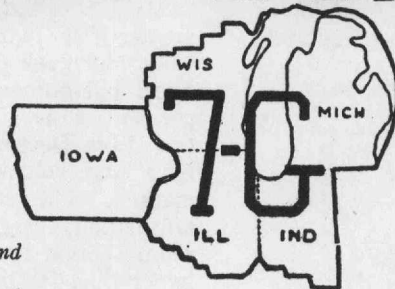


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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General Summary

SEASONAL factors influenced to a considerable extent business trends at the beginning of 1933, output of commodities in certain lines expanding somewhat over the close of 1932, while that of others was curtailed and merchandising phases showed a recession subsequent to the holiday trade.

Production of automobiles increased in January, as is usual, and even slightly exceeded that in the first month of 1932, and steel ingot output likewise gained over the low point at the end of last year. Shipments from steel and malleable casting foundries expanded seasonally and in contrast to a decline in January a year ago. Shoe production gained, contrary to trend, and aggregated larger than in the same month last year; output of leather, on the other hand, diminished. Building construction in January was seasonally low and negligible in volume, and the movement of most building materials also was light. In the furniture industry, orders booked expanded, as is customary for January, but to a considerably lesser extent than usual, while shipments declined less than seasonally. Both employment and payrolls of reporting groups totaled slightly larger than a month previous, the gain in employment representing the third consecutive monthly increase.

Food-producing industries recorded seasonal expansion in January over the preceding month, production of meats, butter, and cheese gaining in the comparison, with the volume of the last two named commodities exceeding that of a year ago. Sales of meat-packing products gained in tonnage over December, though their value decreased, and distribution of cheese also increased, while the volume of butter sold totaled about the same as a month previous. The grain movement in January was below normal for the season, that of wheat being the lowest in many years. Receipts of feed grains at interior markets increased in January, contrary to trend, but were below average for the month, and shipments decreased, counter to trend. Government data showed more cattle and swine on farms at the beginning of 1933 than a year earlier, both in this district and the country as a whole.

In the wholesale distribution of commodities, groceries, hardware, and electrical supplies recorded greater than seasonal declines in January; drug sales were smaller,

contrary to trend; dry goods showed less than the usual expansion; while shoe sales declined less than seasonally. The recession from December in Seventh district department store trade was only slightly greater than is customary and smaller than in the same month last year. Sales of shoes and furniture at retail, and chain store trade totaled seasonally much smaller than a month previous. Distribution of automobiles, on the other hand, expanded as is usual in January, that at wholesale being greater in volume than a year ago.

Increased demand for currency, resulting from banking disturbances in the district, was an important factor in a somewhat heavier volume of borrowing at the Reserve bank between January 18 and the middle of February. Money rates trended downward in January.

Credit Conditions and Money Rates

Largely the result of an increase in demand for currency, totaling 76½ million dollars, and an excess of local Treasury receipts over expenditures of 33½ millions, member bank borrowing at the Reserve bank increased approximately 4 million dollars during the period January 18 to February 15. The heavier demand for currency reflected principally banking disturbances, coupled with increased need of currency in Michigan as an outgrowth of the state-wide bank holiday. Important among the factors making for lessened member bank recourse to the Reserve bank were over 82 millions in funds gained through inter-district settlements for commercial and financial transactions, a decrease in member bank reserve balances of almost 20 millions, and an increase of 4 million dollars in reserve bank float. The total of these three

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	FEB. 15 1933	JAN. 18 1933	CHANGE FROM FEB. 17 1932
Total Bills and Securities.....	\$277.1	\$+4.9	\$+70.1
Bills Discounted.....	18.8	+3.9	-57.1
Bills Bought.....	3.8	-0.0	-16.4
U. S. Government Securities.....	254.4	+1.1	+147.1
Total Reserves.....	918.4	+47.4	+257.7
Total Deposits.....	418.2	-7.3	+153.7
Federal Reserve Notes in Circulation.....	747.7	+62.4	+177.0
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	78.7	+0.3*	-0.3*

*Number of Points.

items, however, together with a small gain in holdings of U. S. securities by the Reserve bank, was not enough to offset the factors making for an expansion in borrowing, and resulted in the increase in discounting for member banks.

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

Changes between January 18 and February 15, 1933
(In millions of dollars)

Changes making for increase in member bank borrowing:	
1. Increase in demand for currency.....	76.46
2. Excess of local Treasury receipts over expenditures.....	33.49
3. Increase in non-member clearing balances.....	0.49
4. Increase in unexpended capital funds.....	0.19
5. Sales of gold to industry.....	0.04
Total.....	110.67
Changes making for decrease in member bank borrowing:	
1. Funds gained through inter-district settlements for commercial and financial transactions.....	82.35
2. Decrease in member bank reserve balances.....	19.77
3. Increase in reserve bank float.....	4.17
4. Increase in holdings of U. S. securities by the Reserve Bank.....	0.47
Total.....	106.76
Excess of changes making for increase in member bank borrowing:	3.91
Absorption of this excess: Increase in member bank borrowings (discounts for member banks).....	3.91

MEMBER BANK CREDIT

Reporting member banks in the district during the period January 18 to February 15 reduced their total loans and investments 35 million dollars, 25 millions of which decline took place in loans and 10 in investments. During this period net demand deposits decreased 20 millions and time deposits 16 millions. As shown by the accompanying table, all items given as of February 15 were considerably below the corresponding figures reported on February 17, 1932. The declines in most cases, however, were slightly less extensive than those indicated on January 18 as compared with January 20 a year ago.

Down-town banks in Chicago reported the prevailing rate on customers' commercial loans during the week ended February 15 as ranging from 3½ to 5 per cent; for the corresponding week of January these banks reported a range of 4 to 5 per cent. The average rate earned on loans and discounts during the calendar month of January by Chicago banks located in the down-town area was 3.99 per cent, as against 4.21 per cent in December and 4.76 per cent in January 1932.

After having shown further expansion in the first half of January, dealer sales of commercial paper in the Middle West fell off to such an extent during the following two weeks that business for the entire month aggregated 19½ per cent smaller than in December, 43 per cent under a year ago, and 88½ per cent below the 1923-32 January average. Despite a narrow demand, selling rates eased, largely as a consequence of restricted borrowing. January quotations, therefore, ranged from 1 and 1½ per cent for short-term prime obligations to 1½ and 2½ per cent for those of longer maturity or less well-known; the bulk of

transactions took place within a range of 1¼ to 1½ per cent. Although continuing at a low level, outstandings were 6 per cent larger on January 31 than at the close of December. A further decline in sales and in selling rates was evidenced during the first half of February.

Market operations of Chicago bill dealers averaged greater from January 12 to February 8 than in any previous four-week period since March 10—April 13, 1932. Local bill purchases, which remained approximately 80 per cent under a year ago, though totaling much heavier than from December 15 to January 11, were augmented by a large volume of acceptances received from Eastern markets. The total supply of acceptances in the Chicago bill market, therefore, not only exceeded that of the preceding period by 216½ per cent but was 1½ per cent larger than last year. Under the influence of an active demand from Chicago banks and a fair trade with Eastern centers, these bills moved rapidly into investment channels. Chicago dealers, as a consequence, were unable to accumulate any bills in their own portfolios. As a reflection of these trends, rates again declined: the quotations for February 8 ranged from ¼ per cent for 30-day maturities to 5⁄8 per cent for those of 180 days.

In the Seventh Federal Reserve district, new financing by means of bankers' acceptances declined less than a seasonal amount in January from the preceding month and recorded a smaller recession from a year earlier and the 1923-32 seasonal average than during December. Although the direct discounting of these bills at the originating banks declined 35 per cent from January 1932, it exceeded the December total by 19 per cent. Moreover, purchases of other banks' bills were larger than for any other month since September 1931, so that total purchases were 12½ per cent in excess of the preceding period and a year ago. Sales, on the other hand, remained exceptionally light. As a result of these trends and despite a large volume of maturities during the month, bill portfolios of accepting banks in the district attained a higher level on January 31 than for any previous reporting date since August 1931. In contrast, January 31 outstandings were less than at any time during the past four years. An increase in new financing by means of acceptance credits was reported in the first half of February.

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

	PER CENT CHANGE IN JANUARY 1933 FROM DECEMBER 1932	JANUARY 1932
Total value of bills accepted.....	-2.6	-31.8
Purchases (including own bills discounted).....	+12.4	+12.6
Sales.....	-59.2	-82.7
Holdings*.....	+7.6	+256.4
Liability for outstandings*.....	-2.5	-29.1

*At end of month.

SECURITY MARKETS

Following the increased activity during the latter weeks of 1932 and the early part of this year, the Chicago bond market developed a weaker tone about the middle of

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

	(Amounts in millions of dollars)	PER CENT OF INCREASE OR DECREASE FROM
		JAN. 1933 DEC. 1932 JAN. 1932
Chicago.....	\$1,745	-3.9 -24.7
Detroit, Milwaukee, and Indianapolis.....	792	-3.6 -32.2
Total four larger cities.....	\$2,537	-3.8 -27.2
31 smaller centers.....	441	-4.9 -28.5
Total 35 centers.....	\$2,978	-4.0 -27.4

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	FEB. 15 1933	JAN. 18 1933	CHANGE FROM JAN. 18 1933	FEB. 17 1932
Total Loans and Investments.....	\$2,007	\$-35	\$-665	
Loans on Securities.....	569	-22	-317	
All Other Loans.....	752	-3	-264	
Investments.....	686	-10	-84	
Net Demand Deposits.....	1,288	-20	-139	
Time Deposits.....	863	-16	-136	
Borrowings from Federal Reserve Bank.....	4	+3	-38	

January and prices declined somewhat. First-grade issues continued in principal demand, with preference for the shorter term maturities. New offerings during January were again in restricted volume. There was no outstanding class of purchaser in the market, although institutions were reported to have displayed a greater interest in investment securities. Quotations on the Chicago Stock Exchange have trended slightly downward since the second week in January. The average price of twenty leading stocks* amounted to only \$19.69 on February 16, as compared with a price of \$21.70 on the corresponding date in January.

*Chicago Journal of Commerce.

Agricultural Products

The following tabulation shows more cattle and swine on farms at the beginning of 1933 than a year earlier. However, the number of hogs available for winter and spring marketing on December 1 in the Seventh Federal Reserve district was indicated as being reduced from 1931, according to a compilation of the reports sent direct to this bank by county agricultural agents.

LIVE STOCK ON FARMS—JANUARY 1

Estimates of the United States Bureau of Agricultural Economics
(In thousands)

FIVE STATES INCLUDING
SEVENTH DISTRICT
NUMBER VALUE NUMBER VALUE

1933				
Swine, including Pigs.....	22,160	\$ 99,608	60,716	\$255,538
Milk Cows and Heifers*.....	6,430	192,440	25,136	732,749
Other Cattle and Calves.....	6,425	99,877	39,993	565,079
Lambs and Sheep.....	4,383	13,249	51,630	149,544
Horses and Colts.....	2,987	205,184	12,163	658,684
Mules and Mule Colts.....	299	20,797	4,981	300,391
1932				
Swine, including Pigs.....	21,312	138,711	59,078	362,511
Milk Cows and Heifers*.....	6,311	261,625	24,469	968,274
Other Cattle and Calves.....	6,281	127,892	38,187	700,468
Lambs and Sheep.....	4,805	17,513	53,321	181,051
Horses and Colts.....	3,089	209,556	12,641	674,611
Mules and Mule Colts.....	306	21,528	5,089	308,617

*Two years old and over.

GRAIN MARKETING

Both the domestic and export movements of wheat in January were of smaller than average proportions. Receipts at interior markets, which were less than in any month since April 1925, declined seasonally from December and totaled only 60 per cent of the five-year January average. Shipments were 32 per cent less than in the preceding month, as compared with a five-year average loss of 18 per cent from December, and were the lowest in our records (since 1921). The price rise at Chicago early in January further restricted exports, which were the smallest since government stabilization ended and less than one-third of the January 1932 volume. The United States visible supply showed a further decline of nearly 10 million bushels between January 14 and February 11. Future prices recovered sharply in early January from the low point of December 28, largely on account of poor condition reports on the winter crop in the west. Later weakness erased half of the 8 cent gain, and this level prevailed to the middle of February. Strengthening of the domestic milling demand resulted in somewhat greater stability of cash prices.

Receipts of both corn and oats at primary centers increased over December, in contrast to moderate declines in the five-year average for the month, and also exceeded

the year-ago volume. Declines from the five-year January average, however, amounted to 54 per cent for corn and 40 per cent for oats. Shipments of these grains recorded losses from December, counter to seasonal trend, of 42 and 4 per cent, respectively, the volume of each being lower than in January of any year in our records, except 1932. Visible supplies of corn continued to increase moderately in January, but a slight decline was recorded in the week ending February 14. The oats supply has changed but little in the past two months. Corn futures averaged a little lower than in December, and exhibited further slight weakness in early February. Cash prices were firmer and averaged a little better than in December. Oats prices continued stable.

MOVEMENT OF LIVE STOCK

Receipts of live stock at public stock yards in the United States increased sharply in January, after having declined to an exceptionally low level during December. As this improvement reflected a contrary to seasonal expansion in cattle and calf marketings and a larger than customary gain in hog and lamb receipts, recessions in volume from a year ago and the 1923-32 seasonal average were less marked in January than a month earlier; moreover, lamb marketings were in excess of this ten-year average. Similar trends also were reflected in the movement to inspected slaughter (which includes direct shipments in addition to market receipts). Prices tended to firm.

Reshipments to feed lots showed a further recession during the month and, with the exception of calves, were considerably below seasonal levels.

MEAT PACKING

Following a smaller than usual gain in December, the volume of production at slaughtering establishments in the United States increased 5½ per cent in January—as compared with a seasonal expansion of 2½ per cent—and showed a recession of only 5 per cent from a year ago and of 10 per cent from the 1923-32 average for the month. Payrolls at the close of the period reflected a similar improvement over December, the increases being ½ per cent in number of employes, 7½ per cent in hours worked, and 6½ per cent in wage payments. Furthermore, January sales tonnage exceeded that of December by 7 per cent and was only slightly smaller than in January of the preceding year. However, price changes caused the total value of sales billed to domestic and foreign customers to decline ½ per cent from that of December and 21 per cent from last January. Quotations of lard, beef, pork

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, January 1933.....	175	932	317	88
Federally Inspected Slaughter, United States January 1933.....	612	4,700	1,332	345
December 1932.....	567	4,584	1,264	327
January 1932.....	653	5,027	1,679	347

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

	WEEK ENDED FEB. 18 1933	JANUARY 1933	MONTHS OF DECEMBER 1932	JANUARY 1932
Native Beef Steers (average)...	\$4.80	\$5.00	\$5.50	\$6.80
Fat Cows and Heifers.....	3.95	3.85	3.85	4.65
Calves.....	6.50	5.20	4.65	6.95
Hogs (bulk of sales).....	3.60	3.15	3.10	4.00
Yearling Sheep.....	4.75	4.75	4.75	4.25
Lambs.....	5.75	5.90	5.70	5.95

loins, dry salt fat backs, barreled pork, and sweet pickled picnics declined from December; those of pork hams, bellies, fresh picnics, veal, and lamb advanced. Prices for most packing-house commodities tended to firm early in February. As the excess of production over current distribution was smaller than usual for January, February 1 inventories in the United States not only gained less than a seasonal amount over the preceding month but showed a much larger recession from last year and the 1928-32 average than had been evidenced at the beginning of 1933.

Largely as a consequence of lard being moved to Germany in anticipation of the new duties which became effective on February 15, total shipments for export were considerably in excess of December. The demand for lard, already landed in European ports, was brisk during early January but slackened after mid-month; the trade in meats remained quiet. European quotations for American lard, especially on the Continent, commanded a premium over the United States market; meat prices, on the other hand, ruled under Chicago parity. United States inventories of packing-house commodities in European markets (inclusive of stocks in transit) were reported as being larger on February 1 than at the beginning of January.

DAIRY PRODUCTS

A further seasonal expansion of 8 per cent in January brought creamery butter manufacturing operations in the Seventh Federal Reserve district to a level $1\frac{1}{2}$ per cent in excess of last year and 9 per cent above the 1923-32 average for the month. The sales tonnage remained approximately the same as in December, instead of declining as is usual, and increased 5 per cent over the ten-year average for January but was $1\frac{1}{2}$ per cent under a year ago. United States production of the commodity likewise increased over December but appears to have been less than a year ago. As a consequence of consumption remaining below seasonal volume, creamery butter inventories in the United States declined less than a customary amount on February 1 from the beginning of 1933 and showed a much smaller decrease from the 1928-32 average than evidenced during other recent months. Prices declined sharply in January from December.

The production of American cheese in Wisconsin increased during the four weeks ended January 28— $8\frac{1}{2}$ per cent over the preceding period, 11 per cent over last year, and $7\frac{1}{2}$ per cent in comparison with the 1928-32 seasonal average. Though totaling 32 per cent in excess of the preceding four weeks, distribution declined 16 per cent from last January and failed to record as large an excess over current production as is customary for the January period. This tendency for consumption to lag behind seasonal levels resulted in total inventories of cheese in the United States decreasing less than the usual amount on February 1 and showing a smaller recession in the year-to-year and the 1928-32 comparison than on January 1. Prices broke sharply during the month.

Industrial Employment Conditions

Small increases in both aggregate employment and payrolls were recorded for the monthly period ended January 15 by reporting Seventh district establishments. These gains contrast with losses for January in each of the pre-

vious five years. Among individual industries, widely divergent trends occurred.

Of the ten manufacturing groups, only two gained in both number of men and wage payments, while six registered losses in both items. The upward trend in the manufacturing total, and in the grand total as well, was determined by the vehicles group, which has recorded significant expansion in both employment and wage payments for three consecutive months. Despite these gains, comparison with January 1932 shows losses in the vehicles group of approximately 20 per cent in the former item and 30 per cent in the latter. Food products gained somewhat, counter to seasonal trend. Sharpest losses occurred in the rubber, wood, and stone-clay-glass groups. In the case of employment in the first two industries mentioned and payrolls of the second, the declines were larger than for any January in our records and established new low points. The leather group, despite some expansion in the shoe industry, recorded seasonal losses; metal products receded more than seasonally; and chemical establishments reported small declines. Employment in the paper and printing industries increased for the first time in January since 1926, but payrolls were fractionally lower. The textiles group reported fewer employees, in contrast to a moderate expansion in wage payments.

Non-manufacturing totals declined, the reduction in employment being sharper than that in payrolls. Merchandising recorded losses greater than those in January 1932, and payrolls of this group were at a new low level. A considerable decrease occurred in the number employed in construction work, accompanied by a less marked reduction of wages. Coal mining engaged a slightly larger number of workers, but suffered a contraction in wages paid. The utilities were practically unchanged from the low levels of the preceding month.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Further expansion of activity was shown during January in the automobile industry, and total output of passenger automobiles and trucks slightly exceeded the volume of the same month a year ago.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF JANUARY 15, 1933			CHANGE FROM DECEMBER 15	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹ . . .	711	100,687	1,532	-3.4	-5.8
Vehicles	143	158,556	3,274	+10.3	+12.0
Textiles and Products . . .	140	25,212	330	-2.5	+3.0
Food and Products	342	54,610	1,047	+1.0	+1.7
Stone, Clay and Glass . . .	135	4,071	65	-9.8	-9.8
Wood Products	259	16,909	163	-10.7	-24.1
Chemical Products	105	11,263	238	-1.4	-0.9
Leather Products	76	15,137	198	-4.2	-5.9
Rubber Products ²	8	4,537	83	-10.9	-9.5
Paper and Printing	294	36,550	801	+1.4	-0.4
Total Mfg., 10 Groups . . .	2,213	427,532	7,731	+1.9	+2.6
Merchandising ³	202	30,353	585	-11.9	-11.6
Public Utilities	75	77,858	2,193	-0.4	+0.4
Coal Mining	15	2,494	53	+1.5	-5.5
Construction	331	6,109	110	-8.5	-1.8
Total Non-Mfg., 4 Groups .	623	116,814	2,941	-4.1	-2.4
Total, 14 Groups	2,836	544,346	10,672	+0.5	+1.2

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

The number of cars distributed to dealers in January, by reporting wholesale firms in this district, increased notably over December and was greater than in the corresponding month of 1932, while the number sold by dealers to consumers was likewise considerably larger than a month previous but smaller than a year ago. Declines recorded from December in sales of higher-priced cars caused the aggregate value of retail sales to show a much smaller gain in this comparison than did the number sold. Sales of used cars registered a moderate expansion over the preceding month and were only slightly less in number than in January last year. Stocks of both new and used cars expanded, in accordance with seasonal trend, but continued to be extremely light. The ratio of deferred payment sales to total retail sales of dealers reporting the item was smaller for January than either a month previous or a year ago, being only 42½ per cent, as against 45 per cent in December and 50 per cent last January.

IRON AND STEEL PRODUCTS

Steel-making operations in the Chicago district rose moderately in January from the low level prevailing at the end of 1932, the rate of steel ingot output increasing from only 10 per cent of capacity in early January to 18 per cent by the end of the month and remaining at that level through the first half of February. The gain reflected improvement in orders and shipments during January, and early February indicated that the volume of business was being well maintained. The automobile industry was chiefly responsible for the betterment shown, although miscellaneous orders have also expanded in recent weeks. Sheet prices continued weak throughout this period, but prices on other items of finished steel have held fairly steady despite pressure in some instances.

Shipments of steel and malleable casting foundries in the Seventh district also expanded in January, in accordance with seasonal trend but in contrast to a decline shown in the same month last year. Steel casting shipments gained 17 per cent in tonnage over December, while the tonnage of malleable castings shipped increased only 8½ per cent; comparisons with a year ago recorded declines of 25 and 24 per cent, respectively, in the item. Orders booked during the month gained 20 per cent for steel castings but fell off 15 per cent for malleable castings, and totaled 6½ and 17½ per cent smaller than for last January. Despite the heavier January shipments, production of steel castings increased only 2 per cent over the preceding month and that of malleable castings declined 3 per cent.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in January 1933 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	DECEMBER 1932	JANUARY 1932	
New Cars			
Wholesale—			
Number Sold.....	+127.5	+19.2	13
Value.....	+110.6	+14.6	13
Retail—			
Number Sold.....	+35.4	-15.7	36
Value.....	+6.7	-24.1	36
On Hand January 31—			
Number.....	+22.4	-40.1	36
Value.....	+17.2	-47.6	36
Used Cars			
Number Sold.....	+23.9	-0.8	36
Salable on Hand—			
Number.....	+5.5	-37.4	36
Value.....	+4.1	-58.7	36

Stove and furnace manufacturers reporting to this bank shipped a dollar volume in January 52 per cent smaller than a month previous, a heavy decline being usual in the month, and new orders were 10 per cent under those of December; declines from a year ago amounted to 30 per cent in shipments and 40 per cent in orders.

FURNITURE

The January gain in orders booked by furniture manufacturers of this district was only a fraction of that ordinarily experienced at this season, the current increase over December amounting to only 29 per cent in comparison with an expansion in January 1932 of 71 per cent, and in the six-year average of 106 per cent. Shipments, on the other hand, declined less than one per cent from December, whereas shipments made in January 1932 were 21 per cent under those of the preceding month and those in the six-year average decreased 16 per cent. In comparison with January 1932 orders and shipments, declines amounted to 48 and 27 per cent, respectively; as compared with the six-year average, current orders totaled 82 per cent and shipments 72 per cent less. Orders booked during January were in excess of shipments—a reversal of the ratio which has obtained since last August—but only slightly, so that even with a negligible volume of cancellations, the ratio of unfilled orders to current orders dropped several points during the month. The ratio of operations to capacity averaged only 25 per cent, currently, comparing with a ratio of 33 per cent a month previous and 38 per cent a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturing operations in the Seventh Federal Reserve district showed a contrary to seasonal expansion of 8 per cent in January over December and were 28 per cent in excess of a year ago, though 14 per cent below the 1923-32 average for the month. On the other hand, leather production fell off from December; and sales of leather declined both from the preceding month and last year. Prices remained fairly steady.

Chicago trading in packer green hides and calf skins and shipments of these commodities from Chicago were reduced sharply in January from a month earlier; purchases by district tanneries increased. After advancing during the first half of January, prices declined in the following weeks and during early February.

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	JAN. 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	DEC. 1932	JAN. 1932	
Wholesale Lumber:			
Sales in Dollars.....	-2.5	-30.2	13
Sales in Board Feet.....	+9.8	-16.5	11
Accounts Outstanding ¹	-0.0	-20.2	11
Retail Building Materials:			
Total Sales in Dollars.....	-19.3	-26.7	162
Lumber Sales in Dollars.....	-8.6	-35.2	40
Lumber Sales in Board Feet.....	+11.4	-29.1	74
Accounts Outstanding ¹	-10.4	-20.9	160
Ratio of accounts outstanding ¹ to dollar sales during month			
	JAN. 1933	DEC. 1932	JAN. 1932
Wholesale Trade.....	280.4	273.4	245.7
Retail Trade.....	496.1	444.9	457.7

¹End of month.

Building Materials, Construction Work

Building material lines in this district generally established new low levels of operation in January as a result of seasonal losses from the preceding month. Sales of lumber at reporting wholesale yards showed a decline of $2\frac{1}{2}$ per cent in dollars and a gain of 10 per cent in board feet, as compared with a five-year average loss of 5 per cent in the former and a gain of less than 3 per cent in the latter. The level relative to January 1932 was very low, as in previous yearly comparisons; the much larger decline in dollar sales than in board feet reflects the lower level of prices than a year earlier. Stocks on hand were somewhat smaller than a month previous and continued to show large reductions from a year ago, as no tendency toward advance purchases has yet developed. The ratio of accounts to sales exceeded the high point at the end of December, owing to continued unsatisfactory collections.

Retail yards reported sales of all materials totaling 19 per cent lower than in December, as compared with a 9 per cent loss in the five-year average for January. The decline from a year earlier of 27 per cent compares with one of 33 per cent for the total of 1932 against 1931. Lumber suffered a less sharp contraction in dollar sales than did other items in the total, and the majority of yards reported a like decline in board-foot volume, although the table shows a gain in the aggregate for all yards. Stocks were reduced, as in previous months, and in comparison with a year ago show about the same contraction as that in the sales volume. A sharp upturn in the accounts-dollar sales ratio accompanied the loss in the sales item.

Both the cement and clay products industries experienced exceedingly small demand for their products in January. No change occurred in the quiet state of building operations, low farm purchasing power restricted the demand for drainage tile, and diversion of motor and fuel tax funds to other purposes than road building has limited this market for cement. Shipments of cement from midwestern mills in January declined only slightly from the very low December level, but amounted to less than two-thirds the figure for the same month a year previous. Production, however, increased over December, for the first time in our record of the past seven years, and even exceeded slightly the volume of January 1932. Stocks, consequently, showed a large increase during the month. The December distribution of cement in the five states of this district totaled less than half the volume for December 1931, and brought the 1932 aggregate to 29 per cent below that of the preceding year.

BUILDING CONSTRUCTION

Construction activity in the Seventh district was neg-

ligible in amount during January, according to contracts awarded which totaled only a little over 8 million dollars for the entire district and were one million dollars under the low point recorded in the final month of 1932. Residential contracts followed the trend of the total and were only 9 per cent of that total.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
January 1933.....	\$8,213,840	\$765,042
Change from December 1932.....	-12%	-20%
Change from January 1932.....	-35%	-48%

*Data furnished by F. W. Dodge Corporation.

Reports on building permits issued in 100 cities of this district, after registering a slight gain in the December-November comparison in estimated cost of proposed construction, declined 28 per cent in January from the closing month of last year. In the year-ago comparison, a decrease of 32 per cent was recorded. The number of permits issued in January, however, increased 23 per cent over December, although in this item also the decline from January 1932 was 32 per cent. Of the larger cities in the district, Chicago, Detroit, Milwaukee, and Des Moines each showed a gain in estimated cost of proposed construction over December and furnished exceptions to the trend of the district. Milwaukee registered a slight gain in this item over the January 1932 total.

Merchandising

January declines in most reporting groups of wholesale trade were greater than usual for the month. The recession of 20 per cent from December in the wholesale grocery trade compared with a decline of only 4 per cent in the 1923-32 average for January, the 29 per cent decline in hardware with 16 per cent in the average, and that of $33\frac{1}{2}$ per cent in electrical supplies with a seasonal recession of 26 per cent. Drug sales decreased 6 per cent in the period, as against an increase of one per cent shown in the 1923-32 average, but in five of the ten years a decline had taken place. Similarly, although an expansion of only 2 per cent in the dry goods trade compared with an average gain of 5 per cent, recessions had been recorded in January of the preceding six years. In the shoe trade, the 3 per cent decrease from the preceding month compared with 21 per cent in the average. Declines from a year ago were heavier in January than in a similar comparison for December for the grocery and drug trades, and smaller for the hardware, shoe, dry goods, and electrical supply trades. Stocks of dry goods, drugs, and

WHOLESALE TRADE IN JANUARY 1933

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-14.3	-16.6	-5.3	-0.8	128.9
Hardware.....	-28.6	-21.1	-17.9	-29.4	435.5
Dry Goods.....	-23.7	-34.5	-38.0	-29.8	319.6
Drugs.....	-14.6	-25.0	-6.9	-20.3	226.8
Shoes.....	-16.7	-26.6	-57.2	-15.5	308.5
Electrical Supplies.....	-31.0	-24.3	-17.0	-30.6	252.4

DEPARTMENT STORE TRADE IN JANUARY 1933

LOCALITY	PER CENT CHANGE JANUARY 1933 FROM JANUARY 1932		RATIO OF JANUARY COLLECTIONS TO ACCOUNTS OUTSTANDING A MONTH PREVIOUS	
	NET SALES	STOCKS END OF MONTH	1933	1932
Chicago.....	-19.9	-20.9	24.6	27.0
Detroit.....	-25.9	-23.2	32.5	32.4
Indianapolis.....	-16.9	-26.6	39.7	40.9
Milwaukee.....	-30.5	-25.1	33.6	36.7
Other Cities.....	-22.7	-26.5	33.1	34.8
7th District.....	-22.5	-23.2	31.8	33.2

hardware expanded somewhat during the period, but inventories in all groups remained well below a year previous. In dry goods and shoes, the ratios of accounts outstanding at the end of January to sales during the month were smaller than either a month previous or a year ago, in drugs the ratio declined only from that shown in December, in hardware was smaller than last year, while groceries and electrical supplies recorded higher ratios in both comparisons.

The 53 per cent recession from December in January department store sales of reporting firms in the Seventh district was only slightly greater than seasonal and compared with a drop of 56 per cent in last year's January volume. Furthermore, the decline of 22½ per cent from January a year ago was smaller than the 26 per cent decrease recorded in December from a year previous. In the comparison with the preceding month, Indianapolis showed the smallest recession—50 per cent—and Detroit the heaviest, among the larger cities, with 56 per cent; sales of Chicago stores declined 51½ per cent from December, those of Milwaukee stores 54 per cent, and the aggregate sold by firms in other cities fell off 53 per cent. Stocks gained one per cent between the end of December and January 31—counter to seasonal trend—while the rate of turnover for the month was slightly greater than in January 1932. The ratio of January collections on December 31 accounts was only a little lower than a year ago.

Sales of shoes at retail, as reported by dealers and department stores, totaled seasonally much smaller in amount during January than in the preceding month, the aggregate decline being 56½ per cent. As compared with last January, the current volume was 28 per cent less, showing little change from the year-ago comparison for December. Stocks declined 7 per cent during January and totaled 30 per cent under last year.

Trends in the retail furniture trade were likewise downward in January, aggregate sales of furniture and house furnishings by reporting dealers and department stores declining 33 per cent from those of December, which recession, however, is somewhat less than the 36 per cent shown for the 1928-32 January average. As compared with a year ago, sales totaled 32 per cent smaller. A recession of 10 per cent took place during the month in inventories, which were 22 per cent under those on January 31 last year.

As in other lines of retail trade, chain store sales fell off in January. The dollar volume sold by fourteen reporting chains aggregated 42 per cent below that of a month previous and 13½ per cent under a year ago. Owing to the fact that a smaller number of stores was in operation this January than last year, sales per unit were only 12 per cent less in the yearly comparison. Declines recorded were general in all groups which include grocery, drug, five-and-ten-cent store, cigar, shoe, men's clothing, and musical instrument 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	Jan. 1933	Dec. 1932	Nov. 1932	Oct. 1932	Sept. 1932	Aug. 1932	Jan. 1932	Dec. 1931	Nov. 1931	Oct. 1931	Sept. 1931	Aug. 1931
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	46	46	49	58	57	53	58	58	65	79	74	75
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	14	11	10	11	10	11	10	16	19	18	20	20	23
In Tons.....	14	12	10	12	10	11	9	15	20	19	20	19	22
Malleable—In Dollars.....	21	11	11	10	9	8	8	15	15	13	16	17	20
In Tons.....	21	20	18	16	16	14	13	26	26	21	25	26	32
Stoves and Furnaces—													
Shipments (in dollars).....	11	22	46	71	101	81	47	32	58	87	143	111	79
Furniture—													
Orders (in dollars).....	17	20	15	19	29	31	25	38	22	32	39	44	46
Shipments (in dollars).....	17	17	17	24	32	30	22	24	30	35	43	46	39
Flour—													
Production (in bbls.).....	25	99	106	108	117	114	123	98	98	105	125	123	130
Output of Butter by Creameries—													
Production.....	67	93	86	77	92	92	111	92	91	88	100	93	109
Sales.....	69	89	89	97	87	89	102	91	104	90	102	101	108
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	52	65	64	65	70	65	60	67	68	76	86	84
Hardware.....	12	21	30	36	43	42	36	30	46	47	57	54	51
Dry Goods.....	9	28	26	34	37	40	28	30	39	43	49	53	41
Drugs.....	13	57	59	56	58	61	59	66	72	70	79	78	76
Shoes.....	6	21	22	39	36	45	39	25	37	44	60	61	55
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	45	93	61	66	61	45	54	127	75	83	72	62
Detroit.....	5	48	108	70	73	87	54	65	149	92	95	123	78
Indianapolis.....	5	52	104	66	77	76	50	62	134	80	90	89	67
Milwaukee.....	5	47	101	74	78	66	53	68	141	92	102	89	73
Other Cities.....	44	39	83	57	60	56	46	50	117	76	84	71	69
Seventh District.....	82	45	96	64	68	66	48	57	131	80	88	84	67
Automobile Production—(U. S.)—													
Passenger Cars.....			29	16	12	22	26	34	33	17	20	37	53
Trucks.....			56	32	36	52	38	55	63	52	58	83	84
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		3	3	5	7	7	7	5	9	12	17	18	27
Total.....		12	14	20	17	32	32	18	22	31	27	49	64
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		19	19	19	20	20	22	41	41	41	41	43	44
United States.....		19	18	21	21	20	17	32	32	38	39	40	42
Steel Ingot Production—(U. S.)*.....		29	24	29	31	28	23	42	38	48	44	45	50
Unfilled Orders U. S. Steel Corp.....		40	41	41	42	42	41	56	57	61	65	66	66

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial production increased in January by less than the usual seasonal amount and factory employment and payrolls continued to decline. Prices of commodities at wholesale, which declined further in January, showed relatively little change in the first three weeks of February.

PRODUCTION AND EMPLOYMENT

Industrial activity, as measured by the Board's index which makes allowance for usual seasonal changes, declined from 66 per cent of the 1923-1925 average in December to 64 per cent in January, which compares with a low level of 58 per cent last July. Output of coal declined considerably, contrary to the usual seasonal tendency. Increases in activity in the cotton and silk industries were somewhat less than seasonal in amount, and there was a slight decline in production at woolen mills. Output of shoes increased seasonally. Activity in the steel industry showed a seasonal increase during January, and little change during the first three weeks of February. Automobile production, which had increased substantially in December, showed a further slight increase in January.

Factory employment declined between the middle of December and the middle of January by considerably more than the seasonal amount. Decreases were reported in most lines except in the cotton, wool, and silk industries, where employment showed little change, and in the automobile and shoe industries, where employment increased.

Construction contracts awarded were in about the same volume in January as in December, according to the F. W. Dodge Corporation; in the first half of February the value of awards showed a decline.

DISTRIBUTION

Volume of freight traffic was somewhat smaller in January than in December, reflecting a reduction in shipments of coal. Sales by department stores decreased after Christmas by more than the usual seasonal amount.

WHOLESALE PRICES

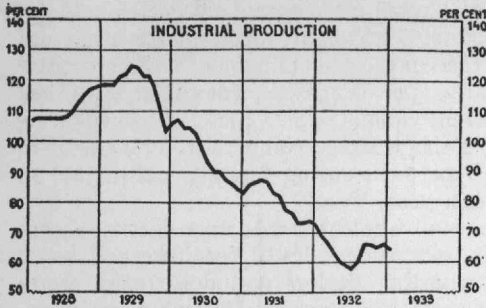
The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined further from 62.6 per cent of the 1926 average in December to 61.0 per cent in January, reflecting substantial reductions in the prices of crude petroleum, gasoline, textiles, and dairy and poultry products. Prevailing prices for wheat, cotton, and hogs in January and the first three weeks of February were somewhat above the low levels reached in December.

BANK CREDIT

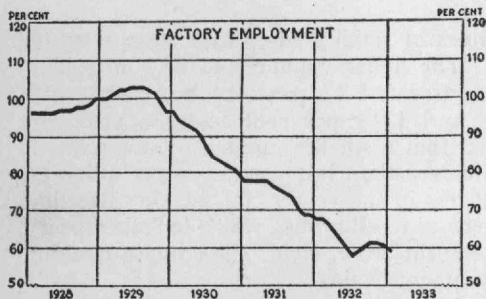
Between January 4 and February 21, there was an increase of \$319,000,000 in the demand for currency, accompanying banking disturbances in different parts of the country, and a decrease of \$64,000,000 in the country's stock of monetary gold. These demands were met by member banks in part by the use of their balances at the Reserve banks, which declined by \$243,000,000 during the period but continued to be considerably above legal requirements. Reserve bank holdings of United States securities declined by \$88,000,000 between January 4 and February 1, but increased by \$70,000,000 during the following three weeks; their holdings of acceptances increased by \$141,000,000 and discounts for member banks increased by \$76,000,000.

Loans and investments of reporting member banks in leading cities declined by about \$100,000,000 during the five weeks ending February 15. The banks' net demand deposits declined by \$390,000,000, reflecting largely reduction in bankers' balances, and time deposits showed a decrease of \$93,000,000 for the period.

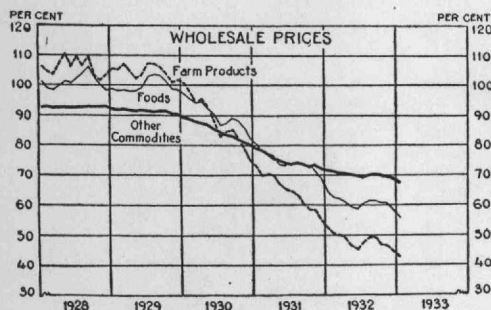
Money rates in the open market were slightly firmer during the first half of February. Open-market rates on 90-day bankers' acceptances, which had been $\frac{1}{4}$ of 1 per cent, had increased to $\frac{5}{8}$ of 1 per cent by February 20. Rates on prime commercial paper and on stock exchange loans remained unchanged. The minimum buying rate on bills at the Federal Reserve Banks of Boston, New York, and Chicago was reduced from 1 to $\frac{1}{2}$ of 1 per cent.



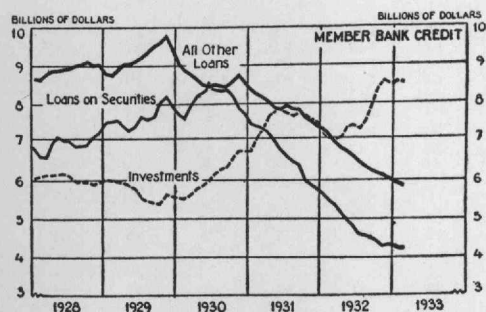
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



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



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



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures, averages of first three weeks in February, 1933.