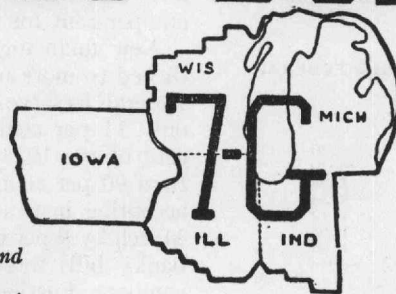


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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May 31, 1933

General Summary

APRIL trends in Seventh district business conditions were, with few exceptions, favorable and in contrast to downward tendencies prevailing in the corresponding month of 1932. Furthermore, there were several instances where activity exceeded that in April last year.

Steel production expanded in April and early May to a level higher than a year ago at the same time, with the volume of new business better than in many months. The manufacture of automobiles likewise totaled larger for April than last year in the same month, increasing considerably more than seasonally over March this year. Shoe production was another manufacturing phase to record increased production over April 1932. Reporting industries, in addition to those just mentioned, to show greater activity than in March this year included malleable castings, stoves, and the manufacture of furniture. Operations at steel castings foundries declined from a month previous, although orders received totaled larger than for last April and other items showed improvement in the yearly comparison. Building construction, as reflected in contracts awarded, was less in April than in March, but residential building, included in the total, gained for the second successive month. The movement of building materials increased more than seasonally during the month. Employment data for the district recorded a recovery in payrolls between the middle of March and April 15, from the loss shown in the preceding period, but the number of men employed failed to increase.

Among the industries producing foodstuffs, meat packing showed an especially favorable trend, with both production and sales of meat-packing products during April

exceeding those in the preceding month—contrary to trend—and with the former larger in volume than last year in the same month and dollar sales registering only a small decline in the year-to-year comparison. Butter and cheese production also gained in April over March, but less than seasonally; while distribution of butter declined, counter to trend, although the gain in that of cheese was larger than usual for the month. Considerably greater activity was noted in domestic grain markets during April, the movement of grains being more nearly normal than in several months.

Most phases of merchandising activity, especially the retail distribution of commodities, showed greater than seasonal improvement in April. Department store sales, the retail shoe trade, and retail furniture trade, all experienced much larger gains than usual for the period. In wholesale trade, the increase in hardware sales was larger than seasonal, while dry goods gained, contrary to trend. Declines in drugs and shoes were smaller than customary for April, but the recessions in groceries and electrical supplies were counter to trend. Both the wholesale and retail distribution of automobiles continued to expand in April.

Further contraction in the demand for currency, between April 19 and May 17, was an important factor in the reduction in member bank borrowing at the Reserve bank during the period, while a decrease in holdings of acceptances by the Reserve bank was a major item in partially counteracting this decline. Commercial paper sales and financing by means of bankers' acceptances increased in April over the low levels of the preceding month.

Credit Conditions and Money Rates

Borrowings of member banks decreased $2\frac{1}{4}$ million dollars during the four-week period ended May 17. A further decline in demand for currency of $25\frac{1}{2}$ millions and an excess of local Treasury expenditures over receipts totaling $19\frac{1}{2}$ million dollars, were the principal factors making for lessened member bank recourse to the Reserve bank. The largest items partially offsetting the decrease in discounts for member banks were a decline in holdings of acceptances by the Reserve bank (local transactions) amounting to 23 million dollars, an increase in special deposits of member banks of more than 10 mil-

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	MAY 17 1933	CHANGE FROM APRIL 19 1933	MAY 18 1932
Total Bills and Securities.....	\$290.2	\$ -49.8	\$ +79.4
Bills Discounted.....	15.8	-2.2	-11.8
Bills Bought.....	17.8	-47.6	+13.0
U. S. Government Securities.....	256.6	0	+78.2
Total Reserves.....	949.1	+49.6	+241.4
Total Deposits.....	318.3	+6.3	-2.0
Federal Reserve Notes in Circulation.....	859.1	-28.2	+307.9
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	80.6	+5.6*	-0.6*

*Number of Points.

lions, and a like amount in funds lost through inter-district settlements for commercial and financial transactions. These last three items, however, together with two smaller changes, totaled less than the sum of those factors effecting a decrease. The accompanying tabulation gives all changes in factors affecting member bank borrowing.

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

Changes between April 19 and May 17, 1933
(In millions of dollars)

Changes making for decrease in member bank borrowing:	
1. Decrease in demand for currency.....	25.30
2. Excess of local Treasury expenditures over receipts.....	19.30
3. Decrease in special deposits—non-member bank.....	1.94
4. Decrease in non-member clearing balances.....	1.34
5. Decrease in unexpended capital funds.....	1.12
6. Increase in holdings of other securities.....	0.05
7. Decrease in member bank reserve balances.....	0.04
Total.....	49.09
Changes making for increase in member bank borrowing:	
1. Decrease in holdings of acceptances by the Reserve bank (local transactions).....	23.29
2. Increase in special deposits—member bank.....	10.77
3. Funds lost through inter-district settlements for commercial and financial transactions.....	10.72
4. Decrease in reserve bank float.....	2.01
5. Sales of gold to industry.....	0.06
Total.....	46.85
Excess of changes making for decrease in member bank borrowing:	2.24
Absorption of this excess: Decrease in member bank borrowings (discounts for member banks).....	2.24

The prevailing rate on customers' prime commercial loans as reported by down-town Chicago banks during the week ended May 15 was 4 to 5 per cent, unchanged from the range given for the corresponding week in April. The average rate earned on loans and discounts by down-town banks in Chicago during the calendar month of April was 4.34 per cent compared with 4.40 in March and with 4.89 per cent in April 1932.

Though increasing sharply over the exceptionally low volume of March to a level higher than for any month since last October, April sales of commercial paper in the Middle West aggregated 25 per cent less than a year ago and 80 per cent under the 1923-32 average for the month. Borrowing remained on a restricted basis, but demand was somewhat broader than in March. Selling rates eased, quotations for April being 2 per cent for prime short-term obligations to $2\frac{1}{2}$ and $3\frac{1}{4}$ per cent for less well-known paper or that of longer maturity; the bulk of sales took place within a range of 2 to $2\frac{1}{2}$ per cent. Despite the heavier sales, April 29 outstandings decreased from the low point of March 31. Aggregate sales for the first half of May continued about on a level with those for the corresponding weeks of April, although most firms reported a decline in this item. Demand remained fairly good and was considerably in excess of the light supply. May 15 quotations ranged from $1\frac{1}{2}$ and 2 per cent for prime short-term obligations to $2\frac{1}{4}$ and $2\frac{1}{2}$ per cent for less well-known paper; most transactions were within the range of 2 to $2\frac{1}{2}$ per cent.

The supply of acceptances in the Chicago bill market aggregated 47 per cent less during the four weeks ended May 10 than in the preceding period and totaled smaller than for any corresponding period since the beginning of the year. Local purchases were considerably larger than the limited volume of the preceding four weeks; however, receipts from Eastern centers fell off sharply from the high level of the preceding period, more than offsetting the purchases locally, and resulted in the decrease shown in supply. Shipments to Eastern offices, though larger than for several months, were not in sufficient volume to counteract the heavy decline in sales to out-of-

town banks. Total distribution, therefore, was likewise smaller than in any previous period in 1933. Dealers were able to accumulate a very small amount of acceptances in their own portfolios during the period. Selling rates at the close of the period ranged around the same level as on April 13— $\frac{1}{2}$ per cent for 30-day offerings to one per cent for maturities of five and six months.

New financing by means of bankers' acceptances returned to more nearly normal proportions in the Seventh Federal Reserve district during April, the volume being only 11 per cent less than a year ago and within 9 per cent of the 1923-32 average for the month. With more than 90 per cent of these bills discounted directly at the accepting institutions, total purchases exceeded those of March by 9 per cent, despite the fact that buying of other banks' bills was less than for any month since last November. Furthermore, aggregate sales were only slightly in excess of the exceptionally small volume of October 1932. Holdings, therefore, increased sharply on April 29 to a point 50 per cent above a year ago. Also, the liability for outstanding acceptances was greater than for any previous reporting date in 1933. New financing continued to show further expansion during the first half of May, largely the result of increased borrowing by the grain, coal, sugar, coffee, nitrate, and general merchandise industries.

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

	PER CENT CHANGE IN APRIL 1933 FROM	
	MARCH 1933	APRIL 1932
Total value of bills accepted.....	+20.0	-11.2
Purchases (including own bills discounted).....	+9.2	+40.2
Sales.....	-96.2	-37.7
Holdings*.....	+49.3	+50.4
Liability for outstandings*.....	+10.3	-24.6

*At end of month.

SECURITY MARKETS

Improvement in prices in second and third grade issues, largely the result of psychological factors, featured the Chicago bond market during the latter half of April and the first two weeks in May. The market for high grade bonds was less active. There were no new underwritings of consequence during April; and there has been no outstanding class of purchaser in the bond market for the past several months, although recent activity among individual buyers has been stimulated by the speculative possibilities in the low priced issues. The stock market developed considerable activity beginning the middle of April. The average price of twenty leading stocks* on the Chicago Stock Exchange, amounting to only \$19.53 on April 17, rose to \$27.97 on May 17. This represents a new high point for 1933, and is the highest average since March 21, 1932, when it amounted to \$28.11.

*Chicago Journal of Commerce.

Agricultural Products

A slight increase over a year ago—not to exceed 2 per cent—in the 1933 spring crop of pigs in the Seventh district is indicated by reports sent direct to this bank by agricultural agents in 195 counties. The lamb crop, according to the same reports, increased even less, probably not more than one per cent, over last year. Continued rains in April and the first part of May retarded field work, which remained 10 to 15 days behind schedule, and may necessitate some replanting. A moderate shift of oats and corn to soy beans is probable, although an increase in the last named crop has been restricted somewhat by the cost of seed. An expansion in barley acre-

age was reported for some sections, and where winter killing affected clover and alfalfa seeding, small grains were substituted as an emergency hay crop.

CROP PRODUCTION

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

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1926-30 AVERAGE
	FORECAST 1933	FINAL 1932	FORECAST 1933	FINAL 1932	
Winter Wheat..	64,420	66,262	337,485	462,151	589,436
Rye.....	6,656	7,240	30,502	39,855	40,570

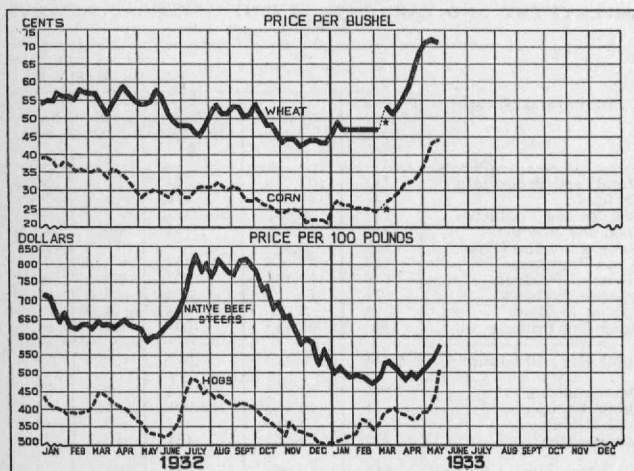
GRAIN MARKETING

Domestic grain markets in April and early May showed a continuation of the increased activity begun in the preceding month. Prices of all grains rose sharply (see chart on this page) and the movement at primary markets was nearer to the average of previous years than in several months.

Receipts of wheat at interior markets registered a contrary to seasonal increase of 19 per cent over March, and exceeded April 1932 by 20 per cent, though totaling 5 per cent less than the five-year average for the month. The expansion in shipments over March was even sharper, amounting to 40 per cent, and the volume was 5 per cent higher than a year previous. A decline of 10 million bushels in the United States visible supply was recorded in April, with an additional 5½ millions by May 13. The larger market receipts indicate that farm stocks were also reduced, but mills and elevators are believed to have increased their stocks to protect future requirements. There were practically no exports, as domestic prices were sharply above the world market throughout the period. Future prices at Chicago made further striking gains netting 17 cents a bushel in April, with an additional 3 cents by May 11, but followed by some weakness in the next week. Cash wheat showed corresponding strength.

The movement of feed grains expanded even more than that of wheat, and exceeded that of any month since the period of seasonally heavy marketing last fall. In comparison with the five-year April average, corn receipts were slightly higher and oats receipts only 11 per cent less. Visible supplies of both grains continued larger than a year ago and were only slightly reduced between April 1 and the middle of May. Prices of corn, oats, and rye

GRAIN AND LIVE STOCK PRICES
Weekly Averages of Daily Figures at Chicago



* EXCHANGE CLOSED

Latest figures as of May 20, 1933: Wheat, 71 cents; Corn, 44 cents; Native Beef Steers, \$5.75; and Hogs, \$5.05.

made sharp gains during April and reached new highs for the current movement in the first half of May.

MOVEMENT OF LIVE STOCK

Cattle receipts at public stock yards in the United States not only increased by more than the usual amount in April, after having shown a contrary-to-seasonal recession in March, but were larger than in February. Moreover, hog marketings increased over March, this gain being contrary to the usual trend for the month. Lamb marketings attained a much higher level than had prevailed during the preceding three months and were considerably above the 1923-32 April average, though continuing less than a year ago. Also, receipts of other live stock showed a smaller decline from last year and the 1923-32 average than in earlier months of 1933. The movement to inspected slaughter (inclusive of animals which did not pass through the public markets) failed in many instances to follow the trend of market receipts. The most notable of these differences was a slight decline in the number of cattle and of lambs as compared with a month earlier and an increase in the supply of hogs over a year ago and the 1923-32 average. Prices have trended sharply upward in recent weeks. By May 19, hog prices passed the \$5.00 mark and were higher than at any time since October 1931. Furthermore, lamb quotations were above a year ago and cattle prices were approaching the 1932 level.

Reshipments to feed lots expanded markedly in April over March. The movement of feeder cattle and calves exceeded that of last year, but the movement of lambs declined. Cattle and lamb reshipments remained considerably under the 1928-32 seasonal average.

MEAT PACKING

Contrary to seasonal trends were evidenced in activities at slaughtering establishments in the United States during April. The volume of production, instead of declining in the month as usual, increased 5 per cent over March to a point 2 per cent in excess of last year and 3 per cent above the 1923-32 average for the month. Furthermore, the total value of sales billed to domestic and foreign customers showed a non-seasonal increase over the preceding month of 7½ per cent and was within 8 per cent of last April. That prices were an important influence in this trend is evidenced by the fact that the sales tonnage showed a contrary-to-seasonal gain of only 2 per cent over March and a decline of but one per cent from a year ago. Comparisons with the 1923-32 average also were more favorable than in the past several months. Moreover, payrolls for the last week of the period, instead of recording the usual seasonal recession from March, showed practically no change in number of employees and gained 4½ per cent in hours worked and 4 per cent in

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, April 1933.....	165	750	277	117
Federally Inspected Slaughter, United States				
April 1933.....	616	3,847	1,409	426
March 1933.....	617	3,602	1,413	398
April 1932.....	649	3,714	1,497	428

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

	WEEK ENDED MAY 20 1933	APRIL 1933	MONTHS OF MARCH 1933	APRIL 1932
Native Beef Steers (average).....	\$5.75	\$4.95	\$5.20	\$6.35
Fat Cows and Heifers.....	4.65	4.00	4.20	4.90
Calves.....	5.75	4.85	5.40	4.95
Hogs (bulk of sales).....	5.05	3.80	3.85	3.90
Yearling Sheep.....	4.75	4.25	4.50	4.85
Lambs.....	6.75	5.35	5.50	6.75

amount of wage payments. May 1 inventories of packing-house commodities in the United States likewise reflected these counter-to-seasonal tendencies by increasing over the beginning of April. These stocks, however, remained much less than a year ago or the 1928-32 average for the season. Prices of beef and veal declined in April from March, but quotations for lamb and mutton remained practically unchanged and those of pork advanced sharply. Most quotations increased during the first half of May.

Total shipments for export were slightly less in April than during March, though the movement of meats increased. Central European demand for lard improved over a month earlier, but British inquiry for the product was only fair. Although some improvement was evidenced during the period, demand for meats in general remained on a restricted basis. Scandinavian countries made some purchases of oleo oil and neutral lard. Owing to difficulties in foreign exchange and to other factors, however, most sales of packing-house products were made from stocks already landed in Europe. Continental quotations for these American commodities ranged from full parity to a slight premium over Chicago; prices in the United Kingdom were nearer to a United States basis than those which obtained a month earlier. Inventories of United States packing-house commodities in foreign countries (inclusive of stocks in transit) were reduced on May 1 from the beginning of April.

DAIRY PRODUCTS

Owing to the lateness of spring this year and also to disturbances in marketing milk and cream in some areas, Seventh district production of creamery butter expanded only one per cent in April over March—as compared with an average seasonal increase of 11 per cent—and aggregated $8\frac{1}{2}$ per cent less than a year ago and 9 per cent below the 1923-32 average. Furthermore, the sales tonnage of this commodity declined $9\frac{1}{2}$ per cent from a month earlier—contrary to the usual tendency—and was 8 per cent smaller than for last April. Creamery butter manufacturing operations in the United States as a whole showed a trend similar to that in the Seventh district. As a consequence of these influences, May 1 inventories of the commodity in the United States increased 140,000 pounds over the beginning of April, whereas they ordinarily decrease—approximately 1,500,000 pounds in the average. However, inventories totaled nearly 1,000,000 pounds less than a year ago and 2,900,000 pounds smaller than the 1928-32 average for May 1. Prices advanced in April over a month earlier.

The manufacture of American cheese in Wisconsin increased 12 per cent during the four weeks ended April 29 over the preceding period, but the gain was slightly less than seasonal. Total production, therefore, aggregated $10\frac{1}{2}$ per cent smaller than the April average for the preceding five years. On the other hand, distribution of the commodity from that state expanded more than a seasonal amount and was $23\frac{1}{2}$ per cent greater than current production—an excess which is decidedly unusual for April. That consumption for the country as a whole also tended to exceed the volume produced in the month is evidenced by total stocks of cheese in the United States, which showed more than the customary recession on May 1 from the beginning of April. These inventories, therefore, aggregated approximately 7,200,000 pounds less than a year ago and 9,700,000 pounds smaller than the 1928-32 average for May 1. Prices of this commodity also advanced in April.

Industrial Employment Conditions

Industrial payrolls reported for April denote a general recovery in Seventh district establishments from the curtailed operating schedules put into effect during March. An increase of 6 per cent in the amount of wage payments slightly more than offset the March loss of $5\frac{1}{2}$ per cent. The manufacturing industries, which contributed mainly to the contraction in March, also were instrumental in bringing about the subsequent recovery. Payrolls in these industries expanded $9\frac{1}{2}$ per cent, more than compensating for the March decline of 8 per cent. Non-manufacturing industries, which maintained their payrolls during March with a fractional increase, registered a $2\frac{1}{2}$ per cent decrease for April.

Seven of the ten reporting manufacturing groups and two of the four non-manufacturing classifications contributed to the April expansion in payrolls. Vehicles, increasing $15\frac{1}{2}$ per cent, reflected mainly expanding operations in the automobile industry. Metal and metal products increased payrolls 6 per cent, which served partially to offset the 10 per cent loss of the preceding month. In the food, stone-clay-glass, and the rubber products groups, gains ranged from 18 per cent to 21 per cent, and were considerably larger than the decreases reported for March. A rise of 13 per cent in the payrolls of the wood products group offset practically all of the loss experienced in the preceding month, while a fractional gain in the chemical industries compensated for about one-third of the March decline. Wholesale and retail trade concerns also reported larger payrolls in April than in March, the increase amounting to 8 per cent, and an expansion in all types of building and construction work resulted in a payroll rise of $20\frac{1}{2}$ per cent for this group.

While payrolls were expanding and thus gave indication of a rising trend in industrial activity, there was no corresponding increase in employment. The number of employes on April payrolls of the reporting industries remained at the low level reached in March, manufacturing industries contributing a further decline of nearly one per cent, while non-manufacturing industries showed an increase of $2\frac{1}{2}$ per cent. The employment decreases, however, with the important exception of the vehicles group, were limited to those industries which also reduced payrolls and in most of which the downward trend of the month was seasonal in nature. The groups in

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF APRIL 15, 1933			CHANGES FROM MARCH 15	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	712	103,619	1,564	+1.5	+6.2
Vehicles	147	141,670	2,976	-5.7	+15.4
Textiles and Products	137	28,852	327	-2.2	-9.3
Food and Products	347	56,856	1,144	+6.9	+19.0
Stone, Clay and Glass	139	4,405	72	+11.8	+18.8
Wood Products	257	17,519	187	+3.3	+13.0
Chemical Products	108	12,144	257	+0.5	+0.6
Leather Products	77	15,728	213	-5.0	-3.5
Rubber Products ²	8	5,146	104	+15.0	+20.9
Paper and Printing	302	38,475	801	+0.2	-1.6
Total Mfg., 10 Groups	2,234	424,414	7,645	-0.7	+9.6
Merchandising ³	196	31,568	576	+10.7	+7.8
Public Utilities	71	73,452	1,991	-1.1	-5.9
Coal Mining	16	2,350	42	-0.5	-0.5
Construction	333	6,532	124	+10.7	+20.5
Total Non-Mfg., 4 Groups	616	113,902	2,733	+2.6	-2.4
Total, 14 Groups	2,850	538,316	10,378	-0.0	+6.2

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

which both employment and payrolls were reduced covered the textile industries, leather products, paper and printing, coal mining, and public utilities. In the last named group the downward movement was contrary to the usual seasonal trend. In vehicles, a sharp rise in payrolls was accompanied by a substantial curtailment of working forces. Figures reported for sixty-eight Michigan automobile concerns showed a decrease of over 9,000 in employment, while the per capita earnings increased from \$17.00 to \$21.16 a week.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Automobile manufacturers in the United States further stepped up their schedules in April. Passenger automobiles produced during the month numbered 153,330, which represents an expansion over the March level of 53½ per cent and a gain over output last April of 27 per cent. The average April over March increase for the years 1923 through 1932 was only 9 per cent. The manufacture of trucks likewise gained sharply in April over the preceding month and equaled that of a year ago, the 27,308 vehicles produced being 51 per cent in excess of the March volume and less than ½ per cent smaller than the number produced last April.

Sales of automobiles by both distributors and dealers in the Middle West continued to gain in April, despite the heavy increases shown in March, and for the second successive month the number of new cars sold at retail was larger than a year ago. The smaller decline from April last year registered in the number of new cars sold at wholesale than in their value and the increase in number of sales at retail as against the decrease shown in their value, are in part a reflection of variations in price ranges of certain makes of cars as between this year and last. Stocks of both new and used cars were somewhat heavier at the end of April than a month previous, whereas decreases are usual for the period, but they remained considerably smaller than a year ago. Data on deferred payment sales for twenty-three dealers indicate a slight rise in the ratio to total sales, from 48 per cent in March to 49 per cent in April, although the ratio reported by these same dealers for April 1932 amounted to 56 per cent.

IRON AND STEEL PRODUCTS

Steady improvement featured the steel industry of the Chicago district during April, and the first part of May showed a continuance of the broadening trend. The volume of new orders received in April totaled heavier than for many months, while ingot output which had reached a rate of better than 30 per cent of capacity by the middle of May, exceeded output at the same time last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in April 1933 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MARCH 1933	APRIL 1932	MARCH 1933	APRIL 1932
New Cars				
Wholesale—				
Number Sold.....	+34.8	-22.2	21	13
Value.....	+34.5	-50.0	21	13
Retail—				
Number Sold.....	+23.5	+3.6	59	33
Value.....	+20.6	-5.1	59	33
On Hand April 29—				
Number.....	+13.3	-26.5	60	33
Value.....	+5.1	-48.9	60	33
Used Cars				
Number Sold.....	+16.9	-22.1	59	33
Salable on Hand—				
Number.....	+4.5	-24.8	59	33
Value.....	+5.3	-53.1	59	33

The automobile industry continued mainly responsible for the larger volume of orders, but new business also emanated from other sources. Further advances have been made in scrap iron and steel prices, and there likewise has been a recent increase in the price of pig iron, while finished steel prices maintain a firm level.

Steel casting foundries of the Seventh district showed a recession in April from the increased volume of orders, shipments, and production recorded for the preceding month. Declines totaled 9 per cent in the tonnage of orders booked and 16½ and 18 per cent, respectively, in the volumes produced and shipped during the month. Orders, however, both in tons and in dollar value, exceeded those booked during April a year ago, while production and shipments showed a more favorable trend in this comparison than was the case a month earlier. Activity in malleable casting foundries of the district expanded during April, orders rising 18 per cent and production and shipments 37 and 35 per cent, respectively, over the corresponding volumes of the preceding month. Manufacturers of stoves and furnaces reported an increase of 14 per cent over March in April shipments but a drop of 9 per cent in orders received. Both items were 12½ per cent lower than in April a year ago.

FURNITURE

Operations of furniture manufacturers reporting to this bank were accelerated during April, shipments expanding 15 per cent over the March volume, despite the decline in orders booked a month previous—a reflection in part of the 29 per cent increase in current orders. These gains were contrary to trend, as were the declines experienced in March. Unfilled orders, however, though increasing during the month approximately 4 per cent in the aggregate, were nevertheless markedly reduced in the comparison with current orders, the ratio of 67 per cent being 17 points under that of a month previous. Operations averaged 30 per cent of capacity, as compared with 33 per cent in March and 41 per cent a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe production in the Seventh district during April totaled 2,134,351 pairs, an output 6 per cent above that of March and 31 per cent larger than the volume produced in April 1932. Operations also exceeded the average April output of the years 1923-32 by one per cent. Prices remained firm during the month, but did not advance in line with the upward trend in prices of leather. Tanning operations were curtailed, although sales of leather showed a marked increase both over the preceding month and April a year ago.

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	APRIL 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MARCH 1933	APRIL 1932	
Wholesale Lumber:			
Sales in Dollars.....	+13.4	-0.9	13
Sales in Board Feet.....	+18.6	+26.9	11
Accounts Outstanding ¹	+10.8	+7.0	11
Retail Building Materials:			
Total Sales in Dollars.....	+13.2	-29.8	173
Lumber Sales in Dollars.....	+42.8	-37.7	60
Lumber Sales in Board Feet.....	+16.3	-19.1	71
Accounts Outstanding ¹	+3.5	-16.9	170
Ratio of Accounts Outstanding ¹ to dollar sales during month			
	APRIL 1933	MARCH 1933	APRIL 1932
Wholesale Trade.....	214.7	219.7	198.9
Retail Trade.....	460.8	505.3	389.1

¹End of Month.

Trading in packer green hides in the Chicago district registered a sharp increase over March, and shipments of hides out of Chicago were considerably higher than in either March or in April a year ago. Sales of calf and kip skins also expanded to some extent, but in many cases were held back for higher prices. Price quotations on hides and skins have increased steadily since the first week of April and on May 13 in general ranged from 3½ to 4 cents higher than at the beginning of the preceding month.

Building Materials, Construction Work

Further expansion in April was recorded by Seventh district building materials lines. In most cases the advance was better than seasonal, thus narrowing the spread from the year-ago level, lumber at wholesale even moving in larger volume than last April.

Reporting wholesale lumber dealers had 13½ per cent larger dollar sales than in March, and only one per cent less than in April 1932—the most favorable comparison with a year ago shown in our records since 1929. Owing to the lower level of prices than last year, sales in board feet were relatively much higher than as measured in dollars. Although accounts outstanding increased, the ratio to sales was somewhat lower than at the end of March, which is the usual trend accompanying an increased volume of business. Yard stocks continued at about the low level of previous months. Dealers reported no improvement in wholesale prices.

Retail yards experienced a greater expansion in dollar sales of lumber than did wholesalers. Reported strength in prices of lumber at retail is confirmed by the greater increase in dollar amount than in board-foot volume. Total dollar sales gained less sharply, owing to the seasonal decline in sales of fuel and other items included. Stocks were generally reduced during April, though several firms reported an expansion.

Cement producers in the Midwest expanded their production about seasonally, but more sharply than in April 1932; shipments gained 70 per cent over March as compared with a 126 per cent increase between the same two months last year. Operations, however, were in less than two-thirds the volume of a year ago. Dealers had not departed from a hand-to-mouth buying policy, and public construction of the cement-using type continued to be curtailed. Manufacturers of clay products reported demand for brick and tile considerably improved as compared with March, but sharply lower than a year earlier.

BUILDING CONSTRUCTION

Building contracts awarded during April in the Seventh Federal Reserve district, following the gain registered in the month previous, fell off approximately one million dollars in total volume. Residential building activity, however, continued to expand somewhat. Residential awards comprised 22 per cent of the total volume

during April, as against 17 per cent for March and only 10 per cent a year ago.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
April 1933.....	\$6,919,363	\$1,512,406
Change from March 1933.....	-13%	+10%
Change from April 1932.....	-57%	-43%
First four months of 1933.....	\$26,954,606	\$4,302,879
Change from same period 1932.....	-60%	-54%

*Data furnished by F. W. Dodge Corporation.

The estimated cost of proposed construction, according to permits issued during April in 101 cities of the Seventh district, increased 15 per cent over March, and the number of permits gained 90 per cent. Declines from a year ago were recorded in both comparisons, however, amounting to 71 and 27 per cent, respectively. Two large cities—Detroit and Milwaukee—did not follow the trend of the district in the monthly comparison of estimated cost, Detroit showing a decrease of 6 per cent and Milwaukee dropping 13 per cent.

Merchandising

April trends in the wholesale distribution of commodities were for the most part favorable, reporting groups with the exception of groceries and electrical supplies recording greater than seasonal increases or smaller than usual declines from March, with dry goods showing an expansion in sales, contrary to trend. The wholesale hardware trade gained 42 per cent over the preceding month, as compared with an increase in the 1923-32 April average of only 8 per cent. The decline of 2 per cent in both drug and shoe sales compared with recessions of 5 and 6 per cent in the ten-year average, while the expansion of 9 per cent in the wholesale dry goods trade contrasted with an average decrease of 8 per cent for the month. The declines from March of 4 and 2 per cent, respectively, in the wholesale grocery and electrical supply trades, on the other hand, compared with slight gains in 1923-32 average April sales over the preceding month, although the decrease in the total of electrical supply sales may be attributed to recessions shown by Chicago firms, the dollar volume sold by firms in other cities increasing over March. With the exception of these last two named lines, decreases from the corresponding month a year ago were smaller than in a similar comparison for March. Sales in the first four months of 1933 totaled smaller than in the same months of 1932 by 16 per cent in groceries, 19 per cent in shoes, 25 per cent in drugs, 28 per cent each in dry goods and electrical supplies, and 29 per cent in hardware. Stocks of electrical supplies registered a slight expansion on April 29 over March 31, but those in other reporting groups were lighter than a month previous. The majority of lines showed a smaller accounts-

DEPARTMENT STORE TRADE IN APRIL 1933

LOCALITY	PER CENT CHANGE APRIL 1933 FROM APRIL 1932		PER CENT CHANGE FIRST FOUR MONTHS 1933 FROM SAME PERIOD 1932		RATIO OF APRIL COL- LECTIONS TO ACCOUNTS OUTSTANDING END OF MAR.	
	NET SALES	STOCKS END OF MONTH	NET SALES		1933	1932
Chicago.....	-13.3	-13.8	-16.8		25.0	25.8
Detroit.....	-23.8	-41.1	-34.4		32.9	30.0
Indianapolis.....	-4.6	-22.8	-18.3		37.4	38.5
Milwaukee.....	-12.2	-19.8	-23.0		29.1	33.3
Other Cities.....	-14.0	-28.7	-21.7		26.7	29.6
7th District..	-15.1	-22.6	-22.2		29.2	29.9

WHOLESALE TRADE IN APRIL 1933

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND- ING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLEC- TIONS	
Groceries.....	-17.5	-19.3	-2.7	-16.7	133.1
Hardware.....	-25.9	-17.9	-16.4	-28.6	279.6
Dry Goods.....	-25.1	-32.1	-25.7	-24.9	332.1
Drugs.....	-27.8	-23.1	-8.6	-29.0	274.0
Shoes.....	-8.8	-30.9	-49.8	-27.8	257.0
Electrical Supplies.....	-26.0	-20.4	-6.5	-38.9	257.7

to-sales ratio at the end of the month than on March 31.

In department store trade, the 23 per cent expansion in April sales over March compared with a gain in the 1923-32 average of only $8\frac{1}{2}$ per cent, and was greater than in April of any of these years except 1930. Furthermore, sales by reporting stores in the district were only 15 per cent smaller than last year in the same month, which represents the smallest decline in the year-ago comparison since July 1931. Easter coming in April this year partially accounted for the favorable trend shown, but there was one less trading day than in the same month of 1932, so that daily average sales were only 12 per cent smaller than a year ago and $31\frac{1}{2}$ per cent greater than in March this year when there were $1\frac{2}{3}$ more trading days. In the monthly comparison, Detroit showed the greatest increase among the larger cities of the district with a 50 per cent gain in total sales, but recorded the heaviest decline—24 per cent—from last April, while Chicago with a gain of only $8\frac{1}{2}$ per cent over the preceding month, experienced a decline of but 13 per cent from April 1932. Little change took place in inventories between March and April—a customary trend for the period—but stock turnover was slightly more rapid than a year ago in the same month, bringing turnover for the year through April to approximately the same rate as in the corresponding months of 1932.

The gain of 42 per cent in April over March in the retail shoe trade was heavier than in April of any previous year on this bank's records, going back to 1926, comparing with an average increase of but 11 per cent

in those years and with an expansion of only one per cent last April. Furthermore, sales of shoes by reporting dealers and department stores practically equaled those in the same month a year ago, bringing the aggregate for the year to date to within 20 per cent of the corresponding period of 1932, as against a decline of 30 per cent shown for the first quarter of this year.

Sales of furniture and house furnishings by dealers and department stores likewise expanded greater than seasonally this April. The total of these sales exceeded that in the preceding month by 26 per cent—the 1927-32 average gain for the month is 21 per cent—and was only 22 per cent less than for last April, which is the smallest decline to be recorded in the year-to-year comparison since February 1932. Installment sales by dealers expanded 54 per cent in the aggregate over March and totaled only $17\frac{1}{2}$ per cent below the dollar volume of last April.

Chain store trade followed other lines of merchandising in their upward trend during April. Aggregate sales of thirteen chains operating 2,489 stores in the period, were 12 per cent heavier than in the preceding month. Grocery, drug, five-and-ten-cent store, shoe, cigar, and men's clothing chains shared in the expansion, with musical instruments alone of the groups included showing a recession. As compared with April 1932, total sales were $3\frac{1}{2}$ per cent smaller, but average sales per store were only one per cent less, since the number of units operated was 2 per cent fewer than a year ago. Most groups shared in the decline recorded in this comparison.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

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

	No. of Firms	Apr. 1933	Mar. 1933	Feb. 1933	Jan. 1933	Dec. 1932	Nov. 1932	Apr. 1932	Mar. 1932	Feb. 1932	Jan. 1932	Dec. 1931	Nov. 1931
Meat Packing—(U. S.)—													
Sales (in dollars).....	63	48	45	44	46	46	49	52	53	53	58	58	65
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	13	10	11	10	12	10	11	14	18	16	17	19	19
In Tons.....	13	10	12	11	12	10	11	15	18	15	16	20	19
Malleable—In Dollars.....	21	12	10	11	11	11	10	13	17	16	15	15	13
In Tons.....	21	22	16	20	20	18	16	23	30	28	26	26	21
Stoves and Furnaces—													
Shipments (in dollars).....	10	43	38	35	22	45	70	50	51	42	31	58	87
Furniture—													
Orders (in dollars).....	17	24	19	24	24	15	19	26	33	30	38	22	32
Shipments (in dollars).....	17	22	19	20	18	17	24	29	38	32	24	30	35
Flour—													
Production (in bbls.).....	25	109	105	87	99	106	108	109	110	96	98	98	105
Output of Butter by Creameries—													
Production.....	67	93	93	85	93	86	77	102	96	93	92	91	88
Sales.....	69	87	96	91	89	89	97	95	97	93	91	104	90
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	56	58	51	52	65	64	68	70	61	60	67	68
Hardware.....	12	38	27	22	22	30	36	52	40	32	30	46	47
Dry Goods.....	9	25	23	21	25	25	34	34	35	34	30	39	43
Drugs.....	13	49	50	49	58	60	56	67	72	67	66	72	70
Shoes.....	6	28	29	19	21	22	39	31	35	29	25	37	44
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	56	52	44	45	93	61	64	63	54	54	127	75
Detroit.....	5	65	45	40	48	108	70	89	80	75	65	149	92
Indianapolis.....	5	71	51	46	52	104	66	75	70	60	62	134	80
Milwaukee.....	5	70	51	46	47	101	74	81	72	61	68	141	92
Other Cities.....	44	57	44	38	40	83	57	67	61	52	50	117	76
Seventh District.....	82	60	49	43	45	96	64	71	67	59	57	131	80
Automobile Production—(U. S.)—													
Passenger Cars.....		52	34	31	37	29	16	41	34	32	34	33	17
Trucks.....		73	48	41	58	56	32	73	52	62	55	63	52
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		5	5	2	3	3	5	9	8	10	5	9	12
Total.....		10	12	6	12	14	20	24	31	26	18	22	31
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		18	18	21	19	19	19	32	37	40	41	41	41
United States.....		21	18	20	19	18	21	29	32	34	32	32	38
Steel Ingot Production—(U. S.)*.....		40	25	33	29	24	29	36	39	44	42	38	48
Unfilled Orders U. S. Steel Corp....		39	39	39	40	41	41	49	52	53	56	57	61

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL activity increased considerably during April and the first three weeks of May, and wholesale prices of many leading commodities advanced, particularly in the latter part of April and the early part of May. Following the imposition of an embargo on gold on April 20, the exchange value of the dollar declined and on May 20 was 87 per cent of its gold parity.

PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 60 per cent of the 1923-1925 average in March to 67 per cent in April, as compared with 63 per cent a year ago and a low of 58 per cent last July. Activity at steel mills increased from 15 per cent of capacity in March to 25 per cent in April, and there was a further increase in the first three weeks of May. Increased activity in the steel industry reflected chiefly increased demand from automobile producers and from miscellaneous sources, while demand from the railroad and construction industries continued at low levels. At textile mills and shoe factories, production increased considerably during this period. Output of petroleum fluctuated widely, declining in the middle of April and subsequently increasing to a high level.

Volume of factory employment and payrolls increased between the middle of March and the middle of April by an amount somewhat smaller than the decrease in the preceding month.

Value of construction contracts, as reported by the F. W. Dodge Corporation, continued at previous low levels in April, but showed a considerable increase in the first half of May. Total value of awards in these six weeks was considerably smaller than in the corresponding period a year ago.

DISTRIBUTION

Freight traffic, which was at a low level in March, increased during April and the first two weeks of May by more than the usual seasonal amount, reflecting chiefly large increases in shipments of miscellaneous products, grains, and live stock.

Department store sales increased sharply from March to April, and the total for these two months showed slightly more than the usual seasonal increase over the volume of sales in January and February.

WHOLESALE PRICES

During April, particularly in the latter part of the month, there were substantial increases in the wholesale prices of grains, flour, sugar, textile raw materials and finished products, hides, pig iron, nonferrous metals, and rubber. Prices of most of these commodities continued to advance rapidly in the first two weeks of May, and showed little change in the third week of the month. Prices of live stock, which did not advance in April, increased considerably in the first three weeks of May. Silver prices, after advancing by a substantial amount in the latter part of April, subsequently showed a decline, and petroleum prices also were reduced.

FOREIGN EXCHANGE

During the four weeks following the imposition of the embargo on gold, the exchange value of the dollar declined to 83 per cent of its gold parity on May 5, but subsequently rose to 87 per cent on May 20. The noon buying rate of cable transfers on the French franc rose from 3.98 cents on April 18 to 4.50 cents on May 20, and the rate on the English pound rose from \$3.49 to \$3.87.

BANK CREDIT

During the four weeks ending May 17, about \$215,000,000 of additional currency was returned to the reserve banks, and on that date all but \$200,000,000 of the \$1,930,000,000 withdrawn by banks and individuals between February 1 and March 13 had been returned. Funds arising from the return of currency during the four-week period were used to reduce reserve bank holdings of acceptances by an additional \$130,000,000 and to liquidate \$85,000,000 of member bank indebtedness at the reserve banks. As the result of an addition of about \$100,000,000 to the reserve banks' holding of gold, and a further reduction of Federal Reserve notes in circulation, the reserve ratio of the reserve banks rose considerably between April 19 and May 17. The decline in Federal Reserve notes reflected in part an increase of \$50,000,000 in Federal Reserve Bank notes in circulation.

Loans and investments of reporting member banks in New York City increased by about \$400,000,000 between the middle of April and the middle of May, reflecting chiefly a growth of \$200,000,000 in loans on securities, and of \$140,000,000 in investments in United States Government securities. Net demand deposits also increased by about \$400,000,000, of which about one-third represented a further growth of bankers' balances.

Money rates in the open market continued at low levels.

