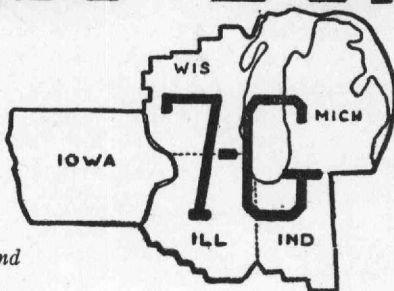


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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General Summary

THE merchandising of commodities at retail in the Seventh Federal Reserve district expanded seasonally during April, and production of certain foodstuffs likewise gained, but wholesale distribution and manufacturing activity, with few exceptions, pursued a downward trend.

Steel production in April held to the low level of recent months, despite a slight improvement in new business, while pig iron output touched a new low point. Shipments and new orders of steel and malleable castings declined during the month, as did those of furniture manufacturers in the district. Shoe production was less, following two months of expansion. Building construction, as reflected in contracts awarded, declined in April, while such improvement as took place in the movement of building materials was smaller than usual. Automobile production, on the other hand, gained moderately over March, but failed to attain any large volume. A sharp curtailment took place in manufacturing employment from the preceding month.

Production of foodstuffs, such as meat, butter, and cheese, expanded in April over the preceding month, although sales of meat and butter declined in the comparison. The movement of both wheat and feed grains continued small. Reports from county agents in the district indicate that the spring pig crop is noticeably smaller this year than last, but that of lambs somewhat larger. Rains in early May retarded corn planting and other farm work, though aiding growing vegetation.

With the exception of the wholesale hardware trade, which recorded an unusually large gain in April over March, reporting groups of wholesale trade experienced a decline in sales during the month. The moderate expansion shown in department store trade was seasonal in nature, while the decline from a year ago was the heaviest so far this year. There was only a slight gain in the retail shoe trade, but that in the furniture trade was close to seasonal. Most chain groups had smaller sales in April than a month previous. Sales of automobiles at retail continued to increase, and wholesale distribution likewise was heavier.

The demand for Federal Reserve bank credit, as well as loans and discounts of reporting member banks in the district, continued their downward trend between the middle of April and the middle of May, and demand deposits of these banks likewise declined further. A small increase was noted, however, in investments and in time deposits over the period. Commercial paper and acceptance transactions were small during April.

Credit Conditions and Money Rates

A further lessening in member bank borrowing at the Reserve bank was evidenced during the period April 13 to May 18. Local Treasury expenditures exceeding receipts by over 65 million dollars and almost 21 millions in funds gained through inter-district settlements for commercial and financial transactions were the two important factors making for the decrease. Outstanding among those factors tending to increase loans to member banks was a gain in member bank reserve balances of over 55 million dollars. This amount, however, together with four other minor changes, aggregated less than those factors effecting a decrease, and the result was a recession of approximately 21 millions in member bank borrowings at the Reserve bank.

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

Changes between April 13 and May 18, 1932
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts.....	65.27
2. Funds gained through inter-district settlements for commercial and financial transactions.....	20.88
3. Increase in reserve bank float.....	0.41
4. Decrease in non-member clearing balances.....	0.06
Total.....	86.62
Changes making for increase in member bank borrowing:	
1. Increase in member bank reserve balances.....	55.07
2. Increase in demand for currency.....	7.78
3. Increase in unexpended capital funds.....	1.80
4. Decrease in holdings of acceptances (local transactions) ..	1.00
5. Sales of gold to industry.....	0.04
Total.....	65.69
Excess of changes making for decrease in member bank borrowing:	
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	20.93

Changes in money rates have been negligible. The prevailing rate on customers' commercial loans during the week ended May 15 was reported by seven down-town Chicago banks as $4\frac{1}{2}$ to 5 per cent, which was the range

reported for the corresponding week in the preceding month. The average rate earned on loans and discounts by larger banks in Chicago was 4.86 during the calendar month of April, as against 4.83 in March and 4.38 in April 1931. In Detroit the prevailing rate on customers' commercial loans during the week ended May 15 was 5½ to 6 per cent; a range of 5 to 6 per cent was given for the week ended April 15.

A seasonal decline of 14 per cent in April from March took place in dealer sales of commercial paper in the Middle West. Borrowing remained on a restricted basis and demand continued moderate, so that distribution of this class of investment aggregated 50 per cent less than a year ago and 70 per cent below the 1923-1931 average for the month. Selling rates ranged from a minimum of 3 and 3¼ per cent to a maximum of 3½ and 4 per cent; most paper moved at 3¼ and 3½ per cent. Although outstandings showed a further increase of 3 per cent during the period, they amounted to less than one-half the volume of last year. Sales for the first half of May exceeded those of the corresponding weeks in April by more than 60 per cent, as a consequence of an improvement in the supply and the development of a rather general demand for high grade paper. Quotations closed on May 15 at 2½ and 3 per cent for minimum to 3¼ and 3½ per cent for maximum, with the bulk of sales being transacted within the range of 3 to 3¼ per cent.

After having shown a marked expansion in the preceding period, operations of the Chicago bill market declined to an exceptionally low level during the four weeks ended May 11. Supplies fell off sharply from a month earlier, since local offerings of acceptances to dealers were below any other point on record (January 1923) and receipts from Eastern markets aggregated considerably less than from March 10 to April 13. As a result of this condition, sales to out-of-town banks decreased approximately five million dollars from the preceding period, those to local banks remained moderate, and shipments to Eastern cities were unusually light. Total distribution plus maturities, however, slightly exceeded the amount of new bills coming into the Chicago market so that dealer holdings of acceptances were reduced on May 11 to an almost negligible quantity. Rates declined to 7⁄8 per cent for 30-day offerings and to 1¼ per cent for those of 180 days.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

	April 14 to May 11, 1932		PER CENT CHANGE IN COMPARISON WITH PERIOD FROM	
	MARCH 10 TO APRIL 13	APRIL 16 TO MAY 13	1932	1931
Bills purchased.....	197.0	82.2	-77.0	-82.2
Bills sold.....	51.2	63.5	-51.2	-63.5
Holdings*.....	85.8	93.8	-85.8	-93.8

*At end of period.

The bill transactions of accepting banks in the Seventh Federal Reserve district aggregated less in April than for

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	MAY 18 1932	APRIL 13 1932	MAY 20 1931
Total Loans and Investments.....	\$2,458	\$-57	\$-785
Loans on Securities.....	796	-36	-300
All Other Loans.....	920	-28	-252
Investments.....	742	+7	-233
Net Demand Deposits.....	1,312	-5	-523
Time Deposits.....	977	+4	-385
Borrowings from Federal Reserve Bank.....	5	-18	+2

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any month since the autumn of 1928. New financing by means of acceptance credits declined from March, as did the direct discounting of these bills by the accepting institutions. These discounts furnished 90 per cent of the acceptances going into the banks' portfolios, inasmuch as few bills were purchased from other banks. Sales were almost negligible during the month, as a consequence of which, holdings rose to the highest point since last August. The liability for outstandings continued to decrease. Some further recession in the amount of new bills accepted was evidenced during the early part of May.

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

	PER CENT CHANGE IN APRIL 1932 FROM	
	MARCH 1932	APRIL 1931
Total value of bills accepted.....	-25.2	-38.5
Purchases (including own bills discounted).....	-23.4	-67.4
Sales.....	-84.1	-90.0
Holdings*.....	+38.4	-30.2
Liability for outstandings*.....	-1.9	-29.8

*At end of month.

SECURITY MARKETS

Reflecting a smaller demand, price levels of second and third grade bond issues declined during April in the Chicago bond market. In contrast to this trend, however, United States Government securities, together with some of the highest grade bonds, were firm to slightly higher during the period. Such demand as was in evidence continued to be divided among extremely high grade bonds, principally public utility, municipal, and to a certain extent outstanding industrial obligations. The volume of new offerings during April was very light, totaling less than in March and also below that of April a year ago. Little change was noted in the general tone of the market during the first two weeks in May, the lower grade issues continuing to decline in price. A further falling-off of stock prices on the Chicago Stock Exchange during April and the first half of May brought the average price of twenty leading stocks* down to \$17.48 on May 18, which compares with \$20.94 on April 18.

* Chicago Journal of Commerce.

COMMERCIAL FAILURES

Commercial failures in the United States during the first quarter of this year exceeded in both number and liabilities involved those of any previous first quarter on record. The number of defaults—9,141—was only 8 per cent greater than in the first quarter of 1931, but the total indebtedness—\$275,521,000—was 28 per cent heavier, owing to the inclusion in the current totals of a number of large defaults; these, though constituting but 5 per cent of the insolvencies, were accountable for more than 50 per cent of the indebtedness. In comparison with first-quarter failures over the five-year period, 1927-31, current defaults exceeded the average by 27 per cent in

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	MAY 18 1932	APRIL 13 1932	MAY 20 1931
Total Bills and Securities.....	\$210.8	\$+38.4	\$+97.0
Bills Discounted.....	27.6	-20.9	+14.2
Bills Bought.....	4.8	-2.5	-14.4
U. S. Government Securities.....	178.3	+61.8	+97.2
Total Reserves.....	695.1	+29.9	+190.4
Total Deposits.....	320.2	+58.9	-28.0
Federal Reserve Notes in Circulation.....	551.3	+7.4	+321.3
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	79.7	-2.9*	-7.5*

*Number of Points.

point of number and 70 per cent in amount of liabilities. Moreover, comparisons for the month of April are even more unfavorable, the liabilities involved being 123 per cent in excess of the five-year average for April.

Seventh district failures show a similar trend. A total of 1,237 defaults for the quarter just past, though only slightly in excess of the 1931 number, involved \$45,329,000, an increase of 33 per cent over first-quarter indebtedness a year ago. In comparison with the five-year average defaults, insolvencies in the current quarter increased by 16 per cent in number and 81 per cent in liabilities involved. April liabilities were 111 per cent in excess of the five-year average. In comparison with United States defaults, it may be noted in the accompanying table that the average in the Seventh district was somewhat the larger, both currently and in 1931.

COMMERCIAL FAILURES—FIRST QUARTER						
	UNITED STATES			SEVENTH DISTRICT		
	1932	1931	1927-31 AVERAGE	1932	1931	1927-31 AVERAGE
Number of Failures.....	9,141	8,483	7,207	1,237	1,234	1,070
Liabilities (In Thousands)..	\$275,521	\$214,602	\$162,374	\$45,329	\$33,974	\$25,029
Ave. Default (In Thousands)..	\$ 30	\$ 25	\$ 23	\$ 37	\$ 28	\$ 23

Agricultural Products

A 5 to 10 per cent smaller crop of spring pigs in 1932 than a year ago is indicated by direct reports sent to this bank by agricultural agents of 194 counties in the Seventh district. Since farrowings were almost as great as in 1931, this decline was principally due to unfavorable weather conditions which caused a high mortality rate in the March litters. The district crop of lambs, on the other hand, exceeded that of last year by one per cent. These reports also show that rains during the early part of May proved very beneficial to growing vegetation, but tended further to retard corn planting and other farm work which was already a week behind the usual schedule. Areas devoted to the various crops are in line with earlier intentions, except that many counties have found it necessary to plant emergency hay crops to replace a considerable amount of clover and alfalfa which was winter killed.

CROP PRODUCTION

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

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1926-30 AVERAGE
	FORECAST 1932	FINAL 1931	FORECAST 1932	FINAL 1931	
Winter Wheat..	65,074	111,726	440,781	787,465	587,540
Rye.....	8,587	7,755	39,464	32,746	44,531

GRAIN MARKETING

April receipts of wheat at primary markets were smaller than in any month since April 1925, and shipments, which exceeded receipts, were also below average, though

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	APR. 1932	PER CENT OF INCREASE OR DECREASE FROM	
		MAR. 1932	APR. 1931
Chicago.....	\$2,343	+4.2	-27.6
Detroit, Milwaukee, and Indianapolis..	885	-1.1	-29.0
Total four larger cities.....	\$3,228	+2.7	-28.0
32 smaller centers.....	545	+3.1	-33.6
Total 36 centers.....	\$3,773	+2.8	-28.9

showing an increase over the preceding month. Exports gained sharply from the level of recent months and exceeded the April volume for previous years since 1927, totaling more than double the April 1931 figure. These factors and domestic consumption, including wheat ground for relief purposes, caused a rapid decline in the visible supply, which on May 14 was the lowest since August 9, 1930. Total supplies, however, remain considerably above a year ago, largely due to heavy farm stocks.

New crop information since April 1 largely favored rising prices, which developed to the middle of the month when heavy liquidation set in, forcing the May future at one time to approximately the level of the latter part of March. Cash wheat at Chicago followed the trend in futures.

The movement of feed grains continued in smaller than average volume. Corn receipts declined from March by less than the usual amount, and shipments of corn and oats exceeded the small quantities of the two preceding months. The visible supply of corn remained constant and considerably above 1931, while that of oats declined moderately. Feed grain prices, both cash and futures, suffered declines after the middle of April.

MOVEMENT OF LIVE STOCK

Although hog receipts at public stock yards in the United States usually decrease in April and those of cattle and calves increase, this year each group showed little change in volume from March. Comparisons with last year and the 1922-31 average remained unfavorable. Lamb marketings gained over the preceding month and the ten-year average, but were less than in April 1931. On the other hand, the total movement to inspected slaughter (inclusive of the receipts which do not pass through public stock yards) not only contained more animals of each kind than in March, but also included a greater number of hogs and lambs than a year ago. Receipts of cattle and lambs from public markets to feed lots expanded over the preceding month, though continuing considerably below the seasonal level for this time of year.

MEAT PACKING

Following a sharp contraction in the preceding month, the volume of production at slaughtering establishments in the United States in April expanded—contrary to seasonal trend—3½ per cent over March. It also exceeded the 1922-31 average for the period by a like amount, but continued ½ per cent under the level of a year ago. Co-

LIVE STOCK SLAUGHTER

(In thousands)

Yards in Seventh District,	CATTLE	HOGS	LAMBS AND SHEEP		CALVES
			1932	1931	
April 1932.....	172	694	299		118
Federally Inspected Slaughter, United States					
April 1932.....	650	3,714	1,497		428
March 1932.....	633	3,664	1,428		420
April 1931.....	690	3,488	1,493		471

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MAY 21, 1932	APRIL 1932	MARCH 1932	APRIL 1931
Native Beef Steers (average)...	\$6.00	\$6.35	\$6.30	\$7.90
Fat Cows and Heifers.....	4.70	4.90	4.65	6.40
Calves.....	5.50	4.95	5.55	7.70
Hogs (bulk of sales).....	3.30	3.90	4.35	7.35
Yearling Sheep.....	4.10	4.85	5.10	7.40
Lambs.....	5.25	6.75	6.85	9.00

incident with the gain in production, payrolls for the last of April evidenced an increase over a month earlier of ½ per cent in number of employees, 9½ per cent in hours worked, and of 4 per cent in total wage payments. Sales billed to domestic and foreign customers, on the other hand, declined 2 per cent in aggregate value from March and 34 per cent from the corresponding month of 1931. Low prices were mainly responsible for these recessions, inasmuch as the tonnage gained approximately 2 per cent in each of the comparisons. Quotations for most packing-house commodities averaged lower in April than in the preceding month. Although inventories in the United States fell off less than the usual amount from April 1, they remained smaller than a year ago or the 1926-30 average for May 1.

Shipments for export were further restricted during April. Foreign demand for lard continued moderate, and with the exception of some improvement in British trade in hams, the inquiry for meats was almost negligible. Prices, however, ranged close to the Chicago parity. May 1 inventories of United States packing-house commodities in foreign countries (inclusive of the stocks in transit) were reported as slightly reduced from the level of April 1.

DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district expanded only 6½ per cent in April over the preceding month, as compared with a 1923-31 average gain of 12 per cent; and totaled 4½ per cent smaller than a year ago. The sales tonnage declined 3 per cent from March and 3½ per cent from last April. Manufacture of the commodity in the United States as a whole likewise increased over a month earlier and decreased from the corresponding month of 1931. Although butter consumption usually exceeds current production at this season, it lagged behind output to such an extent in April 1932 that more than a million pounds of product were added to United States holdings during the month. May 1 inventories, therefore, were nearly equal to the 1927-31 average, though totaling 40 per cent less than a year ago. Prices declined sharply in April from March.

A 10 per cent larger volume of American cheese was produced by Wisconsin factories during the four weeks ended April 30 than in the preceding period. Total operations, however, remained considerably under those of 1931. Although merchandising of the commodity expanded only slightly over a month earlier, it exceeded current production by 8 per cent. May 1 inventories of cheese in the United States showed more than a seasonal recession from April 1 and continued at a lower level than a year ago. Prices declined.

Industrial Employment Conditions

Employment and payrolls of Seventh district reporting firms declined to new low levels on April 15 as a result of the sharpest losses from March 15 in our records. The smaller decline in payrolls than in employment caused a slight rise in average weekly earnings, which amounted to \$22.10 for April against \$21.89 in March.

Manufacturing totals suffered greater reductions than did non-manufacturing. During the past year the number of employes in these ten groups has fallen almost 24

per cent and their wage payments nearly 39 per cent. Eight groups contributed to the downward trend in April, only rubber products and stone-clay-glass showing improvement. Six of these groups—textiles, wood products, metals, foods, chemicals, and paper and printing—reached new low levels of employment and wage payments, while vehicles and leather products effaced a large part of their gains in recent months.

In non-manufacturing, the losses were determined largely by coal mining in Illinois, where operations practically ceased on March 31, because of the expiration of the wage agreement. Merchandising and the utilities had small reductions, and new lows were recorded for employment in the latter and for payrolls in both groups. Construction gained by more than the usual April amount, following the unprecedented loss which occurred in March.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

The expansion of 22 per cent for April over March in United States production of passenger automobiles was considerably greater than the average increase of 9 per cent for the month in the preceding ten years, and compared with a gain of 24 per cent in the same period last year, but output of 120,841 was 58 per cent below April a year ago. Trucks produced in April numbered 27,141, which represents an increase of 39 per cent over the preceding month and a decline of 46 per cent from last April.

Wholesale distribution of automobiles during April in the Middle West, following a recession in March, again increased moderately, and sales by dealers to consumers continued to expand. As compared with last April, however, both wholesale and retail sales were in less than half the volume. The decline in stocks during the period was seasonal in nature, and they continued to average almost 40 per cent below a year ago. The trend in used cars followed that of new cars, April sales expanding moderately and stocks declining. A slight gain was shown during April in the proportion of deferred payment sales to total retail sales of dealers reporting the item, a ratio of 51 per cent comparing with 47 per cent a month previous, although in April a year ago the ratio was 56 per cent.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF APRIL 15, 1932			CHANGES FROM MARCH 15	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	729	133,788	2,312	-4.9	-10.1
Vehicles.....	147	163,163	3,856	-11.3	-2.3
Textiles and Products.....	149	25,904	359	-7.4	-23.0
Food and Products.....	329	47,838	1,058	-2.2	-0.6
Stone, Clay and Glass.....	149	5,546	109	+0.9	+1.2
Wood Products.....	263	21,502	283	-6.1	-10.1
Chemical Products.....	103	13,990	335	-1.0	-2.3
Leather Products.....	75	16,050	242	-4.2	-13.1
Rubber Products ²	7	5,484	108	+1.7	+13.1
Paper and Printing.....	324	41,588	1,043	-0.1	-2.3
Total Mfg., 10 Groups....	2,275	474,853	9,705	-6.5	-5.4
Merchandising ³	171	28,064	642	-0.7	-2.3
Public Utilities.....	72	84,595	2,656	-1.5	-0.6
Coal Mining.....	18	196	5	-96.5	-96.7
Construction.....	165	5,925	115	+26.9	+17.3
Total Non-Mfg., 4 Groups	426	118,780	3,418	-4.5	-4.6
Total, 14 Groups.....	2,701	593,633	13,123	-6.1	-5.2

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

IRON AND STEEL PRODUCTS

The slight improvement evident during April and early May in new steel business of the Chicago district was largely the result of increased orders from the automobile industry and for track material requirements. The volume of such business, however, was insufficient to accelerate production, steel ingot operations remaining at close to 20 per cent of capacity. Furthermore, pig iron production in the Illinois and Indiana district dropped to a new low point on our records (since 1923), daily average output for April amounting to less than one-third of the 1923-24-25 average. Finished steel prices have held firm, but scrap iron and steel have shown additional weakness.

Shipments, orders booked, and production of both malleable and steel casting foundries in the Seventh district dropped considerably in April from March; the tonnage of shipments and production totaled more than 20 per cent less, while new orders declined by approximately 15 per cent. Last year in April orders expanded, shipments and production of malleable castings increased slightly, and declines were smaller for steel castings in these last two items. Comparisons for this April with a year ago show orders for steel castings to be only about one-fifth as large, with shipments and production in approximately one-third the volume, while in malleable castings activity in the month this year averaged around 40 per cent of that in 1931. The increase of 3 per cent over March in April shipments of reporting stove and furnace manufacturers was much smaller than in the three preceding years, and orders accepted declined 7 per cent, as compared with a gain shown during the same period last year; the items were 42 and 53 per cent smaller, respectively, than last April.

FURNITURE

April orders booked by reporting furniture manufacturers in this district totaled 16 per cent under those of a month previous, the decline comparing with an average in recent years of 12 per cent. Coincident with the falling-off in orders, shipments which were in excess of current orders for the third successive month, declined appreciably—22 per cent. The volume of unfilled orders outstanding was decreased during the month at a rate approaching the decline in current bookings, so that the ratio of total outstandings on April 30 to orders booked during the month differed little from that of a month previous, and approximated 65 per cent. Declines from year-ago aggregates were the largest for any month this year, being 49 per cent in orders booked and 51 per cent in shipments. In comparison with the average over the

past five years, current orders booked and shipments totaled less by 69 and 70 per cent, respectively. A rate of 33 per cent of capacity was maintained in the month's operations, comparing with one of 34 per cent the preceding month and 48 per cent in April 1931.

SHOE MANUFACTURING, TANNING, AND HIDES

Seventh district shoe production, which for two months had exceeded the 1931 volume, declined 24 per cent in April to a level 15 per cent under a year ago. Tanneries also reduced operations from March and had smaller dollar sales than in either the preceding period or last April. Prices declined.

The demand for packer green hides showed only a moderate expansion over the limited inquiry of March. Prices decreased.

Building Material, Construction Work

Building material lines in this district continued the low level of previous months relative to a year ago. In the comparison with March, wholesale lumber sales declined, retail yards reported seasonal gains, and operations at cement and clay-products plants expanded much less than the usual amount. Reports indicate that speculative construction was entirely lacking, road building and public works limited by state and local government economy, and private improvements postponed for lack of credit.

Wholesale lumber sales for the month remained at little more than half the year-ago figure, the dollar decline from March approximating that in the same period of 1931, while the loss in board feet compares with a small gain last year. Stocks were lower than a month earlier, but ample for the current demand. Collections were unsatisfactory and the accounts-sales ratio increased, reversing the downward trend of the preceding two months.

Total sales of retailers gained less than in April of 1930 and 1931, but somewhat more than in the five-year average for the month. Greater expansion in lumber sales than in the total of all items indicates the restricted demand for other building materials. Stocks ranged from 10 to 25 per cent lower than a year ago at various yards. Collections continued at a fair rate, the larger dollar sales bringing the ratio of accounts to sales to the lowest point since last October.

Cement production gained less than seasonally and shipments continued low. Road building, which usually

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in April 1932 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MARCH 1932	APRIL 1931	
New Cars			
Wholesale—			
Number Sold.....	+26.4	-50.6	20
Value.....	+33.8	-47.8	20
Retail—			
Number Sold.....	+27.1	-54.9	47
Value.....	+ 8.2	-56.7	47
On Hand April 30—			
Number.....	-19.9	-35.6	49
Value.....	-15.1	-37.6	49
Used Cars			
Number Sold.....	+22.2	-32.1	49
Salable on Hand—			
Number.....	- 5.4	- 1.2	49
Value.....	- 6.4	+12.2	49

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	APRIL 1932: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MARCH 1932	APRIL 1931	
Wholesale Lumber:			
Sales in Dollars.....	-4.6	-49.8	16
Sales in Board Feet.....	-10.5	-45.0	14
Accounts Outstanding ¹	-2.7	-28.3	13
Retail Building Materials:			
Total Sales in Dollars.....	+27.6	-34.1	133
Lumber Sales in Dollars.....	+56.2	-54.0	39
Lumber Sales in Board Feet.....	+57.4	-39.0	81
Accounts Outstanding ¹	+4.3	-21.4	131
	Ratio of accounts outstanding ¹ to dollar sales during month		
	APRIL 1932	MARCH 1932	APRIL 1931
Wholesale Trade.....	251.5	242.8	196.3
Retail Trade.....	340.8	417.9	286.8

¹End of month.

provides a stimulus for cement production early in the second quarter, expanded but little and amounted to much less than a year ago. The demand for clay products, arising largely from residence and commercial building, was even more depressed than that for lumber, cement, etc. A large number of brick and tile plants remained closed during April to prevent stock accumulation.

BUILDING CONSTRUCTION

Building activity in the Seventh Federal Reserve district fell off somewhat during April, following the slight seasonal expansion of the two preceding months. Total contracts awarded dropped $4\frac{1}{2}$ million dollars from the March figure; residential contracts, however, amounting to only 16 per cent of the total, showed a slight gain. Continued large declines were recorded in the yearly comparison.

Permits issued in the Seventh district, according to data for 98 cities reporting to this bank, showed the estimated cost of proposed work during April had gained 100 per cent over the March total, with the number of permits issued in these cities also registering an increase amounting to 84 per cent over March. In the comparison with a year ago, however, the declines remained large in both number and estimated cost, totaling 40 and 74 per cent, respectively. Chicago and Indianapolis were the only two large cities to vary from the trend in proposed construction cost, each showing a decline of approximately 50 per cent from their March total.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
April 1932.....	\$16,244,620	\$2,666,480
Change from March 1932.....	-23%	+18%
Change from April 1931.....	-65%	-75%
First four months of 1932.....	\$67,895,228	\$9,304,687
Change from same period 1931.....	-61%	-76%

*Data furnished by F. W. Dodge Corporation.

Merchandising

Wholesale groups reporting to this bank, with the exception of hardware, showed small declines in April sales as compared with those in the preceding month, whereas last year in the same month gains were general. The grocery trade decreased 3 per cent, dry goods 2 per cent, drugs 7 per cent, shoes 12 per cent, and electrical supplies one per cent; the recessions in drugs and shoes were a little more than seasonal, and the decrease in dry goods was smaller than average; a slight increase for the month is usual, however, in both grocery and electrical supply sales. The gain of 31 per cent shown in the wholesale

hardware trade during April over March was the largest for the month on our records (since 1923) and compared with an average increase for the period of only 5 per cent. With the exception of this line, declines from the corresponding month a year ago were heavier than in a similar comparison for March. In the first four months of 1932, grocery and drug sales totaled 20 per cent each below the same period of 1931, while hardware, dry goods, shoe, and electrical supply sales were 28, 30, $44\frac{1}{2}$, and 41 per cent smaller, respectively. An improvement was recorded during April over March for the hardware, dry goods, and electrical supply trades in the ratios of accounts outstanding to net sales, as evidenced by declines therein, but other lines reported a higher ratio, and comparisons with a year ago were generally unfavorable.

April trade in department stores of the Seventh district exceeded the March volume by 7 per cent, which compares with an expansion of 16 per cent in the same period last year when a greater part of the Easter trade fell in April, and with a 10 per cent increase in the average for the ten-year period 1922-1931. Gains shown this April for the larger cities of the district ranged from only $2\frac{1}{2}$ per cent in Chicago to 12 per cent each in Detroit and Milwaukee, Indianapolis recording an expansion of 7 per cent, while sales by stores in other cities totaled 10 per cent heavier. The decline for the district of almost 30 per cent from April 1931 was the largest in the year-to-year comparison since the start of the downward trend in retail trade at the beginning of 1930, bringing the total for the first four months of this year to 26 per cent below the corresponding period in 1931. The amount of stocks on hand at the end of April showed a slight decline—one per cent—from the close of March; their rate of turnover continued to be slower than a year ago, that for the four months of 1932 of 1.10 times comparing with 1.21 over the same period of 1931.

The retail shoe trade, as reflected by data of reporting dealers and department stores, expanded only one per cent in April over March, as against an 18 per cent increase recorded in April last year and one of 12 per cent in the average for the past six years. Sales totaled approximately one-third below those a year ago, so that the aggregate for the four months of 1932 was 25 per cent smaller than in the same period of 1931.

The expansion over March of 18 per cent in April sales of furniture and house furnishings by dealers and department stores was nearly average for the period, but the increase of 28 per cent in installment sales by dealers was smaller than usual. As compared with April 1931, total sales were $27\frac{1}{2}$ per cent less this year and installment sales 22 per cent smaller, as against declines in a

WHOLESALE TRADE IN APRIL 1932

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	-20.4	-28.3	-7.2	-19.8	112.4
Hardware.....	-29.7	-12.9	-17.6	-26.0	246.5
Dry Goods.....	-36.7	-22.2	-27.1	-35.7	330.6
Drugs.....	-22.0	-12.4	+3.2	-19.0	218.4
Shoes.....	-54.5	-18.4	-39.6	-39.0	454.5
Electrical Supplies.....	-42.6	-28.7	-22.4	-37.2	221.2

DEPARTMENT STORE TRADE IN APRIL 1932

LOCALITY	PER CENT CHANGE APRIL 1932 FROM APRIL 1931		PER CENT CHANGE FIRST FOUR MONTHS 1932 FROM SAME PERIOD 1931	RATIO OF APRIL COLLECTIONS TO ACCOUNTS OUTSTANDING MARCH 31	
	NET SALES	STOCKS END OF MONTH		1932	1931
	Chicago.....	-30.7	-24.6	-27.8	26.1
Detroit.....	-30.1	-21.9	-25.3	30.0	33.0
Indianapolis.....	-20.7	-20.0	-18.6	38.5	41.2
Milwaukee.....	-28.4	-17.3	-23.1	32.7	34.0
Other Cities.....	-30.0	-15.9	-25.8	29.5	33.0
7th District.....	-29.6	-21.7	-25.9	30.1	32.9

similar comparison for March with a year ago of 34 and 32 per cent, respectively.

Fifteen chains operating 2,640 units in April had sales totaling approximately the same in amount as during March and 16 per cent below the corresponding period a

year ago. In the monthly comparison, cigar, shoe, and furniture chains recorded gains in total sales and groceries, drugs, five-and-ten-cent stores, men's clothing and musical instruments declines, with all groups showing smaller sales than in April last year.

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	Apr. 1932	Mar. 1932	Feb. 1932	Jan. 1932	Dec. 1931	Nov. 1931	Apr. 1931	Mar. 1931	Feb. 1931	Jan. 1931	Dec. 1930	Nov. 1930
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	52	53	53	58	58	65	78	79	78	84	85	89
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	15	14	17	16	17	19	18	39	44	40	34	31	32
In Tons.....	15	14	17	15	16	20	19	37	43	41	34	30	30
Malleable—In Dollars.....	21	13	17	16	15	15	13	34	34	30	30	27	25
In Tons.....	21	23	30	28	26	26	21	54	53	47	45	40	36
Stoves and Furnaces—													
Shipments (in dollars).....	11	54	53	43	32	58	87	94	77	69	50	86	118
Furniture—													
Orders (in dollars).....	22	25	30	28	37	23	33	49	56	54	68	41	47
Shipments (in dollars).....	22	27	35	30	24	30	35	55	60	55	36	43	49
Flour—													
Production (in bbls.).....	25	109	110	96	98	98	105	95	95	95	102	101	105
Output of Butter by Creameries—													
Production.....	67	102	96	93	92	91	88	108	91	82	85	83	78
Sales.....	69	95	97	93	91	104	90	102	91	88	91	94	94
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	68	70	61	60	67	68	84	83	74	82	85	84
Hardware.....	13	51	40	31	30	46	47	72	55	41	42	58	63
Dry Goods.....	9	34	35	34	30	39	43	55	51	41	42	51	55
Drugs.....	13	67	72	67	66	72	70	87	85	81	88	83	84
Shoes.....	6	31	35	29	25	37	44	68	63	44	40	51	74
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	64	62	55	54	129	74	94	83	74	81	165	99
Detroit.....	5	89	80	75	65	149	92	126	109	95	87	184	121
Indianapolis.....	5	75	70	60	62	134	80	94	88	68	80	154	97
Milwaukee.....	5	81	72	61	68	141	92	112	93	75	85	167	111
Other Cities.....	45	67	61	53	51	118	76	95	78	67	71	145	95
Seventh District.....	83	71	67	59	57	132	80	101	88	76	81	164	103
Automobile Production (U. S.)—													
Passenger Cars.....		41	34	32	34	33	17	98	79	62	47	41	34
Trucks.....		72	52	62	55	63	52	133	120	105	89	89	95
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		9	8	10	5	9	12	36	52	23	22	20	36
Total.....		24	31	26	18	22	31	67	101	42	46	51	58
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		32	37	40	41	41	41	86	84	78	72	72	76
United States.....		29	32	34	32	32	38	69	67	62	56	55	63
Steel Ingot Production—(U. S.)*.....		36	39	44	42	38	48	79	86	78	68	57	66
Unfilled Orders U. S. Steel Corp.....		49	52	53	56	57	61	82	84	83	87	83	76

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL activity and factory employment declined substantially from March to April, although usually little change occurs at this season. Purchases of government securities by the Federal Reserve banks have continued during April and the first three weeks of May, and there has been a considerable growth in the reserves of member banks.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, decreased from 67 per cent of the 1923-1925 average in March to 64 per cent in April. Reductions in activity were reported for many leading industries, with sharp declines at cotton and woolen mills and at bituminous coal mines; in the automobile industry output increased from the low level of March by more than the usual seasonal percentage and in the steel industry, where activity had declined from early February to the middle of April, production increased somewhat between the middle of April and the third week of May.

The number of wage earners employed at manufacturing establishments declined further between the middle of March and the middle of April, and there was a substantial reduction in factory payrolls. Large decreases in employment were reported for the iron and steel, machinery, and textile industries, while the volume of employment in the food and leather industries showed the usual seasonal changes.

Daily average value of building contracts awarded during April and the first half of May, as reported by the F. W. Dodge Corporation, showed a seasonal increase over the first quarter. A substantial increase was reported for public works and public utilities, while residential building continued at the low level of the first quarter, showing none of the usual seasonal expansion.

DISTRIBUTION

Freight carloadings of merchandise showed little change in volume from March to April, continuing at the level prevailing since January, although increases are usual during this period. Sales by department stores increased considerably in April.

WHOLESALE PRICES

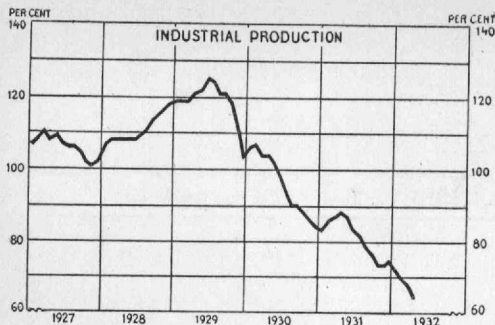
Wholesale prices of commodities declined from 66 per cent of the 1926 average in March to 65.5 per cent in April, according to the Bureau of Labor Statistics, and in the first three weeks of May further decreases in the prices of many leading commodities were reported. Downward movements in textiles, nonferrous metals, and imported raw materials, as well as in most domestic agricultural products except wheat, were offset in part by increases in the prices of coffee, petroleum, and petroleum products.

BANK CREDIT

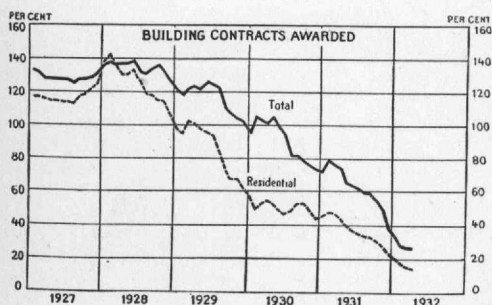
Further purchases of U. S. Government securities by the Federal Reserve banks were made during April and the first three weeks in May, and on May 18 total holdings were \$1,466,000,000. The funds placed in the market through these purchases between April 6 and May 18 were used to the extent of \$170,000,000 in a further reduction of member bank indebtedness to the reserve banks; and to the extent of \$122,000,000 in meeting a demand for gold from abroad; at the same time member banks accumulated reserve balances considerably in excess of legal requirements. During May the demand for currency, which had declined in April, increased somewhat, contrary to usual seasonal movement.

Loans and investments of reporting member banks in leading cities, which had declined continuously until the middle of April, showed little net change between April 13 and May 18. The banks' investments increased by nearly \$300,000,000, chiefly in New York City; while loans declined by about an equal amount. There was also a growth in net demand deposits, which reflected in part an increase in bankers' balances deposited in New York City banks.

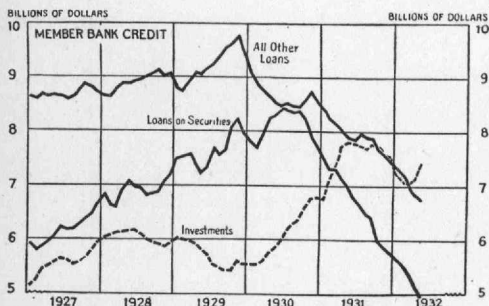
Money rates in the open market continued easy. Rates on commercial paper were reduced about one-half per cent to a range of $2\frac{3}{4}$ -3 per cent for prime names, and the offering rate on 90-day bankers' acceptances, which had advanced to $1\frac{1}{2}$ per cent in the first week of May, declined on May 11 to the previously prevailing rate of $\frac{7}{8}$ of one per cent.



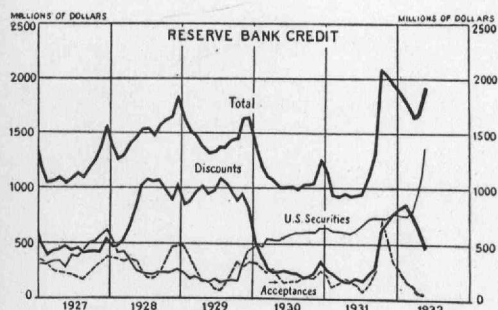
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



Indexes based on 3-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation (1923-1925 average = 100).



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



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 23 days in May.