showed little

change in either comparison, so that average sales per store declined by the same percentage as did aggregate sales. All individual lines, which include grocery, drug, five-and-ten-cent store, cigar, furniture, shoe, musical instrument, and men's clothing chains, recorded declines from both a month and a year previous.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

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

	No. of Firms	Nov. 1931	Oct. 1931	Sept. 1931	Aug. 1931	July 1931	June 1931	Nov. 1930	Oct. 1930	Sept. 1930	Aug. 1930	July 1930	June 1930
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	63	66	79	74	74	75	75	89	105	102	98	97	103
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	15	18	20	21	23	25	29	32	42	46	57	61	68
In Tons.....	15	19	20	19	22	24	27	30	42	48	62	65	71
Malleable—In Dollars.....	23	14	16	17	21	22	27	25	31	33	32	35	50
In Tons.....	23	22	25	26	33	36	43	36	44	48	46	49	71
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	11	90	147	110	79	63	65	118	200	150	110	96	89
<b>Furniture—</b>													
Orders (in dollars).....	25	33	37	44	43	35	55	51	61	77	61	80	46
Shipments (in dollars).....	25	35	43	47	39	42	33	52	81	79	67	54	56
<b>Flour—</b>													
Production (in bbls.).....	26	103	123	122	128	112	89	103	118	122	116	106	97
<b>Output of Butter by Creameries—</b>													
Production.....	67	87	100	95	114	127	157	78	94	97	115	131	155
Sales.....	69	90	102	106	117	123	149	94	96	95	111	120	135
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	31	69	78	87	85	93	85	86	104	103	99	99	95
Hardware.....	14	47	57	55	50	58	63	63	88	75	66	70	74
Dry Goods.....	9	43	49	53	41	38	46	55	71	71	58	46	61
Drugs.....	13	71	79	78	76	78	83	84	102	95	88	88	92
Shoes.....	7	47	58	60	55	45	51	72	93	84	81	53	62
<b>Retail Trade (Dept. Stores)—</b>													
Net Sales (in dollars):													
Chicago.....	26	74	84	73	61	60	84	99	110	94	77	66	93
Detroit.....	5	92	95	123	78	71	101	121	118	150	97	80	115
Indianapolis.....	5	80	90	89	67	61	87	97	98	114	74	70	87
Milwaukee.....	5	92	102	89	73	75	95	111	116	107	80	75	95
Other Cities.....	50	77	86	72	70	59	82	96	103	86	81	68	87
Seventh District.....	91	80	89	85	67	63	88	104	110	105	81	70	96
<b>Automobile Production (U. S.)—</b>													
Passenger Cars.....		17	20	37	53	63	72	34	39	60	63	76	98
Trucks.....		52	58	83	84	91	107	95	108	117	107	115	129
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....		12	17	18	27	20	26	36	42	44	37	42	45
Total.....		31	27	49	64	59	55	58	77	88	86	80	147
<b>Iron and Steel—</b>													
Pig Iron Production:*													
Illinois and Indiana.....		41	41	43	44	50	61	76	79	82	91	95	119
United States.....		38	39	40	42	48	56	63	71	77	83	87	100
Steel Ingot Production—(U. S.)*.....		48	44	45	50	54	60	66	75	82	88	84	103
Unfilled Orders U. S. Steel Corp....		61	65	66	66	71	73	76	73	72	75	84	83

\*Average daily production.

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

**I**NDUSTRIAL activity and factory employment declined further from October to November, reflecting in part the usual seasonal tendencies. Continued gold imports and further reduction in member bank reserve requirements during November and the first half of December were reflected in a considerable decline in the outstanding volume of reserve bank credit.

## PRODUCTION AND EMPLOYMENT

In November, industrial production showed a somewhat larger decrease than is usual at this season, and the Board's seasonally adjusted index declined from 73 to 72 per cent of the 1923-25 average. Activity declined at woolen mills, lumber mills, and coal mines, while daily average output at steel mills increased and volume of automobile production showed less than the usual seasonal decline from the low level of October. The November increase in steel production was followed by a considerable decline in the first three weeks of December. Output of petroleum increased further in November to a level slightly lower than that prevailing last summer before output was sharply curtailed.

Volume of employment in most manufacturing industries declined by more than the seasonal amount between the middle of October and the middle of November. Reductions were particularly large in the wearing apparel, leather, and building materials industries, while in the automobile and tire industries declines were smaller than usual at this season.

The value of building contracts awarded, as reported by the F. W. Dodge Corporation, has declined further in recent months and a preliminary estimate of the Board's seasonally adjusted index for the last quarter of 1931 is 49 per cent of the 1923-1925 average, compared with 59 for the third quarter, 65 for the second quarter, and 79 for the first quarter of the year—part of this decline in dollar volume reflects lower building costs.

Production of principal crops in 1931 was about 10 per cent larger than in 1930, according to the December crop report of the Department of Agriculture, while acreage harvested was slightly smaller than a year ago. There were large increases in the crops of cotton, corn, winter wheat, apples, and peaches, while the harvests of oats, barley, and rye were smaller than last year. As in 1930, the hay crop was unusually small.

## DISTRIBUTION

Commodity distribution continued at about the same rate in November as in October, the volume of freight carloadings showing a seasonal decline, while sales at department stores increased by about the usual amount for that month.

## WHOLESALE PRICES

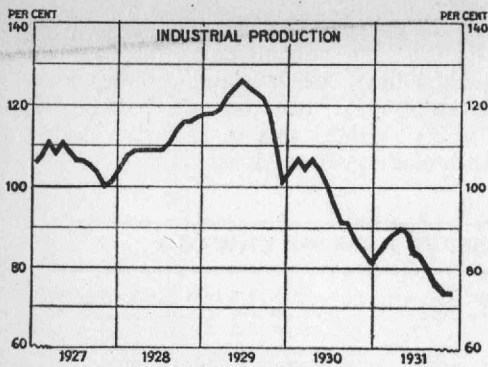
The general level of wholesale prices remained practically unchanged from October to November, according to the Bureau of Labor Statistics index. Prices of grains, petroleum, and silver advanced, while those of live stock and dairy products showed declines partly of a seasonal character. Between the middle of November and the middle of December, there were decreases in the prices of many leading commodities including live stock, meats, grains, sugar, silk, and silver. During this period prices of copper and rubber showed a decline, followed by a recovery.

## BANK CREDIT

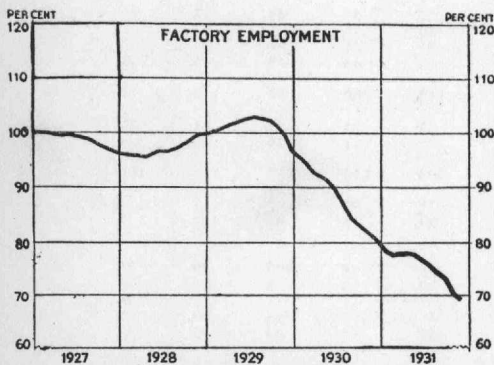
Volume of reserve bank credit outstanding declined during November and the first half of December, and averaged \$360,000,000 less in the week ending December 12 than at its October peak seven weeks earlier. The decrease was in large part in the banks' portfolio of acceptances, as discounts for member banks and holdings of United States Government securities showed little change for the period. The decline in total volume of reserve bank credit outstanding during the period reflected a growth of \$100,000,000 in the stock of monetary gold, largely through imports from Japan, and a continued reduction in the reserve balances of member banks, reflecting a further liquidation of member bank credit. Demand for currency declined during the last three weeks of November, and showed considerably less than the usual seasonal increase in the first half of December. After the middle of December, however, bank suspensions in New England were followed by some increased withdrawals of currency, part of which has begun to return.

Loans and investments of member banks in leading cities continued to decline and on December 9 were \$370,000,000 smaller than four weeks earlier. The decrease was equally divided between the banks' loans and their investments. Deposits of these banks, both demand and time, also showed a decrease, with a consequent reduction in required reserves.

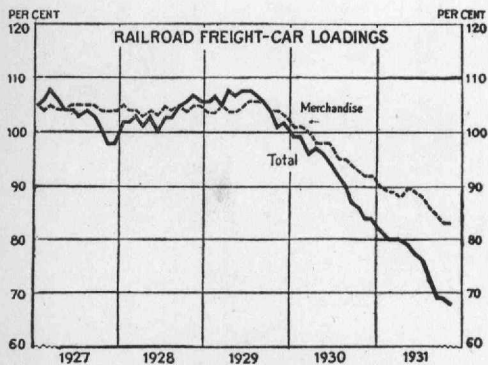
Money rates in the open market showed little change from the middle of November to the middle of December. Rates on prime commercial paper continued at  $3\frac{3}{4}$  to 4 per cent, while rates on 90-day bankers' acceptances advanced from  $2\frac{7}{8}$  to 3 per cent on November 25.



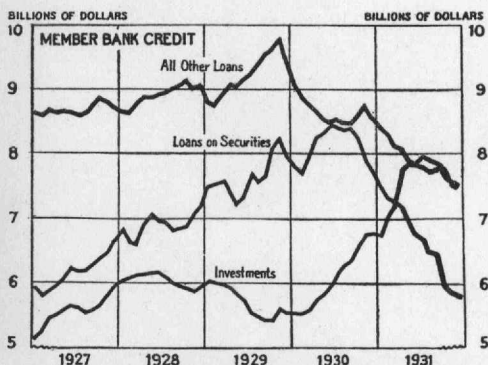
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



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



Indexes of daily average number of cars loaded; adjusted for seasonal variation (1923-25 average = 100).



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