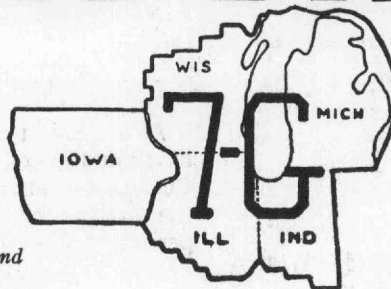


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

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## General Summary

THE amount of seasonal expansion which developed during March in Seventh district manufacturing and merchandising groups, in most cases was smaller than usual, while in others improvement failed to materialize. The gain over February in automobile production, for instance, was less than the average for March in earlier years, as was that in steel and malleable casting shipments, in building construction, and movement of building materials, while operations at steel mills did not increase as is customary, and output of pig iron declined. Exceptions were found in the furniture and shoe industries which showed greater than seasonal expansion. Employment and earnings declined in the total for both manufacturing and non-manufacturing groups.

The curtailment in meat production was heavier than usual for March, although the volume totaled only slightly below a year ago; sales of packing-house products were on a level with the preceding month and remained considerably below last year in aggregate value. Manufacture and distribution of butter in the district increased over both February and the corresponding month of 1931. Cheese production exceeded that of a month earlier, but sales declined, though aggregating larger than production. Forecasts on 1932 crops indicate that the winter wheat crop will be much less than in 1931; acreage sown to oats, barley, spring wheat, and potatoes will be greater, but that for corn and bean crops smaller. The movement of grains in March was considerably below average for the season.

Seasonal factors were responsible for the gains recorded in March over February in most lines of wholesale trade, in department store sales, and in the retail shoe and chain store trades, but the increases were less than average for the month in recent years. The retail furniture trade declined, contrary to trend, although February had shown more expansion than usual. Wholesale distribution of automobiles fell off between February and March, while sales to consumers continued to increase.

No reversal has taken place of the downward trend in loans and investments and deposits of reporting member

banks in the district. The volume of Reserve bank credit in use, as reflected in borrowings by member banks, likewise declined further between the middle of March and the corresponding date in April, again as a result of a decreased demand for currency and an excess of local Treasury expenditures over receipts. Commercial paper sales in March were heavier than for several months but still far below normal, while acceptance transactions at banks fell off, following expansion in February.

## Credit Conditions and Money Rates

The important factors effecting the decline in member bank borrowings at the Reserve bank during the period March 16 to April 13 were very similar to those shown during the preceding four-week period. The decrease of 6 million dollars was mainly a result of an excess of local Treasury expenditures over receipts of almost 26½ millions and a decrease in demand for currency of 18 millions, which were offset to a considerable extent by 38 millions of dollars in funds lost through inter-district settlements for commercial and financial transactions. A detailed analysis of the factors making for this change is presented in the accompanying tabulation.

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

Changes between March 16 and April 13, 1932  
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts	26.39
2. Decrease in demand for currency	18.06
3. Increase in reserve bank float	1.35
4. Decrease in non-member clearing balances	0.28
Total	46.08
Changes making for increase in member bank borrowing:	
1. Funds lost through inter-district settlements for commercial and financial transactions	38.17
2. Decrease in holdings of acceptances (local transactions)	0.93
3. Increase in member bank reserve balances	0.56
4. Increase in unexpended capital funds	0.26
5. Sales of gold to industry	0.04
Total	39.96
Excess of changes making for decrease in member bank borrowing:	6.12
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks)	6.12

The prevailing rate on customers' commercial loans during the week ended April 15 was reported by seven down-town banks as 4½ to 5 per cent, unchanged from the corresponding week in March. The average rate

earned on loans and discounts by larger banks in Chicago during the calendar month of March was 4.83 per cent, as compared with 4.77 per cent in February and 4.47 per cent a year ago.

**CONDITION OF REPORTING MEMBER BANKS,  
SEVENTH DISTRICT**

(Amounts in millions of dollars)

	CHANGE FROM		
	APR. 13 1932	MAR. 16 1932	APR. 15 1931
Total Loans and Investments.....	\$2,515	\$-108	\$-831
Loans on Securities.....	831	-53	-351
All Other Loans.....	948	-22	-220
Investments.....	736	-33	-260
Net Demand Deposits.....	1,317	-89	-505
Time Deposits.....	974	-14	-379
Borrowings from Federal Reserve Bank.....	23	-1	+21

Although commercial paper sales in the Middle West expanded 15½ per cent in March over February and were greater than for any month since last August, they totaled only one-fourth as large as the 1923-31 average for the period. This condition continued to reflect industrial borrowing in limited amounts and a rather spasmodic demand for anything except short-term prime maturities. Selling rates eased, the range for the month being 3¾ and 4¼ per cent for high to 3½ and 3¾ per cent for low; most paper, however, moved at 3½ and 3¾ per cent. Outstandings showed a moderate increase over February 29 but were 60 per cent smaller than those of March 31, 1931. A lack of demand at the beginning of April was followed by better inquiry in the second week, so that sales for the first half of the month exceeded those of the corresponding period in March by 10 per cent. Supplies also were slightly larger. Quotations for April 15 closed at 3¼ to 3½ per cent for low and 3¾ and 4 per cent for high; the customary charge ranged from 3¼ to 3¾ per cent.

Bill operations of accepting banks in the Seventh Federal Reserve district, following expansion in February, returned to a moderately low level during March. New financing by means of acceptance credits, as well as direct discounting of these bills by the original accepting institutions, declined—contrary to seasonal trend—by more than 25 per cent from the preceding month. The volume of the last mentioned item, however, was fairly liberal for March. Purchases of other banks' bills aggregated less than for any corresponding period since January 1929. Sales also declined and failed to equal purchases by 4½ million dollars. This tendency to increase portfolios was offset by maturities, so that March 31 holdings showed a decrease of one per cent from the end of February. The liability of banks for outstanding acceptances remained practically unchanged from recent low levels. During the first half of April, the value of new bills accepted declined

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

(Amounts in millions of dollars)

	CHANGE FROM		
	APRIL 13 1932	MAR. 16 1932	APRIL 15 1931
Total Bills and Securities.....	\$172.4	\$-4.3	\$+56.3
Bills Discounted.....	48.6	-6.1	+36.2
Bills Bought.....	7.3	-7.7	-15.3
U. S. Government Securities.....	116.5	+9.6	+35.4
Total Deposits.....	665.1	-6.5	+197.0
Federal Reserve Notes in Circulation.....	261.4	+3.8	-72.7
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	543.9	-13.3	+331.4
	82.6	+0.2*	-3.0*

\*Number of Points.

12½ per cent in the comparison with the corresponding weeks of March.

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

	PER CENT CHANGE IN MARCH 1932 FROM	
	FEBRUARY 1932	MARCH 1931
Total value of bills accepted.....	-28.4	-36.9
Purchases (including own bills discounted).....	-34.8	-51.8
Sales.....	-26.2	-70.3
Holdings*.....	-0.7	+5.8
Liability for outstandings*.....	-0.0	-32.8

\*At end of month.

As a consequence of increased receipts both from local banks and eastern offices, the supply of acceptances in the Chicago bill market averaged 70 per cent greater during the five weeks ended April 13 than in the preceding period. Sales to out-of-town banks were almost 4 million dollars larger than a month earlier, and expansion likewise took place in shipments to eastern cities. Purchases by Chicago banks fell off 37 per cent. Dealer portfolios were reduced 8 per cent from March 9, since total distribution slightly exceeded the amount of bills coming into the market. However, these holdings showed a sharp gain over the extremely limited volume of a year ago. Rates declined during the period to 1⅞ per cent for 30-day offerings and 1½ per cent for those of 180 days.

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

	PER CENT CHANGE IN COMPARISON WITH PERIOD FROM	
	FEB. 11 TO MAR. 9 1932	MAR. 12 TO APR. 15 1931
Bills purchased.....	+88.7	-1.2
Bills sold.....	+79.9	-56.4
Holdings*.....	-7.8	+580.7

\*At end of period.

**SECURITY MARKETS**

The more favorable tone in the Chicago bond market, which became evident in February, continued into the early part of March. By the middle of the month, however, this trend had reversed itself and prices declined rapidly during the remaining days in March and the first two weeks in April, particularly in the low grade issues. In contrast to the weakening of general corporation bonds, United States Government issues showed unusual strength. Few new issues were brought out in the Chicago district during March, and the volume was materially below the corresponding month in recent years. The new offerings available were confined almost entirely to the highest grade issues, as no important demand appeared for other types. Prices on the Chicago Stock Exchange moved steadily lower during March and the first half of April. The average price of twenty leading stocks\* on April 16 amounted to only \$21.29, which compares with a price of \$28.57 on March 16.

\* Chicago Journal of Commerce.

**Agricultural Products**

A 67 million bushel winter wheat crop in 1932 is fore-

**VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT**

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM	
	FEB. 1932	MAR. 1931
Chicago.....	\$2,248	+17.4
Detroit, Milwaukee, and Indianapolis.....	895	+2.3
Total four larger cities.....	\$3,143	+12.7
32 smaller centers.....	529	+5.4
Total 36 centers.....	\$3,672	+11.5

cast by the United States Department of Agriculture for the five states including the Seventh Federal Reserve district. This estimate, based on April 1 condition, is 44 million bushels short of the 1931 harvest. Reduced acreage throughout the territory, together with a low vitality in Indiana and Illinois, effected most of the decline. March 1 intentions of farmers indicated an increase in oat, barley, spring wheat, hay, and potato prospective acreage over a year ago; they pointed to a reduction from 1931 in the amount of land devoted to corn, beans, cow peas, and tobacco. Although mid-April found oat and barley seeding under way and the corn plowing begun, progress of farm work was behind the usual schedule. Recent rains proved very beneficial, so that the condition of winter grains has improved since April 1; pastures are in good to excellent condition, though the grass is too short for grazing. The March freeze damaged peach trees in Illinois. Reports of the Department of Agriculture show cattle feeding in Illinois, Indiana, and Michigan has expanded over last year; operations have been reduced in Iowa and Wisconsin.

Government figures place the 1932 production of winter wheat in the United States at 458 million bushels, a decrease of 330 million bushels from the large crop of 1931 and of nearly 100 million bushels from the 1924-28 average.

#### GRAIN MARKETING

In March the primary movement of grains was considerably below average and smaller than a year ago. Wheat receipts were somewhat more than half the February volume, while shipments declined only slightly. Exports improved in the last half of March, as Liverpool prices declined less sharply than those at Chicago, and the total exceeded that for the month in each of the previous four years.

The uncertainty regarding damage to the winter wheat crop kept domestic prices unstable. The strength in prices during February had been sustained by the expectation of crop damage, and lack of confirmation proved depressing, so that the May future lost 7 cents during the month at Chicago. Low crop estimates on April 1 and the steady reduction in visible supplies brought about a recovery which by April 15 had practically eliminated the previous loss. On March 26, the United States visible supply totaled less than a year earlier, for the first time since August 1927, and by April 16 was 12 million bushels below the same date last year. Cash prices followed the decline and recovery in futures.

#### LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, March 1932 .....	167	675	246	123
Federally Inspected Slaughter, United States March 1932 .....	633	3,664	1,428	420
February 1932 .....	583	4,590	1,439	360
March 1931 .....	635	3,523	1,324	416

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

	WEEK ENDED		MONTHS OF	
	APR. 16, 1932	MAR. 1932	FEB. 1932	MAR. 1931
Native Beef Steers (average) .....	\$6.50	\$6.30	\$6.40	\$8.35
Fat Cows and Heifers .....	4.75	4.65	4.35	6.20
Calves .....	5.00	5.55	6.80	7.20
Hogs (bulk of sales) .....	4.00	4.35	3.90	7.45
Yearling Sheep .....	5.35	5.10	4.70	7.40
Lambs .....	7.05	6.85	6.15	8.30

Receipts of feed grains recorded the usual March decline from the preceding month, while reshipments were somewhat larger. The weakness displayed by wheat depressed both cash and future prices during the month.

#### MOVEMENT OF LIVE STOCK

After having shown a smaller than seasonal recession in February, receipts of cattle and calves at public stock yards in the United States expanded less than is usual for March. Hog marketings, also influenced largely by the trend of a month earlier, declined sharply. Furthermore, receipts of each kind of live stock were under last year. Comparisons with the 1922-31 average for the month remained unfavorable, except that lamb marketings continued to show a large gain. A slight expansion in reshipments to feed lots was recorded over the exceptional-ly small movement of February.

#### MEAT PACKING

Production at slaughtering establishments in the United States usually declines about one per cent in March from the preceding month; this year it showed a recession of 10½ per cent from February and totaled 6 per cent below the 1923-31 average for the period. However, the volume was only ½ per cent under that of a year ago. Payrolls at the close of March likewise showed a decrease from a month earlier of 6 per cent in number of employes, 12 per cent in hours worked, and of 9 per cent in wage payments. The aggregate value of sales billed to domestic and foreign customers was on a level with February and continued to total 33 per cent under the corresponding period of 1931. Since the tonnage exceeded that of the preceding month and totaled only one per cent smaller than a year ago, prices remained mainly responsible for the lack of improvement in March. The quotations for lamb, fresh pork hams, picnics, loins, and dry salt heavy bellies advanced over those of February, but prices of most other packing-house commodities declined. Inventories were reduced from March 1 and continued under last year and the 1926-30 April 1 average.

Shipments for export were restricted during March, as a result of large importations of lard into England during February previous to the levying of the new import duties. Moreover, foreign demand for the commodity already landed in foreign countries was only fair, and the pur-

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

INDUSTRIAL GROUP	WEEK OF MARCH 15, 1932			CHANGE FROM FEBRUARY 15	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products <sup>1</sup> .....	754	142,610	2,616	-1.8	-5.5
Vehicles .....	151	183,503	4,107	-3.2	-13.9
Textiles and Products .....	152	29,263	482	-1.5	-6.1
Food and Products .....	335	49,777	1,088	-1.8	-5.1
Stone, Clay, and Glass .....	146	7,199	139	+3.6	+1.2
Wood Products .....	277	22,836	315	-0.8	-6.2
Chemical Products .....	105	15,982	373	+0.5	-0.2
Leather Products .....	73	16,446	271	+0.3	-0.9
Rubber Products <sup>2</sup> .....	8	5,621	100	-5.0	-21.5
Paper and Printing .....	317	40,721	1,052	-2.7	-3.4
Total Mfg., 10 Groups .....	2,318	513,958	10,543	-2.1	-8.6
Merchandising <sup>3</sup> .....	169	28,498	661	-0.5	-1.6
Public Utilities .....	71	85,980	2,674	-1.2	-2.1
Coal Mining .....	18	5,260	152	-0.4	+27.8
Construction .....	166	5,251	111	-5.8	-12.2
Total Non-Mfg., 4 Groups .....	424	124,989	3,598	-1.2	-1.4
Total, 14 Groups .....	2,742	638,947	14,141	-2.0	-6.9

<sup>1</sup>Other than Vehicles. <sup>2</sup>Michigan and Wisconsin. <sup>3</sup>Illinois and Wisconsin.

chases of meats were almost negligible. Prices for these American products failed to equal United States parity plus import duties. Inventories of United States packing-house commodities in foreign markets, including stocks in transit, totaled slightly larger at the beginning of April than on March 1.

#### DAIRY PRODUCTS

Creamery butter manufacturing in the Seventh Federal Reserve district gained 2½ per cent in March over February and totaled 8 per cent in excess of a year ago. The sales tonnage increased 5½ and 7 per cent, respectively, in these comparisons. Incident to an expansion in United States production over the preceding month and last year, April 1 inventories for the country as a whole decreased less than a seasonal amount from March 1. Total holdings, however, were 50 per cent smaller than a year ago and only three-fourths of the 1927-31 average for April 1. Prices firmed.

The production of American cheese in Wisconsin increased 9 per cent during the four weeks ended April 2, as compared with that of February 6 to March 5, but declined 12 per cent from the corresponding period of 1931. Merchandising of the commodity from primary centers of that state showed a recession of 3 per cent from a month earlier, though it exceeded current manufacture by 16½ per cent. Total stocks of cheese in the United States declined seasonally from March 1 and remained 6 million pounds less than last year, as well as 3 million pounds under the 1927-31 April 1 average. Quotations remained steady throughout the month.

### Industrial Employment Conditions

Reporting firms in the Seventh district reduced employment 2 per cent and payrolls 7 per cent between February 15 and March 15, more than cancelling the gains of the preceding period. Payrolls totaled lower than in any previous month of recent years, and both employment and payrolls reached new low levels in four manufacturing and two non-manufacturing groups. The losses in manufacturing were sharper than in non-manufacturing and compared with a fractional average gain in both number of men and wages in March of the previous

seven years. As the decline in payrolls exceeded that in number of men, average weekly earnings of all employes fell from \$23.30 on February 15 to \$22.13 on March 15.

One group, stone-clay-glass, recorded a less-than-seasonal improvement in both men and pay, and two others, chemicals and leather, gained fractionally in number of employes. Coal mining payrolls rose sharply, as a result of longer operating schedules in anticipation of a shutdown during consideration of a new wage rate agreement. All other groups reduced both the number of employes and their earnings, the losses ranging from 6 to less than one per cent in employment, and from 21½ to 1½ per cent in payrolls. In addition to seasonal declines in food, textiles, the utilities, and merchandising, several groups moved counter to their usual March expansion. Vehicles, influenced largely by the automobile industry, reversed the improvement of the preceding four months and recorded the second March decline in eight years covered by our records. Wood products and construction both moved lower in contrast to the trend in previous years.

Four states of this district shared in the decline of farm wages throughout the country between January 1 and April 1, as reported by the Department of Agriculture. Seasonally greater demand in three states offset further gains in farm labor supply, resulting in slight improvement in the ratio of supply to demand.

### Frequency of Wage Payments

Further results of the survey described last month under Method of Wage Payments are given below, relating to the length of payroll period and the day of the week on which payments were made. The 2,431 reports received from Illinois, Michigan, and Wisconsin firms represented an aggregate weekly payroll of nearly 17 million dollars in May 1931.

Payments occurring regularly on the same day of the week were for either a one- or two-week period. Payments for a period of one-half month were usually scheduled on the same dates of each month, but varied as to the day of the week. Other payroll periods were insignificant, inasmuch as payment as often as semi-monthly is required by law of all corporations in Illinois and Wisconsin and

CLASSIFICATION	PERCENTAGE DISTRIBUTION OF WAGE PAYMENTS ACCORDING TO PAYROLL PERIODS AND DAY OF WEEK														HALF-MO.	OTHER PERIODS	
	ALL PERIODS	TOTAL	ONE WEEK						TOTAL	TWO WEEKS							
			MON.	TUE.	WED.	THU.	FRI.	SAT.		MON.	TUE.	WED.	THU.	FRI.			SAT.
Illinois																	
All Industry	100.0	54.2	2.9	7.0	14.2	8.4	14.0	7.7	2.1	0.2	0.2	0.3	0.2	0.9	0.3	42.4	1.3
Manufacturing																	
Total	100.0	65.8	1.9	8.1	14.4	11.0	20.4	10.0	2.8	0.4	0.3	0.3	0.2	1.3	0.3	30.0	1.4
Cash	8.6	8.5	0.2	0.5	0.5	2.9	3.7	0.7	0.1	(1)			0.1			(1)	
Check	91.4	57.3	1.7	7.6	13.9	8.1	16.7	9.3	2.7	0.4	0.3	0.3	0.1	1.3	0.3	30.0	1.4
Non-Manufacturing																	
Total	100.0	32.1	4.8	4.8	13.8	3.6	1.7	3.4	0.8		(1)	0.2	0.2	0.1	0.3	66.2	0.9
Cash	10.6	10.0	4.8	3.0	0.2	0.2	0.1	1.7	(1)						(1)	0.4	0.2
Check	89.4	22.1	(1)	1.8	13.6	3.4	1.6	1.7	0.8		(1)	0.2	0.2	0.1	0.3	65.8	0.7
Michigan																	
Manufacturing only																	
Total	100.0	18.6	3.8	0.7	4.5	2.8	3.9	2.9	55.4	13.9	8.4	9.4	13.1	10.1	0.5	20.5	5.5
Cash	41.7	1.8	0.1	0.1	0.3	0.1	0.8	0.4	39.8	7.9	7.9	7.9	8.0	8.0	0.1	0.1	(1)
Check	58.3	16.8	3.7	0.6	4.2	2.7	3.1	2.5	15.6	6.0	0.5	1.5	5.1	2.1	0.4	20.4	5.5
Wisconsin																	
All Industry	100.0	25.2	2.5	1.8	4.8	0.9	6.2	9.0	10.7	2.2	1.7	1.2	0.7	2.2	2.7	58.2	5.9
Manufacturing																	
Total	100.0	27.3	3.0	1.7	4.2	1.0	7.9	9.5	12.0	2.1	2.2	1.5	0.9	2.6	2.7	54.3	6.4
Cash	4.4	3.6	0.2	0.3	0.6	0.5	0.7	1.3	(1)			(1)	(1)		(1)	0.7	0.1
Check	95.6	23.7	2.8	1.4	3.6	0.5	7.2	8.2	12.0	2.1	2.2	1.5	0.9	2.6	2.7	53.6	6.3
Non-Manufacturing																	
Total	100.0	19.1	0.9	2.4	6.5	0.4	1.1	7.8	7.0	2.4	0.2	0.5	0.4	1.1	2.4	69.9	4.0
Cash	9.7	8.5	0.5	1.4	3.7		0.1	2.8	0.5	0.4				0.1		0.3	0.4
Check	90.3	10.6	0.4	1.0	2.8	0.4	1.0	5.0	6.5	2.0	0.2	0.5	0.4	1.0	2.4	69.6	3.6

(1) Less than one-tenth per cent.

of all commercial employers in Michigan. In all cases payroll figures have been reduced to a weekly basis before computing the percentages.

Weekly payment of wages accounted for 54 per cent of the total in Illinois, but only 19 per cent in Michigan (manufacturing only), and 25 per cent in Wisconsin. Of these weekly totals the largest payments were made on Wednesday and Friday in Illinois and Michigan, with Monday also important in the latter state, while in Wisconsin, Saturday ranked first and Friday second. In manufacturing industry the portion paid weekly was greater than in non-manufacturing for both Illinois and Wisconsin. Practically all cash payments in these two states were made weekly, but check payments, representing more than 90 per cent of the total, were more diversified.

The two-week pay period was outstanding in Michigan but of only minor importance in the other two states. This was determined by the cash payments, which amounted to 42 per cent of the total, and which were made almost exclusively on a bi-weekly basis. The days of the week from Monday through Friday shared nearly equally in the total of cash payments, but Monday and Thursday were most important with reference to check payments.

The concentration of payment on certain days is further shown by combining the percentages representing weekly and bi-weekly payments on the same day of the week. In Illinois, payments on Friday and Wednesday represented 14.9 and 14.5 per cent, respectively, of all wages; in Michigan 17.7 per cent of all wages were paid on Monday and 15.9 per cent on Thursday; and in Wisconsin, Saturday accounted for 11.7 per cent of the total and Friday 8.4 per cent.

The third type of payroll schedule, represented by payments twice each month, accounted for 42 per cent of all wages for firms in Illinois, and 58 per cent in Wisconsin, with non-manufacturing industry showing a greater tendency than manufacturing toward this period in both states. For manufacturing industry Michigan had a smaller portion of payment on the semi-monthly basis than did Illinois or Wisconsin. Payments on this schedule were almost totally by check in all three states.

Payments of this type concentrate on certain paired dates of the month, and though percentages are not shown in the table, the order of importance of certain dates in Illinois will serve as an illustration: for manufacturing, the 5th and 20th, 10th and 25th, 7th and 22nd represented the largest semi-monthly payments; for non-manufacturing, the outstanding dates were 10th and 25th, 6th and 21st, 11th and 26th, 5th and 20th, 13th and 28th.

**MIDWEST DISTRIBUTION OF AUTOMOBILES**  
Changes in March 1932 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	FEBRUARY 1932	MARCH 1931	
<b>New Cars</b>			
Wholesale—			
Number Sold.....	-12.5	-50.6	16
Value.....	-8.9	-52.6	16
Retail—			
Number Sold.....	+8.5	-49.1	43
Value.....	+3.5	-37.8	43
On Hand March 31—			
Number.....	-6.9	-36.6	45
Value.....	-3.6	-39.4	45
<b>Used Cars</b>			
Number Sold.....	-1.0	-32.9	45
Salable on Hand—			
Number.....	-1.9	+1.2	45
Value.....	-0.7	+22.9	45

## Manufacturing

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Output from automobile plants increased only slightly in March over February. Passenger car production in the month, totaling only 99,325, exceeded that in the preceding month by 6 per cent, as against an average increase in the years 1922-31 of 26 per cent, and declined 57 per cent from March last year. As a consequence of the low production schedules in effect, output of passenger cars in the first quarter of this year fell 48 per cent below the corresponding period a year ago. Truck production totaled 19,560 in March, a decline of 16 per cent from February and 57 per cent below March of 1931; first-quarter output of trucks, aggregating 63,404, was 46 per cent smaller than for the first three months last year.

Although wholesale distribution of automobiles in the Middle West showed a moderate recession in March, sales to consumers continued to expand somewhat. The number of cars sold by both distributors and dealers, however, was in only about half the volume of a year ago. Stocks of new cars on hand at the end of March totaled smaller than a month previous, following a slight expansion in February, and were almost 40 per cent below the level on the same date in 1931. Used car sales in March showed a small decline in volume from February; stocks thereof totaled somewhat lighter in the monthly comparison but were heavier than a year ago in both number and value. The proportion of retail sales made on the deferred payment plan continued to decline during the month, the ratio of such sales to total retail sales of dealers reporting the item being 46 per cent in March, as compared with 51 per cent in February and a year ago.

### IRON AND STEEL PRODUCTS

Little significant change took place during March over February in the steel industry of the Chicago district. Some improvement in new business was noted, but operations failed to increase, and at the middle of April were averaging only 20 to 22 per cent of capacity as against 55 per cent a year ago at the same time. Pig iron output in the Illinois and Indiana district again declined slightly and totaled less than half that of March last year. Prices of finished steel products have remained firm, but pig iron was reduced fifty cents per ton the early part of April, and scrap iron and steel prices have shown some tendency toward weakness.

Shipments by steel and malleable casting foundries increased during March, in accordance with seasonal trend;

### LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	MAR. 1932: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	FEB. 1932	MAR. 1931	
<b>Wholesale Lumber:</b>			
Sales in Dollars.....	+10.3	-47.6	14
Sales in Board Feet.....	-0.8	-33.1	12
Accounts Outstanding <sup>1</sup> .....	+0.7	-28.5	11
<b>Retail Building Materials:</b>			
Total Sales in Dollars.....	+21.6	-31.2	184
Lumber Sales in Dollars.....	+2.0	-55.8	50
Lumber Sales in Board Feet.....	-0.9	-50.0	86
Accounts Outstanding <sup>1</sup> .....	+0.0	-19.7	176
	Ratio of accounts outstanding <sup>1</sup> to dollar sales during month		
	MAR. 1932	FEB. 1932	MAR. 1931
Wholesale Trade.....	208.9	249.7	171.1
Retail Trade.....	382.5	463.2	342.4

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

new orders booked failed to expand, however, as did production of malleable castings. The level of activity remained extremely low as compared with the corresponding month of other years. Shipments of reporting stove and furnace manufacturers likewise gained, as is usual in March, and orders booked recorded a very small increase over February; both items declined about one-third from March 1931.

#### FURNITURE

Orders booked by furniture manufacturers reporting to this bank increased seasonally in March over February, the gain of 14 per cent being, moreover, in excess of the average over the past five years—2 per cent. Shipments, likewise, gained more than ordinarily, the increase of 15 per cent comparing with an average expansion over the five-year period of 12 per cent. Unfilled orders fell off—18 per cent—amounting on March 31 to approximately 69 per cent of current orders booked, as compared with a ratio of 96 per cent obtaining a month previous. Comparisons with the corresponding month over the five-year period were only very slightly better than a month previous, declines in orders and shipments amounting to 66 and 67 per cent, respectively. The rate of operations maintained during the month—36 per cent of capacity—was the same as that of the preceding month, and 20 points under March a year ago.

#### Building Material, Construction Work

Expansion at a lower than seasonal rate took place in building materials lines during March. Retail yards reported a gain in sales somewhat less than that in March of 1930 and 1931 and considerably lower than the five-year average increase over February. Prices moved downward for both lumber and other materials, and stocks were reduced during the month. Accounts were unchanged from a month earlier and the ratio to sales was the lowest since the end of last October.

The expansion in wholesale lumber sales was lower than average for the month but surpassed the poor showing in March of the two preceding years. Yard stocks continued in low volume, and the accounts-sales ratio made an improvement similar to that reported by retailers. Demand for brick and cement was extremely light, and many brick plants were shut down. Midwestern cement production totaled nearly twice the month's shipments, bringing stocks to the highest point since last June 30. Distribution within the five states of the Seventh district during February failed to show the usual expansion, totaling only half the volume of a year earlier.

#### Merchandising

Seasonal factors effected the gains recorded during March in most reporting groups of wholesale trade. With the exception of groceries, sales of which expanded 13 per

cent over February as against a gain of 11 per cent in the average for the preceding nine years, the increases shown were smaller than usual for the period and the electrical supply trade experienced a decline of one per cent in contrast to an average gain of 9 per cent. Expansion in March this year over the preceding month for the various lines, other than those mentioned, totaled 24½ per cent in hardware, 19 per cent in shoes, 3 per cent in drugs, and 2 per cent in dry goods, as compared with average seasonal increases of 36, 53, 17, and 16 per cent, respectively. As a consequence of the failure of the several groups to record greater seasonal gains, sales data covering the first quarter of 1932 show substantial reductions from the volume sold in the same period last year: the grocery trade declined 15 per cent, hardware 27, dry goods 26½, drugs 23, shoes 38, and electrical supplies 40 per cent. Ratios of accounts outstanding at the end of March to net sales during the month showed little change or were somewhat less than a month previous, with the exception of dry goods, but were higher than a year ago in all groups but shoes.

#### WHOLESALE TRADE IN MARCH 1932

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	-16.8	-30.6	-8.1	-22.3	105.5
Hardware.....	-29.3	-15.6	-16.5	-24.1	300.8
Dry Goods.....	-31.9	-21.8	-22.8	-27.3	360.6
Drugs.....	-21.2	-16.6	-5.5	-20.5	213.3
Shoes.....	-45.2	-19.8	-42.9	-13.2	293.8
Electrical Supplies.....	-40.3	-24.9	-17.3	-41.2	233.9

Although March department store trade in the district exceeded that of a month previous by 14 per cent, largely as a result of Easter buying, it fell considerably short of the average increase of 21 per cent for the month in the period 1922-1931. Also, despite one more trading day in March this year, sales totaled 24 per cent below the same month a year ago, their daily average being 26½ per cent smaller in the comparison. The aggregate for first-quarter sales in 1932 was about one-fourth less than in the corresponding three months of 1931. Stocks on hand at the end of March, which expanded 3 per cent over a month previous, were 20 per cent smaller than on March 31 last year; the rate of stock turnover in the first quarter of the year, however, was slightly lower than a year ago.

The gain of 28 per cent over February in the March shoe trade of reporting dealers and department stores represented a smaller expansion than usual for the month, although approximating that of the preceding two years. Sales totaled 24 per cent below those of March last year,

#### DEPARTMENT STORE TRADE IN MARCH 1932

LOCALITY	PER CENT CHANGE MARCH 1932 FROM MARCH 1931		PER CENT CHANGE FIRST THREE MONTHS 1932 FROM SAME PERIOD 1931	RATIO OF MAR. COLLECTIONS TO ACCOUNTS OUTSTANDING END OF FEB.	
	NET SALES	STOCKS END OF MONTH		1932	1931
Chicago.....	-23.9	-23.1	-26.5	30.7	32.5
Detroit.....	-26.1	-21.5	-23.1	34.7	35.3
Indianapolis.....	-20.0	-11.6	-17.8	40.8	41.4
Milwaukee.....	-23.2	-15.5	-20.8	40.2	43.5
Other Cities.....	-21.2	-15.7	-23.2	29.2	33.2
7th District.....	-23.7	-20.1	-24.1	33.2	35.2

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

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
March 1932.....	\$20,971,742	\$2,257,764
Change from February 1932.....	+16%	-23%
Change from March 1931.....	-72%	-86%
First three months of 1932.....	\$51,650,608	\$6,638,207
Change from same period 1931.....	-60%	-77%

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

and for the first three months of 1932 were 21 per cent smaller than in the same period of 1931.

Sales of furniture and house furnishings by dealers and department stores declined 9 per cent in the aggregate for March, contrary to seasonal trend but following considerable expansion in the preceding month; installment sales by dealers were 24 per cent smaller in the comparison. Sales totaled about one-third less than in the corresponding month of last year.

All reporting groups of chain store trade, which include groceries, drugs, five-and-ten-cent stores, shoes, cigars, musical instruments, furniture, and men's clothing, had larger sales in March than in February, the aggregate gain for fifteen chains being 8 per cent, with average sales per store 9 per cent heavier owing to a slight reduction in the number of units operated. As compared with March last year, however, all groups reported declines, the total being 10 per cent smaller and average sales per store 9 per cent less.

### 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.)

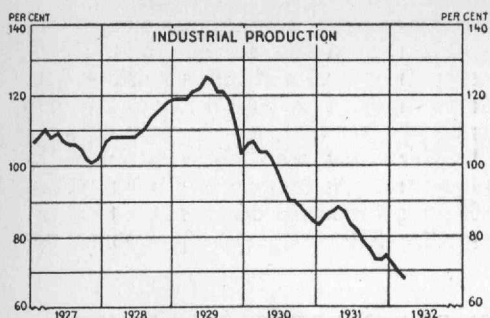
	No. of Firms	Mar. 1932	Feb. 1932	Jan. 1932	Dec. 1931	Nov. 1931	Oct. 1931	Mar. 1931	Feb. 1931	Jan. 1931	Dec. 1930	Nov. 1930	Oct. 1930
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	63	53	53	58	58	65	79	79	78	84	85	89	105
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	15	17	16	17	19	18	20	44	40	34	31	32	42
In Tons.....	15	17	15	16	20	19	20	43	41	34	30	30	42
Malleable—In Dollars.....	21	17	16	15	15	13	16	34	30	30	27	25	31
In Tons.....	21	30	28	26	26	21	25	53	47	45	40	36	45
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	11	53	43	32	58	87	143	77	69	50	86	118	200
<b>Furniture—</b>													
Orders (in dollars).....	22	30	28	37	23	33	37	56	54	68	41	47	61
Shipments (in dollars).....	22	34	30	24	30	35	42	60	55	36	43	49	81
<b>Flour—</b>													
Production (in bbls.).....	25	110	96	98	98	105	125	95	95	102	101	105	119
<b>Output of Butter by Creameries—</b>													
Production.....	67	96	93	92	91	88	100	91	82	85	83	78	94
Sales.....	69	98	93	91	104	90	102	91	88	91	94	94	96
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	29	70	61	60	67	68	76	83	74	82	85	84	102
Hardware.....	13	40	31	30	46	47	57	55	41	42	58	63	87
Dry Goods.....	9	35	34	30	39	43	49	51	41	42	51	55	71
Drugs.....	13	69	67	66	72	70	79	85	81	88	83	84	102
Shoes.....	7	33	25	23	39	44	58	60	41	38	53	72	93
<b>Retail Trade (Dept. Stores)—</b>													
Net Sales (in dollars):													
Chicago.....	26	62	55	54	126	73	83	82	73	78	164	99	109
Detroit.....	5	80	75	65	149	92	95	109	95	87	184	121	118
Indianapolis.....	5	70	60	62	134	80	90	88	68	80	154	97	98
Milwaukee.....	5	72	61	68	141	92	102	93	75	85	167	111	116
Other Cities.....	46	61	52	51	118	76	84	78	67	71	144	95	101
Seventh District.....	87	67	59	57	131	79	88	87	76	79	164	103	109
<b>Automobile Production (U. S.)—</b>													
Passenger Cars.....		34	32	34	33	17	20	79	62	47	41	34	39
Trucks.....		52	62	55	63	52	58	120	105	89	89	95	108
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....		8	10	5	9	12	17	52	23	22	20	36	42
Total.....		31	26	18	22	31	27	101	42	46	51	58	77
<b>Iron and Steel—</b>													
Pig Iron Production:*													
Illinois and Indiana.....		37	40	41	41	41	41	84	78	72	72	76	79
United States.....		32	34	32	32	38	39	67	62	56	55	63	71
Steel Ingot Production—(U. S.)*.....		39	44	42	38	48	44	86	78	68	57	66	75
Unfilled Orders U. S. Steel Corp.....		52	53	56	57	61	65	84	83	87	83	76	73

\*Average daily production.

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

**I**NDUSTRIAL activity was in smaller volume in March than in February, although usually little change is reported at this season, and the number of employes at factories was also reduced, contrary to seasonal tendency. Volume of reserve bank credit decreased in March, but showed a considerable growth in the first three weeks of April. Money rates continued to decline.



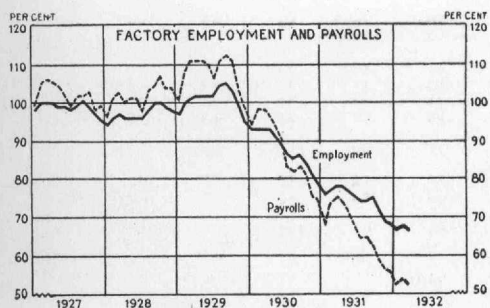
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).

## PRODUCTION AND EMPLOYMENT

Output of industrial products, as measured by the Board's seasonally adjusted index, declined from 70 per cent of the 1923-1925 average in February to 68 per cent in March. Daily output at steel mills and automobile factories decreased, contrary to seasonal tendency, and activity at woolen mills declined sharply to the lowest level in recent years. Cotton consumption by domestic mills continued at the February rate, although sales of cotton cloth declined, and output of shoes increased considerably. In both these industries production was at about the same rate as a year ago. Activity in the lumber industry, which recently has been at a level about 45 per cent lower than last year, increased by more than the usual seasonal amount. Output of coal also increased considerably during March but declined in early April.

Volume of factory employment and payrolls decreased from February to March, although an increase is usual at this season. There were substantial reductions in working forces in the steel, automobile, machinery, and furniture industries, as well as at woolen and silk mills, while clothing and shoe factories showed additions to their working forces.

Value of building contracts awarded, as reported by the F. W. Dodge Corporation, showed some increase of a seasonal character during March and the first half of April, and was approximately one-third as large as last year.



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-25 average = 100).

## DISTRIBUTION

Rail shipments of merchandise, which ordinarily increase in March, showed little change, and sales at department stores in leading cities increased by less than the estimated seasonal amount.

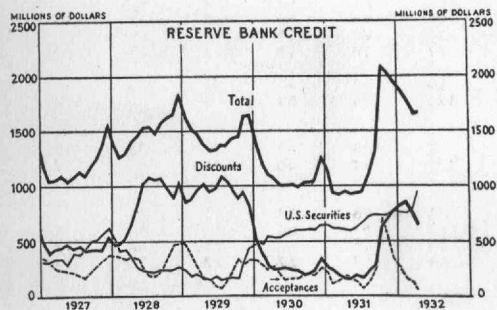
## WHOLESALE PRICES

The general level of wholesale commodity prices showed little change between February and March, according to the Bureau of Labor Statistics. In the first two weeks in March, prices of many commodities, including live stock and meats, advanced; between the middle of March and the third week in April, prices of cotton, silk, wool, hides, sugar, silver, and tin declined considerably, while prices of coffee and petroleum increased. Wheat prices showed wide fluctuations, but were at about the same level in the week ending April 23 as in the first half of March.

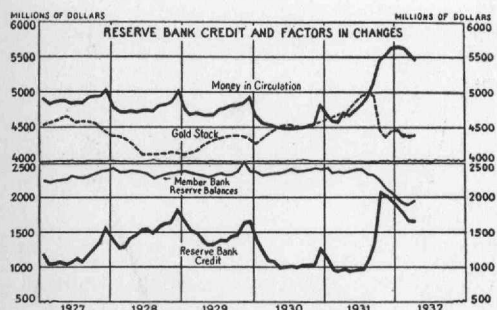
## BANK CREDIT

The Federal Reserve System's holdings of United States Government securities, after increasing continuously from early in March, totaled \$1,078,000,000 on April 20, an increase of \$338,000,000 since the end of February. This increase has been accompanied by some further decline in the reserve banks' holdings of acceptances and a reduction of \$164,000,000 in discounts. Member bank indebtedness to the reserve banks showed a considerable reduction in all of the Federal Reserve districts. Total volume of reserve bank credit outstanding, which had declined in March reflecting a continued return of money from circulation and an increase in the country's stock of monetary gold, increased by \$115,000,000 during the first three weeks of April. This increase was accompanied by a substantial growth in member bank reserve balances. Total loans and investments of reporting member banks in leading cities continued to decline during the five weeks ending April 13. At banks in New York City, however, there was an increase in investment holdings, both of United States Government securities and other securities, offsetting the decline in loans, which continued until the middle of April.

Open-market rates for bankers' acceptances showed successive reductions, and on April 21 the offering rate for ninety-day bills was  $\frac{7}{8}$  of one per cent—the same rate as prevailed between May and September 1931. Rates on commercial paper also declined.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures, averages of first 21 days in April 1932.



Monthly averages of daily figures. Latest figures, averages of first 21 days in April 1932.