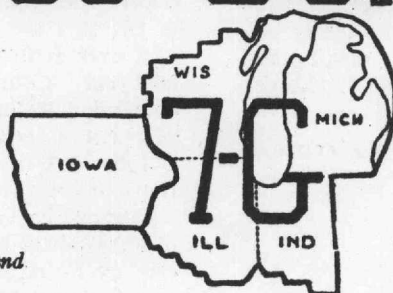


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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General Summary

SEVENTH district business conditions showed mixed trends during October. Many manufacturing industries experienced an improvement in activity, while the merchandising of commodities slowed down somewhat following the greater-than-seasonal expansion of September.

The steel industry in October had a larger volume of orders and shipments than a month previous, with ingot output maintained at approximately the September rate. Casting foundries, both malleable and steel, booked heavier orders and expanded their production, and shipments of malleable castings increased. Stove and furnace shipments likewise gained in October, as did those of furniture, and orders booked by manufacturers of the latter commodity showed a smaller recession than usual for the period. The manufacture of shoes increased slightly over the preceding month, while both production and sales of leather totaled larger in the comparison—sales being heavier even than a year ago. On the other hand, automobile production reached a record low level, and building construction decreased seasonally with the movement of building materials also showing a tendency toward slackening. The total volume of industrial employment reported, registered a further recession, although most industries increased the number of workers, curtailment in the automobile industry being responsible for the decline in the aggregate.

Production and sales of meat-packing products gained in October over September, but manufacture and distribution of butter and cheese declined in the comparison.

The movement of wheat was unusually small for October, as was that of oats; however, corn receipts and shipments were large.

Except for hardware and electrical supplies, where the increases shown were seasonal in nature, reporting groups of wholesale trade experienced a slowing-down in business during October. Department store sales increased only slightly over September, owing to a recession reported by Detroit stores, which trend is peculiar to that city in October. Both the retail shoe and furniture trades showed substantial declines in sales during the month. Chain store trade, however, gained in volume.

No important changes in financial trends have been noted during recent weeks. Reporting member banks in the district continue to reduce their loans, and the volume of their borrowing at the Reserve bank remains small; demand and time deposits of reporting member banks increased somewhat between the middle of October and November 16. Commercial paper sales by dealers increased in October over the preceding month, and financing by means of bankers' acceptances was also slightly heavier; however, purchases and sales of the latter were light. The bond market continued to show hesitancy.

Credit Conditions and Money Rates

Borrowings of member banks at the Reserve bank on November 16 were slightly below those on October 19. In the accompanying table the changes in factors influencing the volume of member bank borrowing are presented in detail; it will be noted therein that outstanding among those elements tending to decrease discounting was an excess of local Treasury expenditures over receipts amounting to 32 million dollars. The principal develop-

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	Nov. 16 1932	CHANGE FROM OCT. 19 1932	Nov. 18 1931
Total Bills and Securities.....	\$283.7	\$-0.8	\$+29.5
Bills Discounted.....	17.4	-0.7	-43.2
Bills Bought.....	4.1	-0.0	-85.9
U. S. Government Securities.....	262.2	-0.1	+161.7
Total Reserves.....	807.5	+12.7	+228.6
Total Deposits.....	386.2	+15.8	+80.7
Federal Reserve Notes in Circulation.....	671.9	-5.6	+180.1
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	76.3	+0.5*	+3.7*

*Number of Points.

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	Nov. 16 1932	CHANGE FROM OCT. 19 1932	Nov. 18 1931
Total Loans and Investments.....	\$2,143	\$-118	\$-754
Loans on Securities.....	605	-59	-399
All other Loans.....	780	-34	-292
Investments.....	758	-25	-63
Net Demand Deposits.....	1,267	+4	-344
Time Deposits.....	904	+4	-171
Borrowings from Federal Reserve Bank.....	2	-9	-32

ments making for increased borrowing by member banks were an increase in member bank reserve balances of more than 16 millions, an increase in demand for currency of 9 million dollars, and almost 4½ millions in funds lost through inter-district settlements for commercial and financial transactions. These three items, together with minor changes in other factors, however, were slightly less in the aggregate than the total of changes making for decreased borrowing, so that loans to member banks declined by a small amount.

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

Changes between October 19 and November 16, 1932
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts.....	32.01
2. Decrease in unexpended capital funds.....	0.53
Total.....	32.54
Changes making for increase in member bank borrowing:	
1. Increase in member bank reserve balances.....	16.36
2. Increase in demand for currency.....	9.00
3. Funds lost through inter-district settlements for commercial and financial transactions.....	4.44
4. Decrease in reserve bank float.....	1.85
5. Decrease in holdings of U. S. securities by the Reserve bank.....	0.10
6. Sales of gold to industry.....	0.04
7. Increase in non-member clearing balances.....	0.03
Total.....	31.82
Excess of changes making for decrease in member bank borrowing:	0.72
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	0.72

MEMBER BANK CREDIT

Total loans and investments of reporting member banks in the district on November 16 were nearly 120 million dollars below October 19, a considerable portion of which decline is accounted for by the termination of the membership of one large bank whose deposit liabilities were assumed by a new member bank the latter part of October. Net demand deposits of reporting member banks increased 4 millions from October 19 to November 16 and time deposits by the same amount. As compared with November 18, 1931, net demand deposits on November 16 recorded a decrease of 344 million dollars, and time deposits one of 171 millions, whereas on October 19 the respective declines from the corresponding date in the preceding year had been 365 million and 207 million dollars.

Chicago banks reported the prevailing rate on customers' commercial loans during the week ended November 15 as 4 to 5 per cent, unchanged from the level reported for the corresponding week in October. The average rate earned on loans and discounts by Chicago banks during the calendar month of October was 4.42 per cent, as against 4.49 per cent in September and 4.33 in October 1931.

Dealer sales of commercial paper in the Middle West increased 16 per cent in October over September to a level 20 per cent in excess of a year ago, but were 5 per cent smaller than in August and 77½ per cent below the 1923-31 average. Although borrowing expanded over the

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	OCT. 1932	PER CENT OF INCREASE OR DECREASE FROM	
		SEPT. 1932	OCT. 1931
Chicago.....	\$1,830	-1.4	-32.2
Detroit, Milwaukee, and Indianapolis.....	686	+0.5	-35.5
Total four larger cities.....	\$2,516	-0.9	-33.1
32 smaller centers.....	450	+1.9	-36.0
Total 36 centers.....	\$2,966	-0.5	-33.6

preceding month, it was relatively light. Moreover, demand continued to be limited to the highest grade offerings. Selling rates eased, quotations for October being 1¼ to 2 per cent for short-term prime obligations and 2 to 3 per cent for longer maturities and less well-known paper; the bulk of transactions took place within a range of 1¾ to 2 per cent. Outstandings were increased 5 per cent over September 30, but totaled 30½ per cent below last year. Coincident with a decline in both supply and demand, sales in the first half of November decreased 57 per cent as compared with the corresponding weeks of October. A range of 1¼ to 2 per cent in selling quotations was reported on November 15.

During the four weeks ended November 9, the supply of acceptances in the Chicago bill market increased 2 per cent over that of September 15 to October 12, but consisted almost entirely of dealer receipts from Eastern cities, inasmuch as purchases from local banks were negligible. All bills moved rapidly out of dealers' hands into investment channels, as demand from Chicago banks was in excess of any earlier month of 1932. It was impossible, therefore, for dealers to accumulate any acceptances in their own portfolios, although sales to out-of-town banks declined and shipments to Eastern markets were nil. A reduction in selling rates took place during the period; quotations on November 9 ranged from ½ per cent for 30-day offerings to ⅞ per cent for those of 180 days.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

October 13 to November 9, 1932

PER CENT CHANGE IN COMPARISON WITH PERIOD FROM SEPT. 15 TO OCT. 12 OCT. 15 TO NOV. 10

	1932	1931
Bills purchased.....	-79.9	-98.6
Bills sold.....	+5.5	-64.0
Holdings*.....

*Holdings nil on November 9, 1932.

New financing by means of bankers' acceptances aggregated slightly greater in the Seventh district during October than a month earlier. A corresponding increase of 6 per cent in the direct discounting of these bills at originating banks also took place. The buying of other banks' acceptances, on the other hand, decreased to such an extent that total purchases—inclusive of discounts—were not only less than in July, August, or September, but also 7½ per cent smaller than the 1923-31 average. Sales were below any other month on record (January 1923), being only one-twentieth as great as the volume of current purchases; consequently, holdings attained a level on October 31 higher than for any reporting date since August 31, 1931, although a large volume of bills matured during the month. The liability for outstandings was further reduced. New financing increased sharply during early November, largely as a consequence of demand from the sugar, merchandise, coal, and food industries.

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

	PER CENT CHANGE IN OCT. 1932 FROM	
	SEPTEMBER 1932	OCTOBER 1931
Total value of bills accepted.....	+5.3	-14.4
Purchases (including own bills discounted).....	-9.5	-14.8
Sales.....	-76.4	-94.6
Holdings*.....	+5.0	+272.1
Liability for outstandings*.....	-1.4	-24.7

*At end of month.

SECURITY MARKETS

Continued hesitancy in the Chicago bond market during October was evidenced in a slackening of activity. Issues of investment types remained firm during the month, while prices on the more speculative bonds were somewhat weaker, the trend in the latter instance following more closely stock market conditions. The volume of new offerings during October continued light and was comprised mainly of municipal issues. The chief demand during the month came from institutions, with some scattered buying by individuals. Prices on the Chicago Stock Exchange moved within a narrow range during October with only a slight downward trend. The average price of twenty leading stocks,* fluctuating very mildly during the first two weeks in November, amounted to \$22.21 on November 15 and compared with \$21.71 on the corresponding date a month previous.

* Chicago Journal of Commerce.

Agricultural Products

With 40 per cent of the crop husked by November 1, yields indicate a greater production of corn in the Seventh Federal Reserve district during 1932 than for any previous year since 1925. Moreover, the oat harvest totaled 13 per cent larger than in 1931, and the potato crop is expected to be 15 per cent in excess of the 1927-31 average. The production of wheat, on the other hand, was less than reported for any year since 1928.

Prices of important agricultural commodities, after declining in October, tended to strengthen early in November.

GRAIN MARKETING

The movement of wheat during October was unusually small, both at domestic markets and into export. Receipts at primary centers were fairly large in the first part of the month, but in response to declining prices, the volume fell off, so that the total for the month was smaller than in October of any year on our records (since 1921). Reshipments from the same markets declined seasonally from September and were the lowest for October since

1923. Domestic milling demand was moderate and exports continued at the extremely low level of September and were in about one-fifth the volume of last October. Sales to the Orient, which were a considerable factor in last season's exports, have been almost negligible this season. European demand was largely supplied by Canadian wheat, which was favored by a decline in Canadian exchange and by anticipation on the part of British buyers of the duty on non-Empire wheat which went into effect on November 15. Visible supplies in the United States reached a high for the season on October 1, and by November 12 had declined 6 million bushels; during this period the total averaged about 45 million bushels less than on the corresponding dates of 1931. Cash and future prices declined steadily during October, contrary to the trend of a year ago. The December option reached a new low on November 3, but recovered slightly before the middle of the month.

Corn receipts in October exceeded any month since December 1930 and the corresponding month of each year since 1926. Although shipments were also large, visible supplies rose rapidly and on November 12 were higher than at any time since April 1929, totaling almost three times the year-ago volume. Stocks of corn on farms as of November 1, according to the Department of Agriculture, were approximately twice as large as the revised estimates for 1931. Receipts and shipments of oats were unusually small, declining more than seasonally from September. Supplies of this grain declined slightly from the high point of October 15, though still remaining unusually large. Prices of feed grains followed the decline in wheat and also recovered slightly in the first half of November.

MOVEMENT OF LIVE STOCK

Live stock marketings at public stock yards in the United States, except in the case of calves, showed less than a seasonal expansion in October over September. Receipts at these points not only remained considerably under the 1922-31 average but recorded a greater recession from 1931 than was evidenced a month earlier. On the other hand, the movement of hogs and lambs to inspected slaughter (inclusive of the receipts that do not pass through public stock yards) continued above the seasonal level, and that of cattle and lambs fell off from September. Prices, after having trended downward in October, firmed early in November, but later showed renewed weakness.

A smaller than seasonal number of cattle and lambs moved from public stock yards to corn belt feed lots during October. Indications are, however, that this defi-

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the Basis of November 1 Condition.

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		AVERAGE
	PRELIMINARY 1932	FINAL 1931	PRELIMINARY 1932	FINAL 1931	1924-28
Corn.....	1,094,780	887,842	2,920,689	2,563,271	2,625,063
Oats.....	531,147	469,972	1,265,341	1,112,037	1,277,127
Winter Wheat..	45,527	73,636	441,788	789,462	548,632
Spring Wheat..	3,392	3,623	269,919	104,742	280,044
Barley.....	58,339(a)	46,467(a)	313,407	198,185	218,868
Rye.....	8,189(a)	7,523(a)	42,453	32,514	44,081
Buckwheat....	872(a)	665(a)	7,113	8,938	11,792
Flaxseed.....	302(b)	250(b)	12,770	11,071	23,287
Soy Beans (harvested)...	8,899(a)	9,507(a)	12,661	14,685	6,560
Cowpeas (harvested)...	556(i)	653(i)	5,917	6,932	4,362
Potatoes (white)	60,344	50,418	359,403	375,518	361,115
Potatoes (sweet)	1,482(c)	1,476(c)	75,834	62,904	57,822
Sugar Beets ¹ ...	1,260(d)	581(d)	8,788	7,903	7,389
Apples (total crop)...	12,270(a)	25,382(a)	138,976	202,415	180,262
Peaches.....	2,108(e)	7,838(e)	46,267	76,586	56,821
Pears.....	909(e)	1,602(e)	21,980	23,346	21,484
Grapes ¹	89(a)	74(a)	2,162	1,622	2,339
Cranberries ² ...	75(f)	45(f)	520	651	588
Dry Beans ³ ...	4,392(g)	3,333(g)	10,301	12,713
Tobacco ⁴	35,042	48,904	1,024,200	1,600,910	1,298,947
All Tame Hay ¹ ...	13,400	11,939	68,543	64,213	73,759
Broom Corn ¹ ...	5½(h)	8½(h)	34½	44½	51

¹In thousands of tons. ²In thousands of barrels. ³In thousands of 100 lb. bags. ⁴In thousands of pounds. (a) Five states including Seventh Federal Reserve district. (b) Iowa, Wisconsin. (c) Indiana, Illinois, Iowa. (d) Michigan. (e) Michigan, Illinois, Indiana, Iowa. (f) Wisconsin. (g) Michigan, Wisconsin. (h) Illinois. (i) Indiana, Illinois.

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, October 1932.....	211	690	437	97
Federally Inspected Slaughter, United States October 1932.....	694	3,605	1,601	389
September 1932.....	718	3,252	1,667	366
October 1931.....	781	3,772	1,804	407

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	NOV. 19 1932	OCT. 1932	SEPT. 1932	OCT. 1931
Native Beef Steers (average)...	\$6.15	\$7.05	\$8.05	\$8.40
Fat Cows and Heifers.....	4.45	4.65	5.15	5.35
Calves.....	4.40	5.05	6.70	6.70
Hogs (bulk of sales).....	3.40	3.60	4.05	5.10
Yearling Sheep.....	4.35	3.75	4.25	4.60
Lambs.....	5.40	5.15	5.45	5.80

ciency of more than 35 per cent may have been partially offset by heavier shipments from ranges direct to feeding territory than in 1931.

MEAT PACKING

The volume of production at slaughtering establishments in the United States increased $2\frac{1}{2}$ per cent in October over the preceding month, but aggregated $5\frac{1}{2}$ per cent less than last year or the 1922-31 average. Similar trends were shown in sales and employment. The total value of sales billed to domestic and foreign customers was 3 per cent greater than in September, though 26 per cent smaller than a year ago. As in previous months, most of this recession reflected the effect of a lower price level in 1932 than 1931, as the sales tonnage declined only $7\frac{1}{2}$ per cent in the comparison. End-of-October payrolls reflected a gain over a month earlier of 2 per cent in number of employes, of $1\frac{1}{2}$ per cent in hours worked, and of $3\frac{1}{2}$ per cent in wage payments, but continued under last year. Although November 1 inventories of packing-house commodities in the United States were below those of any previous reporting date in 1932 and 65,000,000 pounds lighter than the 1927-31 average, they showed less than a seasonal recession from October 1 and a 35,000,000-pound increase over the limited holdings of a year ago. Practically all commodities recorded a price decline in October from September. Following this recession, however, quotations of pork loins and lard advanced sharply in early November.

Some further increase in total shipments for export took place in October, although several reporting firms experienced a decrease. Foreign demand for American lard ranged between fair and good, both on the Continent and in the United Kingdom, but trade in meats remained generally unsatisfactory. With the exception of a moderate demand for fat backs and some further purchases of Christmas hams, very little forward buying for future delivery was reported; most sales were made from stocks already landed. European quotations for United States lard averaged on a parity with Chicago; in Germany, however, the commodity commanded a slight premium. Meat prices were at a discount, especially in the United Kingdom. Inventories of United States packing-house commodities in European markets (inclusive of stocks in transit) appear to have been slightly greater on November 1 than at the beginning of October.

DAIRY PRODUCTS

The production of creamery butter in the Seventh Federal Reserve district showed only a fractional decline in October from September—in contrast to an average recession for the month of $8\frac{1}{2}$ per cent—was $1\frac{1}{2}$ per cent in excess of the 1923-31 average October volume, and within $7\frac{1}{2}$ per cent of a year ago. Sales tonnage, likewise, fell off less than a seasonal amount, being 2 per cent less than in September, 14 per cent under last October, and $7\frac{1}{2}$ per cent smaller than the nine-year average. Although United States production declined more sharply than usual for the month and was less than in October 1931, the market demand was inadequate to cause more than a seasonal recession in United States inventories of the commodity on November 1 from the beginning of October. These holdings, therefore, aggregated 10,500,000 pounds in excess of last year and continued approximately 39,000,000 pounds less than the 1927-31 average. Prices, after de-

clining one per cent in October, tended to strengthen during early November.

During the four weeks ended October 29, the manufacture of American cheese in Wisconsin was reduced $8\frac{1}{2}$ per cent from the preceding period and 12 per cent from last year. Merchandising of the commodity from primary centers of that state declined $4\frac{1}{2}$ and 3 per cent in the respective comparisons, but exceeded current manufacture by 1,000,000 pounds. Despite these trends, total stocks of cheese in the United States decreased somewhat less than a seasonal amount on November 1 from the beginning of October; however, they remained considerably below those of last year and the 1927-31 average. Prices have continued to ease.

Industrial Employment Conditions

October reports from 2,746 establishments in the Seventh district showed the first gain in aggregate industrial wage payments since last February, accompanied, however, by a further reduction in number of employes. This trend was somewhat more favorable than that in October of last year when declines of 8 per cent in employment and one per cent in payrolls were recorded. The 3 per cent larger payroll indicates that production activity increased during October, but the decline of nearly 3 per cent in number of workers shows that this gain was effected by expanded operating time.

Manufacturing employment determined the trend in the totals, aggregate employment of the ten groups falling off $3\frac{1}{2}$ per cent, while payrolls expanded 5 per cent, resulting in an increase in average weekly earnings from \$16.24 in September to \$17.73 in October. Again, the sharp reduction in number employed at automobile plants offset increases in other industries, but payrolls for this group recovered considerably. Eight manufacturing groups expanded both their number of workers and wage payments. In six of these the gain in payrolls exceeded that in employment—namely, rubber, wood, metals, leather, chemicals, and paper and printing. Textiles and stone-clay-glass recorded substantial gains in employment.

Employment in the total of non-manufacturing groups remained practically the same as in September, while wage payments fell off slightly. The utilities and construction

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF OCTOBER 15, 1932			CHANGE FROM SEPTEMBER 15	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	699	106,506	1,743	+1.4	+6.5
Vehicles	143	106,509	1,868	-15.4	+8.5
Textiles and Products	136	28,934	428	+6.0	+1.4
Food and Products	326	56,868	1,114	-0.7	-0.7
Stone, Clay, and Glass	137	6,674	122	+4.2	+3.8
Wood Products	259	19,669	250	+3.9	+8.6
Chemical Products	104	12,454	276	+2.2	+4.0
Leather Products	73	16,029	250	+1.5	+5.2
Rubber Products ²	7	5,355	106	+0.9	+34.0
Paper and Printing	286	37,329	868	+0.9	+2.8
Total Mfg., 10 Groups ...	2,170	396,327	7,025	-3.6	+5.2
Merchandising ³	170	27,624	591	+2.6	+2.6
Public Utilities	75	79,272	2,208	-0.9	-2.6
Coal Mining	14	1,640	29	+58.5	+84.1
Construction	317	9,763	200	-4.2	-5.1
Total Non-Mfg., 4 Groups ..	576	118,299	3,028	+0.1	-1.4
Total, 14 Groups	2,746	514,626	10,053	-2.8	+3.1

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

recorded declines in both items. Coal mining again showed large percentage gains, but the level of activity remained far below that prior to the shut-down last April. Merchandising also expanded moderately in both items.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

October was an exceptionally quiet month in the automobile industry. Production of passenger cars by United States manufacturers of 35,334 represented the smallest number of units produced in any month on our records (since July 1921), totaling 45 per cent below the preceding month and 39 per cent under October last year. Trucks produced numbered 13,595, or 30 per cent less than a month previous and 37 per cent under a year ago.

Sales of new automobiles in the Middle West likewise totaled small in volume during October. Those of wholesale distributors reporting to this bank numbered less than half the September volume, and sales by retail dealers were almost one-fifth less in number than a month previous, though their value aggregated only 10 per cent smaller. Used car sales declined 5 per cent in number during the period. Stocks of both new and used cars continued to diminish. Following an increase in September, the ratio of deferred payment sales to total retail sales again declined in October, being 48 per cent as against 52 per cent a month previous and 58 per cent for last October.

IRON AND STEEL PRODUCTS

Some further improvement was noted during October in the steel industry of this district. Sales and shipments totaled larger in volume than a month previous, while steel ingot output was maintained at approximately 18 per cent of capacity throughout the month. The price structure at Chicago has changed little in recent weeks, with the exception of weakness in black sheets and a lack of firmness in the scrap iron and steel market.

At malleable casting foundries of the district, orders booked, shipments, and production expanded in October over September, new orders being only 10 per cent smaller in tonnage than for last October, with shipments and production 39 and 33 per cent less, respectively, in the yearly comparison. Steel casting foundries booked orders totaling 15 per cent larger in tonnage than a month previous, and production was increased 5 per cent, but shipments declined 6 per cent from September; as compared with October 1931, these items were currently in about half

the volume. Stove and furnace shipments, gaining 26 per cent in October over September, showed somewhat less than the usual seasonal expansion, while new orders accepted were in slightly greater volume than a month previous; shipments totaled 31 per cent smaller than a year ago, and orders were 26 per cent smaller in the comparison.

FURNITURE

Activity during October of Seventh district furniture manufacturers reporting to this bank continued to improve relative to the trend in 1931 orders and shipments, the small recession in current orders of 5 per cent comparing with one of 13 per cent in October a year ago, and the gain of 10 per cent in shipments comparing with a decline last October of 4 per cent. The unfavorable spread in the yearly comparison (1932-1931) was reduced further, accordingly, amounting to 24 per cent for orders and 25 per cent for shipments—in both cases the smallest for the year to date. Comparisons with the five-year average improved slightly during the month. Owing to comparatively heavy shipments—approximately 10 per cent in excess of current orders—and a substantial aggregate of cancellations, the volume of unfilled orders outstanding was materially reduced on October 31 from the end of September. Operations averaged 41 per cent of capacity, two points under those of September and six under the rate maintained in October a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Seventh district shoe production expanded $\frac{1}{2}$ per cent in October over a month earlier to a new high level for 1932, being 45 per cent in excess of October last year and within $\frac{3}{4}$ per cent of the 1923-31 average for the month. Tanning increased over September and was nearly as large as a year ago; the total value of leather billed to customers also gained over the preceding month and, for the first time in 1932, was in excess of the corresponding month of 1931. Prices held barely steady.

Demand for calf and kip skins showed a moderate improvement in October. Following several weeks of inactivity, sales of packer green hides at Chicago increased sharply in the last week of October and continued to move in large volume throughout the first half of November. Prices declined.

RAW WOOL AND FINISHED WOOLENS

Greatly increased activity accompanied by an upward movement of prices characterized the raw wool market during August and September. The gains in prices brought the average to more than 25 per cent above the

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in October 1932 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	SEPTEMBER 1932	OCTOBER 1931	
New Cars			
Wholesale—			
Number Sold	-56.4	-69.0	16
Value	-43.1	-59.2	16
Retail—			
Number Sold	-17.8	-43.0	42
Value	-10.2	-45.4	42
On Hand October 31—			
Number	-20.2	-55.8	42
Value	-18.9	-62.6	42
Used Cars			
Number Sold	-4.7	-15.8	42
Salable on Hand—			
Number	-2.7	-35.5	42
Value	-1.4	-48.4	42

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	OCT. 1932: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	SEPT. 1932	OCT. 1931	
Wholesale Lumber:			
Sales in Dollars	+6.9	-24.2	13
Sales in Board Feet	+0.8	-22.7	11
Accounts Outstanding ¹	+11.6	-11.7	11
Retail Building Materials:			
Total Sales in Dollars	+1.4	-35.5	198
Lumber Sales in Dollars	-3.6	-21.1	72
Lumber Sales in Board Feet	-2.7	-31.5	77
Accounts Outstanding ¹	-2.2	-21.6	190
Ratio of accounts outstanding ¹ to dollar sales during month			
	OCT. 1932	SEPT. 1932	OCT. 1931
Wholesale Trade	221.0	211.7	190.3
Retail Trade	380.7	395.1	329.0

¹End of month.

low point of 1932—reached during the latter part of July. Sales to manufacturers in August were in larger volume than for any month in recent years, and resulted in a marked reduction of inventories. Foreign markets also showed considerable strength during this period; imports into the United States, however, were light except for specialties. The domestic market was somewhat less active during October, although a fairly steady volume of wool moved at slightly lower prices. Preference has been shown the medium grades. Wool stocks in the United States are approximately 25 per cent under a year ago. Wool fabric prices advanced late in August, following increased operations of woolen and worsted manufacturers.

Building Materials, Construction Work

Distribution of building materials in this district during October followed a mixed trend, with lumber at wholesale continuing the recent expansion at a somewhat reduced rate, retail materials failing to show seasonal gains, and shipments of cement and clay products much lower than in September. The general tendency was a slackening in the seasonal expansion recorded in the preceding two months.

Wholesale lumber yards had 7 per cent larger dollar sales than in September, as compared with a five-year average loss of one per cent. October was the fifth consecutive month to show a reduction of the decline from the corresponding month of last year. The trend in board-foot sales was only fractionally upward. Accounts increased more than sales, which is unusual, causing an increase in the accounts-dollar sales ratio.

Retail yards reported only a slight gain over September in dollar sales of all materials, following greater-than-seasonal expansion in August and September, and comparing with an average increase of 8 per cent in the five-year period. The decline of 35½ per cent from a year ago is similar to that shown in previous months of this year except for the better comparison in September. The volume of lumber sold by firms reporting this item was 3 per cent smaller than in September. The ratio of accounts to sales declined somewhat from the preceding month, but was considerably above a year ago. Stocks continued to diminish at both wholesale and retail yards. Although prices showed no significant change, scattered increases were reported in some items.

Demand for both cement and clay products was sharply less in October than in September. At cement mills in the Midwest shipments declined 20 per cent, while production increased 6 per cent, contrary to the seasonal trend, and totaled only 3 per cent less than a year ago. Stocks were reduced 6 per cent from the volume at the end of September and were 38 per cent under the 1931 figure for October 31. Distribution of cement in the five states of this district declined only slightly during September from

August and exceeded September 1931 by 2 per cent, which is the first increase in the yearly comparison since February 1930. The total for the third quarter was 19 per cent under the same quarter of 1931, as compared with a 44 per cent drop for the first six months from the same period last year.

BUILDING CONSTRUCTION

Construction activity of the Seventh Federal Reserve district, as measured by total building contracts awarded, declined seasonally during October. The dollar volume of contracts, amounting to slightly less than 12 million dollars, reached the lowest point since January 1919. Residential contracts during October amounted to 16 per cent of the total, and likewise showed a decline from a month previous, though remaining above the low point recorded in January this year.

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

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
October 1932.....	\$11,923,525	\$1,926,093
Change from September 1932.....	-46%	-2%
Change from October 1931.....	-36%	-60%
First ten months of 1932.....	\$182,445,330	\$22,824,393
Change from same period 1931.....	-53%	-71%

*Data furnished by F. W. Dodge Corporation.

October building permits issued in 102 Seventh district cities showed a 60 per cent decline from September in the estimated cost of proposed construction. This heavy drop was due in part to the one exceptionally large permit included in the September data. The number of permits issued fell off only 6 per cent in this comparison. The decreases registered from a year ago were 57 and 37 per cent, respectively, in cost and number. Outstanding among the larger cities of the district to differ from the group trend was Des Moines, which recorded gains in estimated cost of proposed construction of 50 per cent over September and 43 per cent over a year ago; Milwaukee, also, showed a gain over a month previous of 33 per cent.

Merchandising

A slowing-down in merchandising activity was evidenced during October, following the greater-than-seasonal gains shown in practically all reporting lines of wholesale and retail trade in the preceding month.

With the exception of the wholesale hardware and electrical supply trades where less than the usual improvement took place in sales over September, declines were general in wholesale distribution of commodities. Grocery sales fell off 8 per cent, as against a one per cent increase recorded in the 1923-31 average for the period, and the decline of 9 per cent in the drug trade contrasted with a gain of 4 per cent in the average; dry goods and shoe

WHOLESALE TRADE IN OCTOBER 1932

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-15.3	-16.9	+2.4	-21.6	125.2
Hardware.....	-23.6	-18.6	-13.5	-22.9	284.4
Dry Goods.....	-26.6	-32.3	-28.5	-26.2	287.0
Drugs.....	-27.6	-22.9	-0.6	-26.1	257.9
Shoes.....	-41.5	-45.5	275.0
Electrical Supplies.....	-41.9	-29.8	-20.9	-42.0	223.2

DEPARTMENT STORE TRADE IN OCTOBER 1932

LOCALITY	PER CENT CHANGE OCTOBER 1932 FROM OCTOBER 1931		PER CENT CHANGE TEN MONTHS 1932 FROM SAME PERIOD 1931	RATIO OF OCT. COL- LECTIONS TO ACCOUNTS OUTSTANDING SEPT. 30	
	NET SALES	STOCKS END OF MONTH		1932	1931
Chicago.....	-21.1	-37.7	-26.4	24.4	29.5
Detroit.....	-23.0	-26.3	-25.1	30.9	32.7
Indianapolis.....	-14.6	-29.2	-20.7	39.0	39.9
Milwaukee.....	-24.0	-26.2	-26.1	31.2	36.5
Other Cities.....	-27.9	-22.8	-27.4	28.7	32.8
7th District.....	-22.5	-31.4	-25.9	29.6	33.0

sales were smaller by 7 and 20 per cent, respectively, the declines comparing with seasonal recessions of only 6 and 3 per cent; while the expansion of 4 per cent in the hardware trade and that of 5 per cent in electrical supplies compared with average gains of 6 and 17½ per cent, respectively. As a result of this lessened activity, declines from a year ago were greater than in a similar comparison for September. In the ten months of 1932, decreases from the same period of 1931 totaled 21 per cent in groceries, 26 per cent in hardware, 32 per cent in dry goods, 23 per cent in drugs, 42 per cent in shoes, and 43 per cent in electrical supplies. Although many reports indicated that prices for the most part remained steady during October, others stated that prices trended downward.

Department store trade increased only slightly in the aggregate over September—one per cent—owing to a decline of 17 per cent shown in the October total for Detroit stores, which trend is seasonal in that city. Chicago stores recorded a 6 per cent gain in sales over the preceding month, Indianapolis experienced a 2 per cent increase, Milwaukee one of 18 per cent, while the total for stores in smaller cities was 8 per cent larger for October than September. The 22½ per cent decline from a year ago, though somewhat heavier than that of 20 per cent shown in September from the corresponding month last year, was less than in any other previous month of 1932 since February, and the 26 per cent recession in the ten-month cumulative total this year from the same period of 1931

was slightly smaller than the 27 per cent difference shown in September. For the second successive month stock turnover was greater than in the corresponding month a year ago, despite a small gain in the volume of stocks during the month.

Both the retail shoe and retail furniture trades recorded substantial declines in sales volume during October from September. That of 25 per cent in the retail shoe trade, as computed from reports of dealers and department stores, compared with a recession of only 6 per cent in the 1925-31 average for the period, and sales likewise totaled 25 per cent smaller than a year ago. The decline of 18 per cent in sales of furniture and house furnishings at retail compared with a 15 per cent decrease in the 1927-31 average; sales by dealers on the installment basis totaled only one per cent smaller than in the preceding month. As compared with October last year, both installment and total sales were approximately 31 per cent smaller.

Chain store trade furnished an exception to the general merchandising trend for October, aggregate sales of four-teen chains increasing 5 per cent over a month previous. Groups experiencing gains included drug, five-and-ten-cent, cigar, shoe, and men's clothing chains, while groceries and musical instruments had a smaller sales volume than in September. The year-ago comparison recorded a decline in the current period of 16 per cent in total sales of these chains.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

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

	No. of Firms	Oct. 1932	Sept. 1932	Aug. 1932	July 1932	June 1932	May 1932	Oct. 1931	Sept. 1931	Aug. 1931	July 1931	June 1931	May 1931
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	58	57	53	52	50	51	79	74	75	76	75	77
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	14	10	11	10	9	11	13	20	20	23	26	29	38
In Tons.....	14	10	11	9	9	10	13	20	19	22	24	27	39
Malleable—In Dollars.....	21	9	8	8	7	11	12	16	17	20	21	26	31
In Tons.....	21	16	14	13	12	19	21	25	26	32	34	42	51
Stoves and Furnaces—													
Shipments (in dollars).....	11	101	81	47	31	43	51	143	111	79	63	65	84
Furniture—													
Orders (in dollars).....	18	30	31	25	22	13	19	39	44	46	35	56	39
Shipments (in dollars).....	18	33	30	22	13	15	23	44	46	39	42	33	47
Flour—													
Production (in bbls.).....	25	112	112	123	106	111	104	125	123	130	114	90	89
Output of Butter by Creameries—													
Production.....	67	92	92	111	118	141	141	100	93	109	122	153	146
Sales.....	69	87	89	102	106	130	113	102	101	108	115	140	117
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	65	70	65	59	71	66	76	86	84	92	84	81
Hardware.....	12	44	42	36	35	54	50	57	54	51	59	65	64
Dry Goods.....	9	36	40	28	22	29	32	49	53	41	38	46	51
Drugs.....	13	56	61	59	52	66	64	79	78	76	78	83	79
Shoes.....	6	36	45	39	25	33	34	60	61	55	48	54	60
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	65	61	45	39	59	60	82	71	60	58	84	83
Detroit.....	5	73	87	54	51	78	86	95	123	78	71	101	109
Indianapolis.....	5	77	76	50	44	67	67	90	89	67	61	87	93
Milwaukee.....	5	78	66	53	48	67	71	102	89	73	75	95	99
Other Cities.....	45	60	56	46	38	56	60	85	71	69	57	80	86
Seventh District.....	83	67	66	48	42	63	66	87	83	67	62	88	90
Automobile Production—(U. S.)—													
Passenger Cars.....	12	22	26	32	32	55	54	20	37	53	63	72	93
Trucks.....	36	52	38	44	44	60	70	58	83	84	91	107	121
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	7	7	7	7	7	10	10	17	18	27	20	26	30
Total.....	17	32	32	24	27	36	36	27	49	64	59	55	61
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....	20	20	22	26	29	30	30	41	43	44	50	61	76
United States.....	21	20	17	19	21	26	26	39	40	42	48	56	66
Steel Ingot Production—(U. S.)*.....	31	28	23	24	26	32	32	44	45	50	55	61	74
Unfilled Orders U. S. Steel Corp.....	42	42	41	41	43	46	46	65	66	66	71	73	76

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial output, after increasing considerably during August and September, remained unchanged in October. Factory employment and payrolls reported for the middle of the month, showed a further increase. During October, as in the last three weeks of September, wholesale commodity prices declined, and in the first three weeks of November the general average was at the level of early summer.

PRODUCTION AND EMPLOYMENT

Industrial production, as measured by the Board's seasonally adjusted index, continued in October at 66 per cent of the 1923-1925 average, as compared with a low level of 58 per cent in July. In the textile industries, which had shown a rapid expansion in August and September, there was a slight decrease in consumption of raw materials, while output of finished products increased somewhat.

Shoe production, which also had increased substantially in recent months, showed a seasonal decline. Operations at steel mills expanded from an average of 17 per cent of capacity in September to 19 per cent in October, contrary to seasonal tendency, and, according to trade reports, continued at about this rate through the first three weeks of November. Production of automobiles in October declined further to a new low level. At coal mines activity continued to increase rapidly until the middle of October, but since that time a reduction, largely seasonal in character, has been reported.

Employment in most manufacturing industries increased between the middle of September and the middle of October, and the Board's seasonally adjusted index of factory employment showed an advance from 60 per cent of the 1923-1925 average to 61 per cent. At textile mills, working forces increased by considerably more than the usual seasonal amount, and substantial increases were also reported at steel mills, lumber mills, and carbuilding shops. In the canning and automobile industries, there were decreases in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued at low levels during October and the first half of November.

The Department of Agriculture estimate of the cotton crop, based on November 1 conditions, was 11,950,000 bales, about 525,000 bales larger than the estimate a month earlier.

DISTRIBUTION

From September to October, volume of freight traffic increased by more than the usual seasonal amount; after the middle of October carloadings declined, reflecting chiefly seasonal developments. Dollar value of department store sales increased by the usual amount in October.

WHOLESALE PRICES

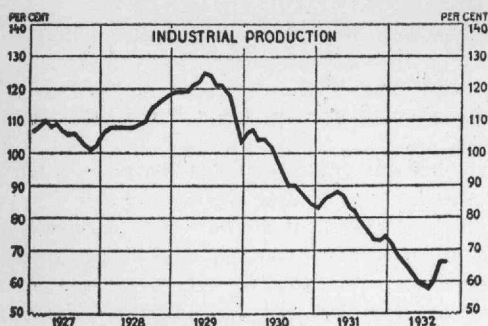
Wholesale commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, declined from 65 per cent of the 1926 average in September to 64 per cent in October. Weekly figures show declines in the general average from early September through the first week in November, reflecting reductions in the prices of many domestic agricultural products and their manufactures, as well as in the prices of steel rails, copper, coffee, rubber, and silk. In the second week of November, prices of many leading commodities including grains, hogs, cotton, silk, zinc, lead, and tin advanced considerably, but later the prices of these commodities declined.

BANK CREDIT

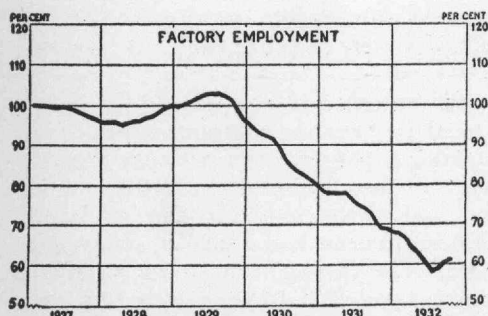
Volume of reserve bank credit showed little change for the four-week period ending November 16. Member bank balances at the reserve banks increased further by \$75,000,000, and in the middle of November were about \$475,000,000 in excess of legal reserve requirements. This growth in reserve balances reflected an increase of \$60,000,000 in the stock of gold and the issue of additional national bank notes. Demand for currency showed little change during the four-week period.

Loans and investments of reporting member banks in leading cities, outside New York City and Chicago, declined further between the middle of October and the middle of November, reflecting a further reduction of loans at these banks. In New York City, the investments of member banks increased by an amount larger than the decrease in loans so that total loans and investments of these banks showed a further increase.

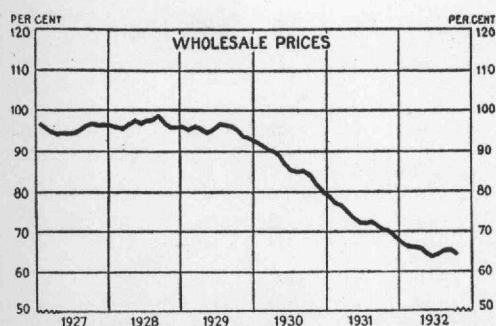
Money rates in the open market continued at low levels during October and the first half of November. Rates on 90-day bankers' acceptances were unchanged at $\frac{1}{2}$ of 1 per cent, and rates on prime commercial paper declined from a range of $1\frac{3}{4}$ -2 to a range of $1\frac{1}{2}$ - $1\frac{3}{4}$ per cent.



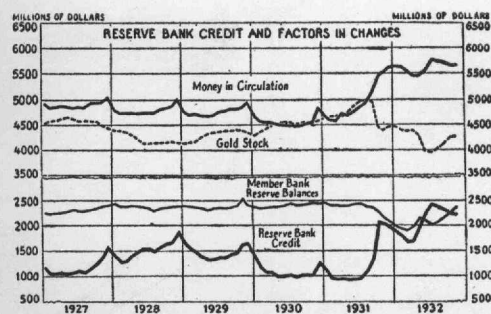
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



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



Index of United States Bureau of Labor Statistics (1926 = 100).



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