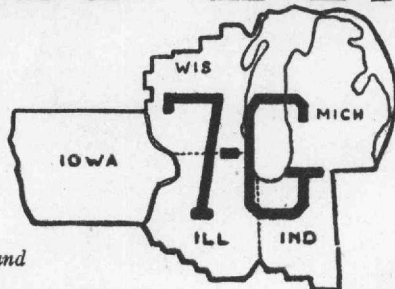


Mr. Schutzyer

BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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General Summary

THE usual summer dullness prevailed during June in the Seventh district, the manufacture of commodities being restricted in the period and certain merchandising phases likewise showing seasonal recession. Little improvement has been noted as compared with conditions a year ago, and data covering the first half of 1932 reveal activity in general as having been considerably below the corresponding period last year.

Among the industries reporting seasonal reduction in output during June were automobiles, iron and steel, casting foundries, and furniture. Leather production was less, though sales increased, and building construction declined. The movement of lumber and cement improved somewhat during the month, and shoe production expanded.

In food-producing industries, meat production decreased, contrary to seasonal trend, manufacture of butter totaled about the same as in May, while that of cheese increased over the preceding period; distribution of these commodities declined for meat, was greater for butter, and totaled approximately the same for cheese. The movement of both wheat and feed grains continued to be restricted in June. The prospect is for a large corn crop this year, and oats, hay, potato, barley, and rye crops will be ahead of a year ago. Rains in early July were helpful to garden truck and pastures.

Wholesale distribution of commodities expanded in June for the majority of reporting groups, some of the gains being contrary to seasonal trend, and most lines recorded a narrowing of the spread between activity this year and in 1931. The retail shoe trade also increased. Depart-

ment store sales, on the other hand, declined as is usual for June, the retail furniture trade was seasonally smaller, and chain store sales decreased slightly. Distribution of automobiles at wholesale continued to diminish during June, following seasonal tendency, but sales at retail expanded further.

Loans and investments and deposits of reporting member banks in the district dropped noticeably between the middle of June and July 13, most of the decline reflecting banking disturbances in Chicago. The heavy withdrawal of deposits increased the demand for currency so that despite changes making for a reduction in member bank borrowing, the amount of such borrowing expanded somewhat during the period. Following expansion shown in May, sales of commercial paper and financing by means of bankers' acceptances declined sharply in June.

Credit Conditions and Money Rates

A heavy increase in demand for currency—approximately 158 million dollars—largely the result of banking disturbances in Chicago, was the main factor making for an increase in member bank borrowing during the period June 15 to July 13. Among the factors tending to decrease member bank recourse to the Reserve bank were: an increase in holdings of U. S. securities (local transactions) of more than 50 millions, a lessening of member

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION
 (Amounts in millions of dollars)

	JULY 13 1932	CHANGE FROM	
		JUNE 15 1932	JULY 15 1931
Total Bills and Securities.....	\$314.3	\$ +68.8	\$ +198.7
Bills Discounted.....	37.1	+7.3	+25.5
Bills Bought.....	7.4	-0.4	-0.9
U. S. Government Securities.....	269.8	+62.0	+174.8
Total Reserves.....	714.7	+36.7	+84.9
Total Deposits.....	277.3	-51.4	-56.3
Federal Reserve Notes in Circulation.....	720.3	+159.4	+346.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	71.6	-4.6*	-17.4*

*Number of Points.



bank reserve balances of about 48 millions, an excess of local Treasury expenditures over receipts of 33 millions, and a gain of funds through inter-district settlements for commercial and financial transactions of 17 million dollars. These amounts, however, together with three changes of minor influence were less than the total making for increase, so that member bank borrowings showed a gain of 7¼ million dollars.

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

Changes between June 15 and July 13, 1932
(In millions of dollars)

Changes making for increase in member bank borrowing:	
1. Increase in demand for currency.....	157.98
2. Increase in non-member clearing balances.....	0.78
3. Sales of gold to industry.....	0.03
Total.....	158.79
Changes making for decrease in member bank borrowing:	
1. Increase in holdings of U. S. securities by Reserve bank (local transactions).....	50.74
2. Decrease in member bank reserve balances.....	47.88
3. Excess of local Treasury expenditures over receipts.....	32.99
4. Funds gained through inter-district settlements for commercial and financial transactions.....	17.04
5. Increase in holdings of acceptances (local transactions).....	1.84
6. Decrease in unexpended capital funds.....	0.86
7. Increase in reserve bank float.....	0.18
Total.....	151.53
Excess of changes making for increase in member bank borrowing.....	7.26
Absorption of this excess: Increase in member bank borrowings (discounts for member banks).....	7.26

MEMBER BANK CREDIT

Total loans and investments of reporting member banks in this district declined about 150 million dollars from June 15 to July 13; of this decrease, more than one hundred millions represented lessened volume of investment holdings, over 90 millions of which shrinkage took place in Chicago where banking disturbances entailed heavy withdrawals of deposits and consequent liquidation of investments. Net demand deposits of reporting members in the June 15—July 13 period decreased nearly 140 million dollars; more than 120 millions of this decline occurred in Chicago. Time deposits of all reporting members in the district on July 13 were lower by 56 million dollars than on June 15, and time deposits of Chicago reporting members alone decreased 45 millions. As compared with July 15, 1931, the corresponding reporting date last year, total loans and investments of reporting member banks in the district on July 13, 1932, declined 832 million dollars, net demand deposits by nearly 575 millions, and time deposits by more than 300 million dollars.

Rates on customers' commercial loans in Chicago during the week ended July 15 were reported as 4 to 5 per cent, as against 4½ to 5 per cent in the corresponding week of June. The average rate earned on loans and discounts during the calendar month of June was reported as 4.55 per cent; in May the item had been given as 4.73, and in June 1931 as 4.46. In the City of Detroit customers'

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	JULY 13 1932	CHANGE FROM	
		JUNE 15 1932	JULY 15 1931
Total Loans and Investments.....	\$2,329	\$-154	\$-832
Loans on Securities.....	775	-21	-287
All Other Loans.....	882	-30	-279
Investments.....	672	-103	-266
Net Demand Deposits.....	1,207	-138	-574
Time Deposits.....	923	-56	-304
Borrowings from Federal Reserve Bank.....	12	+4	+10

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commercial loans were reported as 5½ to 6 per cent for the week ended July 15.

With borrowing still on a restricted basis and demand from Chicago banks reduced during the month to almost negligible proportions, commercial paper sales in the Middle West declined 60 per cent in June to one-tenth of the usual seasonal volume—the lowest level since January 1923, when this bank's records began. Selling rates ranged from 2¼ to 2½ per cent for prime paper to 2¾ and 3 per cent for less well known obligations; the bulk of sales moved at 2½ to 3 per cent. Outstandings decreased 8 per cent on June 30 from the end of May, and continued 50 per cent under a year ago. A slight expansion in sales was evidenced during the first half of July, largely as the result of some improvement in demand from banks in Chicago. Quotations on July 15 ranged from 2 to 3 per cent, with most business being transacted at between 2¼ and 3 per cent.

The supply of acceptances in the Chicago bill market aggregated 12½ per cent less during the four weeks ended July 13 than in the preceding period, inasmuch as a 30 per cent decrease in receipts from Eastern centers more than offset an increased volume of local bills purchased by dealers. Distribution also declined but was sufficiently large, in view of heavier sales to Chicago banks and larger shipments to Eastern offices, to absorb all offerings despite a decline in demand from out-of-town banks. As a consequence, dealers had no acceptances in their portfolios on July 13. Selling rates at the close of the period ranged from ¾ per cent for 30-day offerings to 1⅛ per cent for maturities of five and six months.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

June 16 to July 13, 1932
PER CENT CHANGE IN COMPARISON WITH PERIOD FROM
MAY 12 TO JUNE 15 1932 JUNE 11 TO JULY 16 1931

Bills purchased.....	+201.2	-91.3
Bills sold.....	-28.0	+2.8
Holdings*.....

*Holdings nil on July 13, 1932.

A smaller amount of new financing by means of bankers' acceptance credits took place in the Seventh district during June than in any other month since February 1929. Owing to this condition, the direct discounting of these bills by the accepting institutions decreased to such a degree that total supplies fell to a new low level for recent years, though purchases of other banks' acceptances were increased moderately over May. Liquidation, coincident with the abnormal currency demand that accompanied the banking disturbances in Chicago, caused sales to rise sharply in June to the highest point thus far attained in 1932. Portfolios of accepting banks were correspondingly reduced. The liability for outstanding bills declined on June 30 to a level lower than for any reporting date since November 1928. A further recession in new financing was evidenced during the first half of July.

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	JUNE 1932	MAY 1932	JUNE 1931
Chicago.....	\$2,133	+11.4	-34.2
Detroit, Milwaukee, and Indianapolis.....	881	+5.0	-33.9
Total four larger cities.....	\$3,014	+9.5	-34.1
32 smaller centers.....	491	-2.1	-35.1
Total 36 centers.....	\$3,505	+7.7	-34.2

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

	PER CENT CHANGE IN JUNE 1932 FROM	
	MAY 1932	JUNE 1931
Total value of bills accepted.....	-30.8	-47.8
Purchases (including own bills dis- counted).....	-46.6	-44.7
Sales.....	+591.6	-46.9
Holdings*.....	-47.5	+36.4
Liability for outstandings*.....	-7.7	-40.3

*At end of month.

SECURITY MARKETS

Little activity was displayed in the Chicago bond market during June, and prices after a slight rise early in the month, continued their gradual decline. New security offerings during June were confined to a few scattered municipal issues. The principal demand during the month appeared to be from individual investors, and mostly for high grade municipal and public utility issues. Outstanding among developments in the early part of July was the improvement shown in obligations of some European countries. Strength was shown also in United States Government issues, with some Liberty bonds touching highs for the year so far. This movement, however, seemingly has not affected domestic corporation issues to any great extent. Prices on the Chicago Stock Exchange moved in a very narrow range during all of June and the first two weeks in July. The average price of twenty leading stocks* on July 18 amounted to \$16.15, or one dollar above the average on June 18.

* Chicago Journal of Commerce.

Agricultural Products

A large crop of corn is in prospect in the Seventh district this year. Although growth is not quite so far advanced as in 1931, the plants are unusually sturdy with their condition above the average for July. Mid-month found some corn already in tassel, most of the crop too tall to cultivate, and the remainder ranging from knee to waist high. The production of wheat, oats, hay, potatoes, and tobacco, on the other hand, appears to have fallen considerably below the 1924-28 average, though that of oats, hay, and potatoes is greater than in 1931. Heavier yields of barley and rye are expected than a year ago. Threshing of the small crop of winter wheat has begun, and the harvesting of other grain is under way. A considerable amount of the straw is short but kernels are well developed.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		AVERAGE 1924-28
	FORECAST 1932	FINAL 1931	FORECAST 1932	FINAL 1931	
Corn.....	986,111	887,842	2,995,850	2,563,271	2,625,063
Oats.....	510,706	469,972	1,217,244	1,112,037	1,277,127
Winter Wheat..	44,233	73,636	431,762	789,462	548,632
Spring Wheat..	3,246	3,623	305,209	104,742	280,044
Barley.....	58,892(a)	49,467(a)	312,422	198,185	218,868
Rye.....	8,562(a)	7,523(a)	44,307	32,514	44,081
Flaxseed.....	315(b)	250(b)	18,243	11,071	23,287
Potatoes (white)	54,440	50,418	377,769	375,518	361,115
Potatoes (sweet)	1,391(c)	1,476(c)	80,307	62,904	57,822
Apples (total crop)...	11,990(a)	25,382(a)	133,824	202,415	180,262
Peaches.....	2,073(d)	7,838(d)	47,216	76,586	56,821
Pears.....	900(d)	1,602(d)	21,503	23,346	21,484
Cherries*.....	27(e)	29(e)	119	111	80
Grapes*.....	82(a)	74(a)	2,142	1,622	2,339
Dry Beans***..	3,582(e)	3,333(e)	9,440	12,713
Tobacco**.....	32,563	48,904	1,060,683	1,600,910	1,298,947
All Tame Hay*..	12,811	11,939	68,259	64,213	73,759

*In thousands of tons. **In thousands of pounds. ***In thousands of 100-lb. bags. (a) Five states including the Seventh Federal Reserve district. (b) Iowa and Wisconsin. (c) Illinois, Indiana, and Iowa. (d) Illinois, Michigan, Indiana, and Iowa. (e) Michigan and Wisconsin.

In some areas, oats had been lodged by wind and heavy rainfall to such an extent that it will be impracticable to use binders to cut them. Garden truck and pastures were greatly improved by the early July rains. Most counties still have ample moisture for immediate requirements, whereas a year ago crops were beginning to deteriorate because droughty conditions were becoming serious throughout the district.

GRAIN MARKETING

The movement of grains in June was restricted, both at domestic markets and into export. Wheat receipts and shipments, which were the lowest for June in twelve years covered by our records, declined from the May totals. June receipts have exceeded those for May in three of the preceding five years, while shipments have been lower in three years. Exports were smaller than in May and fell below the year-ago figure for the first time since September 1931. However, the total for the year ending June 30 exceeded the preceding season by about one-fourth. A moderate decline occurred in the United States visible supply of wheat, which since the first of June has averaged about 25 million bushels under a year ago. Total stocks in this country, according to a well known agricultural statistician, are higher than a year ago, due to considerably larger farm stocks and somewhat greater stores at mills and country elevators. Prices were weak, both cash and future wheat averaging lower than in May, with the decline continuing to July 16, on which date the July future recorded a new all-time low.

Feed grains also moved in limited quantities—lower than in May and less than usual for June. Reduced receipts of oats and smaller shipments of corn and oats are characteristic of June, but corn receipts have increased over May in four of the past five years. Corn and oats prices also declined, but exhibited less weakness than wheat. Cash and future prices of both grains averaged lower than in May, while in the first half of July corn recovered slightly and oats declined somewhat further.

MOVEMENT OF LIVE STOCK

Hog receipts at public stock yards in the United States were in exceptionally small volume during June, having shown the greatest recession from May that had been evidenced in that period since the beginning of our records (1921). The marketing of cattle, calves, and lambs, on the other hand, decreased less than the usual amount from the preceding month. Comparisons with last year remained unfavorable and, with the exception of an increased volume of lambs, live-stock receipts continued decidedly below the 1922-31 average. However, the

LIVE STOCK SLAUGHTER

(In thousands)

Yards in Seventh District, June 1932..... Federally Inspected Slaughter, United States June 1932..... May 1932..... June 1931.....	CATTLE	HOGS	LAMBS AND SHEEP		CALVES
			1932	1931	
June 1932.....	171	528	294	98	
June 1932.....	638	3,320	1,529	394	
May 1932.....	616	3,940	1,444	399	
June 1931.....	667	3,251	1,516	417	

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JULY 16 1932	JUNE 1932	MAY 1932	JUNE 1931
Native Beef Steers (average).....	\$8.25	\$6.65	\$6.05	\$7.45
Fat Cows and Heifers.....	5.75	4.85	4.65	6.05
Calves.....	6.10	5.75	5.45	8.45
Hogs (bulk of sales).....	4.80	3.50	3.35	6.40
Yearling Sheep.....	4.50	4.65	4.00	6.25
Lambs.....	5.95	5.80	5.50	7.75

movement of cattle and lambs to inspected slaughter (inclusive of receipts which do not pass through the public markets) expanded over May and that of hogs and lambs was in excess of a year ago. Prices have advanced sharply in recent weeks. June reshipments to feed lots, though continuing relatively light for this season of the year, showed a smaller recession from the 1927-31 average than had been the case in May.

MEAT PACKING

Contrary to seasonal trend, the volume of production at slaughtering establishments in the United States decreased 7 per cent in June to a level $3\frac{1}{2}$ per cent under a year ago and 10 per cent below the 1922-31 average for the month. Payrolls at the close of the period likewise showed a recession from May of one per cent in number of employes, one per cent in hours worked, and of $6\frac{1}{2}$ per cent in wage payments. The aggregate value of sales billed to domestic and foreign customers declined one per cent in June from a month earlier and was $32\frac{1}{2}$ per cent smaller than last year. However, most of the decrease in sales was due to the price factor—the tonnage changed little from May and totaled only one per cent below that of last June. Quotations for hams, picnics, pork loins, lard, cured bellies, beef, veal, and lamb averaged a little higher in June than in the preceding month; prices of smoked meats remained steady; and those of fresh bellies, barreled pork, dry salt fat backs, mutton, and skinned heavy hams declined. A definite upward trend in prices was evidenced after the middle of the month. Although inventories of packing-house commodities in the United States usually increase at this season, they had decreased on this July 1 by more than 70 million pounds from the beginning of June. Holdings, therefore, not only remained smaller than in 1931 or the 1927-31 average but also were below any other reporting date since February 1.

June shipments for export were slightly in excess of May, though many of the individual companies experienced a reduction therein. Foreign demand remained on a level with the preceding month, and with the exception of a small improvement in British inquiry for hams, the meat trade continued on a restricted basis. Inasmuch as prices abroad failed to keep pace with the recent advance in the United States, European quotations for packing-house commodities have fallen somewhat below Chicago parity. United States inventories in foreign countries (inclusive of stocks in transit) showed little change in June.

DAIRY PRODUCTS

In the Seventh Federal Reserve district, creamery butter manufacture aggregated about the same in June as a month earlier but showed a recession of 8 per cent from a year ago. The tonnage sold, however, increased 15 per cent over May and decreased 6 per cent in the comparison with 1931. United States production of the commodity likewise fell below last year but was seasonally greater than in May. Although inventories of creamery butter in the United States recorded the usual expansion on July 1, they aggregated 5,000,000 pounds lighter than a year ago or the 1927-31 average. Prices, after trending downward in June, advanced early in July.

Operations of Wisconsin cheese factories have remained at approximately 80 per cent of the 1924-31 level. The

manufacture of the American variety expanded 20 per cent in the four weeks ended July 2, as compared with that of May 9 to June 4, but totaled $10\frac{1}{2}$ per cent less than a year ago. Distribution of this commodity from primary centers of the state continued to lag behind production to a smaller than seasonal extent, though sales failed to expand over a month previous and were 12 per cent under last year. Inasmuch as total stocks of cheese in the United States increased only 14,500,000 pounds over the beginning of June instead of showing the average gain of about 19,000,000 pounds, July 1 holdings aggregated 13,000,000 pounds less than the 1927-31 average. Prices eased.

Industrial Employment Conditions

Reduced employment and earnings were reported by Seventh district establishments on June 15 as compared with a month earlier. The loss in number of men was fractional and less than in June of the preceding two years, while the payroll decline of more than 5 per cent was greater than in 1930 but less than in 1931. During the first six months of this year, however, sharper declines have been recorded for both employment and wage payments than in the same period of either 1930 or 1931.

Manufacturing employment determined the trend in the totals, as non-manufacturing recorded very slight changes from a month previous. While the level of employment and payrolls was the lowest yet recorded, the declines from a year ago in manufacturing industries, amounting to 23 per cent in employment and 38 per cent for payrolls, were slightly less than in the preceding two months. Five manufacturing and two non-manufacturing groups had lower employment and wage payments than a month earlier. These included a drop to a new low level for the metals group, a non-seasonal loss in leather products, and a greater than seasonal recession in paper and printing. Only three groups improved in both items—textiles, rubber products, and construction. Food products gained seasonally in employment, but for the first time in our records failed to record increased payrolls in June; stone-clay-glass had a greater-than-seasonal gain in number of men, accompanied, however, by a reduction in payrolls; the vehicles group, in which employment remained practically

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF JUNE 15, 1932			CHANGE FROM MAY 15	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	720	122,009	1,972	-4.1	-7.2
Vehicles.....	138	160,148	3,686	+0.3	-10.3
Textiles and Products.....	146	24,578	310	+3.6	+1.1
Food and Products.....	333	52,832	1,100	+5.1	-0.9
Stone, Clay, and Glass.....	140	6,980	132	+4.1	-2.1
Wood Products.....	266	19,590	235	-0.6	-3.6
Chemical Products.....	100	12,453	278	-1.5	-6.3
Leather Products.....	74	14,072	188	-3.3	-2.1
Rubber Products ²	7	4,674	124	+3.0	+20.6
Paper and Printing.....	308	39,216	929	-1.6	-5.7
Total Mfg., 10 Groups....	2,232	456,552	8,954	-0.5	-6.9
Merchandising ³	166	28,428	624	-1.7	-0.2
Public Utilities.....	72	81,780	2,493	-1.4	-1.2
Coal Mining.....	11	351	5	+61.8	-0.9
Construction.....	334	10,474	228	+19.8	+14.1
Total Non-Mfg., 4 Groups.	583	121,033	3,350	+0.2	-0.1
Total, 14 Groups.....	2,815	577,585	12,304	-0.4	-5.1

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

unchanged, recorded a sharp loss in wage earnings. Coal mining in Illinois continued at extremely low levels.

Farm wages in the North Central states, as reported by the Department of Agriculture, declined between April 1 and July 1, which is contrary to the usual increase in the harvest season. This trend was influenced by the continued decline in prices of farm products, which has discouraged the hiring of farm laborers. A higher ratio of supply to demand than on April 1 was shown for Illinois, Wisconsin, and Iowa, while Michigan showed considerable reduction in the ratio and Indiana a lesser one.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

United States production of automobiles declined slightly in June, following three months of expansion, although output of passenger automobiles totaled 160,103 for the month, or 1½ per cent more than a month previous but 24 per cent below last June. In the first six months of 1932, production of passenger cars aggregated only 730,808, which is 44½ per cent smaller than in the first half of 1931 and 74 per cent less than in the first six months of the peak year 1929. The number of trucks produced in June this year was 22,754, representing a recession of 17 per cent from May and a decline of 43½ per cent from a year ago; output in the first half of 1932, totaling 140,945, was 44½ per cent below the same period last year and 69 per cent under the first six months of 1929.

In the Middle West, sales of new automobiles to consumers again increased in June, continuing the upward trend started in January this year, and the number of cars sold was only 17½ per cent smaller than in June last year, as against a decline of 42 per cent in the year-to-year comparison for May. Data covering the first six months of the year show, however, that sales by retail dealers totaled 43 per cent less than in the same period of 1931, while wholesale distribution was 45 per cent smaller. June sales by wholesale distributors fell off considerably from those in May—a seasonal tendency. Used car sales were slightly greater than in the preceding month and only 12 per cent below those a year ago. Deferred payment sales constituted 50 per cent of the total retail sales made during June by dealers reporting the item, the same ratio as in May, and comparing with 58 per cent in June last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	JUNE 1932 PER CENT CHANGE FROM MAY 1932 JUNE 1931		FIRST HALF 1932 PER CENT CHANGE FROM FIRST HALF 1931	COMPANIES INCLUDED
	New Cars			
Wholesale—				
Number Sold.....	-25.5	-57.3	-44.7	16
Value.....	-23.4	-58.9	-45.1	16
Retail—				
Number Sold.....	+11.3	-17.5	-43.0	44
Value.....	+12.6	-28.2	-42.9	44
On Hand End of Month—				
Number.....	-12.7	-40.1	-31.8*	45
Value.....	-16.0	-47.7	-37.1*	45
Used Cars				
Number Sold.....	+1.7	-12.3	-24.6	45
Salable on Hand—				
Number.....	-8.4	-7.3	-2.9*	45
Value.....	-11.6	-7.7	+13.1*	45

*Average end of month.

IRON AND STEEL PRODUCTS

The quietness that usually is felt in the steel industry during the summer months, together with the generally retarded state of activity prevalent for some time, resulted in an exceptionally dull period in June and the first half of July for mills in the Chicago district. Steel ingot output averaged no more than 15 per cent of capacity at any time during the period, with operations falling below that level over the July 4 holiday, and June pig iron production in the Illinois and Indiana district reached a low point. Finished steel prices have remained firm, but the price of pig iron was reduced 50 cents per ton the early part of July, and the scrap iron and steel market continues extremely weak.

Iron and steel casting foundries reduced their operations still further in June, as is customary during the period. The tonnage produced by steel casting foundries declined 9 per cent from May and shipments dropped 19 per cent, while production of malleable castings totaled 9 per cent less and shipments 6 per cent smaller. New orders for steel castings increased moderately in the aggregate over the preceding month—15 per cent in tonnage—while orders booked for malleable castings were less by 5 per cent than in May, although their value totaled slightly greater. Conditions remained about the same as compared with a year ago. Shipments of stove and furnace manufacturers in the district declined 13 per cent in June from May—a seasonal trend—and were 20 per cent below a year ago. Orders booked, on the other hand, gained 40 per cent over the preceding month and were only 14½ per cent smaller than last June, which month had shown a 10 per cent gain over June 1930.

FURNITURE

Orders booked by furniture manufacturers in the district again fell off—in June from May—for the third successive month, the decline of 16 per cent comparing with the five-year average recession of 24 per cent which, however, follows upon an average increase in May of 16 per cent. Shipments, likewise, fell off, 32 per cent, this drop comparing with an average decline for the month of only 11 per cent. The shrinkage in the volume of unfilled orders outstanding was but 10 per cent during June, and the ratio to current orders booked stood on June 30 at 96 per cent, 9 points higher than a month previous. As compared with June last year, declines were especially heavy, owing to the earlier stimulation of summer trade a year ago when the semi-annual furniture show was held in June instead of July as is customary. Orders this June, therefore, were

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	JUNE 1932: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MAY 1932	JUNE 1931	
Wholesale Lumber:			
Sales in Dollars.....	+10.0	-49.0	14
Sales in Board Feet.....	+12.1	-40.5	12
Accounts Outstanding ¹	+3.1	-26.0	12
Retail Building Materials:			
Total Sales in Dollars.....	-5.6	-34.7	184
Lumber Sales in Dollars.....	+2.2	-43.2	37
Lumber Sales in Board Feet.....	-4.4	-40.8	86
Accounts Outstanding ¹	-0.1	-21.7	176
	Ratio of accounts outstanding ¹ to dollar sales during month		
	JUNE 1932	MAY 1932	JUNE 1931
Wholesale Trade.....	231.1	246.4	159.5
Retail Trade.....	420.5	395.2	346.2

¹End of Month.

71 per cent under the volume of June a year ago, shipments were 53 per cent less, and unfilled orders 70 per cent smaller. The ratio of operations to capacity, also, was markedly lower this June, a ratio of 27 per cent comparing with the June 1931 ratio of 51 per cent; operations during May averaged 4 points higher than currently.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturing in the Seventh Federal Reserve district increased 15 per cent in June over the relatively low level of May but continued almost 25 per cent less than the 1923-31 average. A recession not only from last year but also from the preceding month took place in tanning operations. The sale of leather, on the other hand, expanded over May, though it fell considerably short of the corresponding period in 1931. Prices held barely steady.

Larger numbers of packer green hides were sold in the Chicago market during June than in the preceding month; the demand for calf skins declined. Shipments of hides and skins from the city also decreased from May. Prices eased in June, but strengthened early in July.

Building Materials, Construction Work

Lumber moved in larger volume at wholesale during June in the Seventh district, and shipments from cement mills in this section improved, but reports in general failed to indicate a departure from recent depressed levels of building material distribution.

Lumber wholesalers reported a better than usual trend from May to June, as the gains in both dollar and board-foot sales compared with small average declines for the previous five years. The year-ago comparison for June was also better in both items than in the preceding two months. The average declines for six months of 1932 from the same period of 1931, amounting to 51 per cent in dollar sales and 42 per cent in board feet, were much greater than the corresponding losses in either 1930 or 1931.

Total sales of reporting retailers declined about the same from May as the average of the preceding five years. During the five-year period preceding 1930, however, a small average increase occurred in June. A better trend was shown for lumber dollar sales which increased in contrast to a loss in June of 1931. Total dollar sales in the past six months were 33½ per cent under the same period of the preceding year, which compares with losses of 27 per cent in 1931 and 14½ per cent in 1930. Stocks were further reduced at both wholesale and retail yards.

Cement shipments in June from midwestern mills exceeded production for the third successive month, and both gained moderately over the May level, following the usual trend. For the six months' period of 1932, shipments were slightly under production and declined 43 per cent

from last year, while production was 36 per cent lower. Cement distribution in the five states of this district during May increased 74 per cent over April, but totaled 42 per cent lower than a year earlier. The situation as regards clay products continued practically unchanged from recent low levels.

BUILDING CONSTRUCTION

Total construction activity in the Seventh Federal Reserve district declined somewhat in June, according to building contracts awarded. Residential contracts, however, amounting to 16 per cent of the total, registered a slight gain.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
June 1932.....	\$18,355,654	\$2,889,001
Change from May 1932.....	-25%	+2%
Change from June 1931.....	-51%	-62%
First six months of 1932.....	\$110,697,054	\$15,034,332
Change from same period 1931.....	-57%	-73%

*Data furnished by F. W. Dodge Corporation.

Permits issued in the Seventh district declined from both the preceding month and a year ago. Those issued during June, as reported by 100 cities, dropped 27 per cent from May and 66 per cent from June 1931 in the estimated cost of proposed work. The number issued showed declines of 17 and 39 per cent, respectively. Of the five large cities—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—the last was the only one to differ from the district trend, a gain of 144 per cent being recorded over May in estimated cost of proposed construction.

Merchandising

Seasonal trend was responsible for the expansion of 8 per cent shown over May in the June wholesale grocery trade. Hardware, drug, and electrical supply sales, on the other hand, exceeded those of the preceding month by 10, 1, and 4 per cent, respectively, contrary to the usual trend, the nine-year average recording declines of 3 and one per cent in the first two groups and practically no change for electrical supplies. The shoe trade, which declined 4 per cent in June from May, reflected about the average recession, while the drop of 10 per cent in the dry goods trade compared with an average increase of one per cent. The decline from a year ago in this latter group was larger than in a similar comparison for May, but other lines showed improvement in the year-to-year comparison. Data covering the first half of 1932 indicate that business in the wholesale grocery and drug trades totaled approximately one-fifth less than in the same period last year,

DEPARTMENT STORE TRADE IN JUNE 1932

LOCALITY	PER CENT CHANGE JUNE 1932 FROM JUNE 1931		PER CENT CHANGE FIRST SIX MONTHS 1932 FROM SAME PERIOD 1931		RATIO OF JUNE COLLECTIONS TO ACCOUNTS OUTSTANDING END OF MAY	
	NET SALES	STOCKS END OF MONTH	NET SALES	1932	1931	
					1932	1931
Chicago.....	-30.2	-27.8	-30.2	24.9	29.0	29.0
Detroit.....	-21.8	-18.5	-24.0	30.0	31.7	31.7
Indianapolis.....	-23.3	-12.8	-21.2	38.3	41.5	41.5
Milwaukee.....	-29.2	-17.5	-25.0	32.5	34.9	34.9
Other Cities.....	-31.2	-19.1	-26.8	27.9	31.6	31.6
7th District.....	-27.8	-22.5	-27.0	29.4	32.3	32.3

WHOLESALE TRADE IN JUNE 1932

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	-16.1	-26.0	-5.8	-18.0	105.4
Hardware.....	-17.4	-16.8	-10.8	-26.7	242.0
Dry Goods.....	-37.6	-36.1	-30.5	-36.4	364.7
Drugs.....	-16.9	-14.8	-4.4	-29.1	227.1
Shoes.....	-39.5	-24.3	-40.5	-45.6	383.3
Electrical Supplies.....	-44.0	-28.0	-24.3	-47.8	206.0

while that in hardware was one-fourth and that in dry goods one-third smaller; business in the shoe and electrical supply trades declined about 40 per cent.

The decline of 4 per cent from the preceding month in June department store sales of the Seventh district represented about the average recession for the period, although conditions varied as among the several cities. Chicago trade, for instance, totaled less than ½ per cent smaller than in May, and Indianapolis trade was only one per cent less; but Milwaukee sales decreased 6 per cent, Detroit showed a drop of 8½ per cent, and the total for other cities one of 7 per cent in the comparison. The 28 per cent decline reported from June last year brought sales for the first half of 1932 to 27 per cent below the first six months of 1931, with Chicago trade experiencing the heaviest recession in the latter comparison. Stocks declined to a greater extent than usual in June, falling off 7½ per cent from the end of May; as in other months this year, however, the rate of turnover was slightly slower than in 1931.

The retail shoe trade again expanded in June—5 per cent—representing the fourth consecutive monthly gain and a little more than the usual seasonal increase over May. Department stores were responsible, however, for the heavier volume of business, as the majority of dealers

reported declines from the preceding month. June trade totaled 23 per cent below a year ago, and sales in the six months of 1932 were almost one-fourth less than in the same period last year. Stocks on hand are about 10 per cent smaller than in 1931.

The 23 per cent decline from May shown in sales of furniture and house furnishings during June was about the same as in the 1927-31 average for the period. Installation sales by dealers recorded heavier losses than did total sales, falling off 30 per cent in the month. As compared with last June, installment sales were 34 per cent smaller and total sales by dealers and department stores were 30 per cent less. Stocks declined 2 per cent in the month and now average almost 20 per cent below those a year ago.

Chain store trade in June recorded a slight recession from May in the aggregate for fifteen chains reporting to this bank. Drug, men's clothing, and musical instrument chains showed some expansion in the comparison, and the five-and-ten-cent store trade totaled about the same in volume as a month previous, while sales by grocery, cigar, furniture, and shoe chains were smaller. The decline from a year ago totaled 16 per cent for all reporting groups. The number of units in operation remained about the same as a month previous but was slightly greater than 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	June 1932	May 1932	Apr. 1932	Mar. 1932	Feb. 1932	Jan. 1932	June 1931	May 1931	Apr. 1931	Mar. 1931	Feb. 1931	Jan. 1931
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	50	51	52	53	53	58	75	77	78	79	78	84
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	15	11	13	14	17	16	17	29	38	39	44	40	34
In Tons.....	15	10	13	14	17	15	16	27	38	37	43	41	34
Malleable—In Dollars.....	21	11	12	13	17	16	15	26	31	34	34	30	30
In Tons.....	21	19	21	23	30	28	26	42	51	54	53	47	45
Stoves and Furnaces—													
Shipments (in dollars).....	11	48	51	54	53	43	32	65	84	94	77	69	50
Furniture—													
Orders (in dollars).....	18	14	19	26	32	29	38	56	39	49	61	56	73
Shipments (in dollars).....	18	15	23	28	37	32	24	33	47	59	64	57	37
Flour—													
Production (in bbls.).....	25	111	104	109	110	96	98	90	89	95	95	95	102
Output of Butter by Creameries—													
Production.....	67	141	141	102	96	93	92	153	146	108	91	82	85
Sales.....	69	130	113	95	97	93	91	140	117	102	91	88	91
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	71	66	68	70	61	60	84	81	84	83	74	82
Hardware.....	13	54	49	51	40	31	30	64	63	72	55	41	42
Dry Goods.....	9	29	32	34	35	34	30	46	51	55	51	41	42
Drugs.....	13	66	63	67	72	67	66	83	79	87	85	81	88
Shoes.....	6	33	34	31	35	29	25	54	60	68	63	44	40
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	58	60	64	62	55	54	84	83	94	83	74	81
Detroit.....	5	78	86	89	80	75	65	101	109	126	109	95	87
Indianapolis.....	5	67	67	75	70	60	62	87	93	94	88	68	80
Milwaukee.....	5	67	71	81	72	61	68	95	99	112	93	75	85
Other Cities.....	45	55	59	67	61	53	51	80	86	95	78	67	71
Seventh District.....	83	63	66	71	67	59	57	88	90	101	88	76	81
Automobile Production (U. S.)—													
Passenger Cars.....		55	54	41	37	32	34	72	93	98	79	62	47
Trucks.....		60	73	73	52	62	55	107	121	133	120	105	89
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		10	10	9	8	10	5	26	30	36	52	23	22
Total.....		27	36	24	31	26	18	55	61	67	101	42	46
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		29	30	32	37	40	41	61	76	86	84	78	72
United States.....		21	26	29	32	34	32	56	66	69	67	62	56
Steel Ingot Production—(U. S.)*		26	32	36	39	44	42	61	74	80	88	80	70
Unfilled Orders U. S. Steel Corp.....		43	46	49	52	53	56	73	76	82	84	83	87

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL activity decreased further from May to June by somewhat more than the usual seasonal amount, and there was a considerable reduction in factory employment and payrolls. The general level of commodity prices advanced between the middle of June and the middle of July, reflecting chiefly a rise in the prices of live stock and meats.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 60 per cent of the 1923-1925 average in May to 59 per cent in June. There were large decreases in output in the steel, coal, and meat-packing industries, while at automobile factories daily average production showed a smaller decline than is usual at this season and at woolen mills activity increased, contrary to seasonal tendency. Consumption of cotton by domestic mills showed the usual seasonal decline.

At manufacturing establishments there was a further reduction of 3.6 per cent in number of employees and of 7.8 per cent in earnings between the middle of May and the middle of June. Decreases in employment were general, with the exception of the automobile and tobacco industries, and of seasonally active industries, such as vegetable and fruit canning and the manufacture of ice cream. The largest decreases were in the steel, textile, chemical, and machinery industries and at railway repair shops.

Daily average value of building contracts awarded, as reported by the F. W. Dodge Corporation, declined in June but increased in the first half of July.

Department of Agriculture estimates as of July 1 indicate a corn crop of 3,000,000,000 bushels, the largest since 1923; a winter wheat crop of 432,000,000 bushels, 45 per cent smaller than last year and 21 per cent less than the five-year average; a spring wheat crop of 305,000,000 bushels, three times as large as last year and slightly larger than the average; and a tobacco crop one-fifth smaller than usual.

DISTRIBUTION

Volume of railroad freight traffic declined somewhat further in June, and value of merchandise sold by department stores decreased by more than the usual seasonal amount.

WHOLESALE PRICES

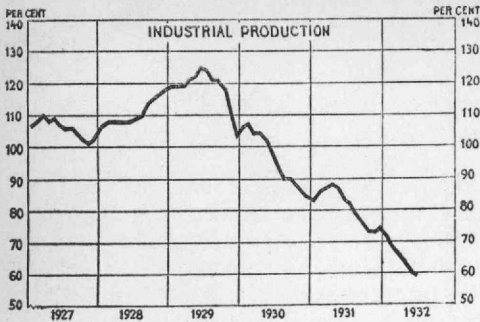
The level of prices in wholesale markets, after declining steadily during May, was relatively stable early in June, and after the middle of the month there was an advance which continued through the second week in July. Prices of several leading commodities, including live stock and meats, cotton, and sugar, increased considerably during June and the first half of July but later showed some recession. Prices of wheat declined to unusually low levels, and markets for copper and lead continued weak.

BANK CREDIT

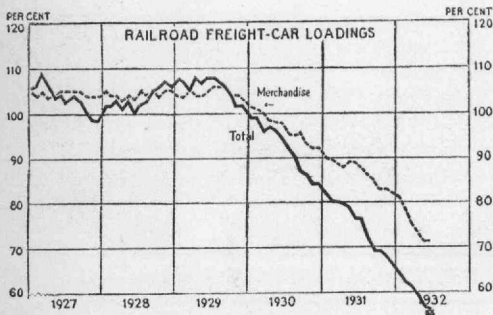
Volume of reserve bank credit continued to increase between the middle of June and the middle of July, reflecting principally further purchases of United States Government securities by the reserve banks. In addition, member banks obtained reserve bank funds through an increase in the monetary stock of gold and a decline in deposits held with the reserve banks by foreign central banks. Funds released from these sources were absorbed by an increase in the demand for currency which also caused the member banks to draw on their balances with the reserve banks and to increase their discounts somewhat. The demand for currency, which for the period amounted to \$270,000,000, was caused by banking disturbances largely in the Chicago district, by seasonal requirements at the turn of the month and the Fourth of July holiday, and by increased use of cash to avoid the tax on checks.

Loans and investments of reporting member banks, after fluctuating widely during June, declined in the first two weeks of July, and on July 13 totaled \$18,475,000,000, about \$540,000,000 less than on June 1. There was a further decline in loans, while the banks' investments in United States Government securities, after increasing substantially during the period of Treasury financing in mid-June, declined gradually, but on July 13 were still \$90,000,000 larger than six weeks earlier.

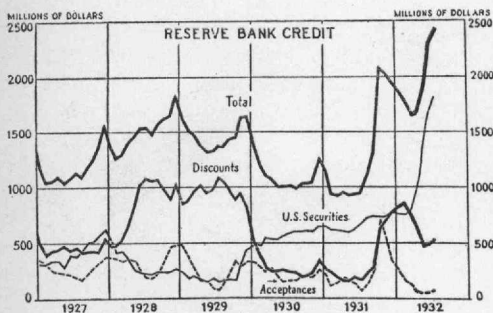
Money rates in the open market declined further during June and the first half of July. At the Federal Reserve Bank of New York, buying rates for bankers' acceptances maturing within 90 days were reduced from 2½ to 1 per cent on June 24. On the same day, the bank lowered its discount rate from 3 per cent to 2½ per cent; and on the following day, the rate at the Chicago bank was reduced from 3½ per cent to 2½ per cent.



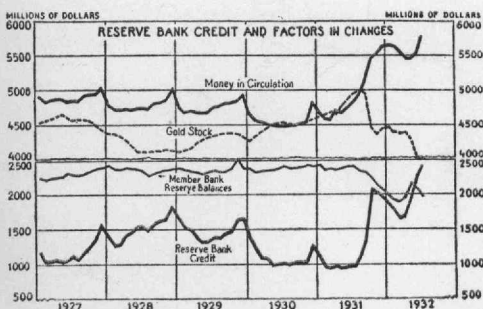
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



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



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 20 days in July, 1932.



Monthly averages of daily figures. Latest figures, averages of first 20 days in July, 1932.