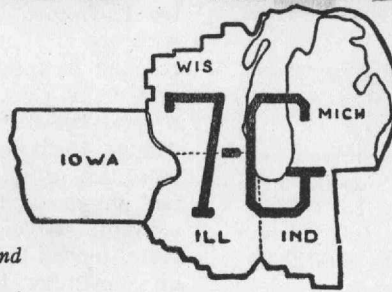


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

EUGENE M. STEVENS, *Chairman of the Board and
Federal Reserve Agent*
CLIFFORD S. YOUNG, *Asst. Federal Reserve Agent*

GEORGE A. PRUGH, *Asst. Federal Reserve Agent*
HARRIS G. PETT, *Manager*
Division of Research and Statistics

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General Summary

ONLY a few industries of the Seventh district experienced a decline in activity during August, and almost without exception business exceeded markedly the volume of the same month last year. Merchandising groups showed an especially favorable trend for August, with the majority of gains being greater than usual for the month or counter to seasonal trend.

Among the major manufacturing industries to record lessened activity in August were iron and steel, and building construction. Total output of automobiles slightly exceeded that of July; malleable casting, stove, and furniture shipments gained; shoe production again increased; and the movement of building materials at retail expanded. Employment showed a substantial gain over a month previous, and the index for number employed reached the highest point since September 1931.

Food-producing industries recorded various trends. Production at slaughtering establishments remained at a high level, though declining slightly from July. Sales of meat-packing products likewise totaled less in dollar value, but the tonnage sold was heavier. The manufacture of creamery butter diminished a little in August, although distribution expanded contrary to seasonal trend. Both production and sales of Wisconsin cheese declined from the preceding month. Stocks of all these commodities are unusually heavy. The movement of grains through interior markets fell off more than seasonally in August. There was little improvement during the month in crop conditions.

The merchandising of commodities, with few exceptions, showed better than usual expansion for August. In wholesale trade, gains in hardware and electrical supply sales

were counter to trend for August, and in drugs the gain was greater than average, although groceries and shoes recorded a less than seasonal increase, and dry goods declined in volume, following counter-to-seasonal expansion in July. Department store trade in August experienced a greater percentage gain over a month previous than shown in the same month of any of the preceding ten years. The increase over July in the retail shoe trade was contrary to seasonal trend, and that in the furniture trade was larger than usual for August. Aggregate sales of reporting chains totaled heavier in August than a month earlier. Although wholesale distribution of automobiles showed some decline, sales at retail were moderately larger.

Trends in banking data for the most part continued those of the preceding period. Between the middle of August and September 13, the volume of Reserve bank credit extended in the district declined further. Loans and investments of reporting member banks again totaled smaller, and time deposits in these banks decreased slightly, with demand deposits showing some expansion. Following increased activity in July, August sales of commercial paper by dealers and financing by means of bankers' acceptances declined.

Credit Conditions and Money Rates

Total credit extended by the Federal Reserve Bank of Chicago increased from \$345,400,000 to \$397,500,000 during the four-week period ended September 13, while Reserve bank credit employed within the Seventh district declined slightly over one-half million. The heavy increase in credit extended outside the district was mainly the result of this bank adding almost \$53,000,000 of United States Government securities to its holdings during those four weeks by purchases through the Federal Open Market Committee. The decrease in the use of Reserve bank credit locally was an outgrowth of United States Treasury disbursements exceeding collections by more than 31 millions, together with a slight gain in banking funds through commercial and financial transactions. Furthermore, demand for currency during the period declined 14½ millions. Funds deposited by non-member institutions fell off 13 million dollars, while member bank reserve accounts showed an increase of almost 59 millions. The accompanying tabulation presents an analysis of the changes in detail.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	SEPT. 13 1933	CHANGE FROM	
		AUG. 16 1933	SEPT. 14 1932
Total Bills and Securities.....	\$396.1	\$+50.0	\$+100.3
Bills Discounted.....	7.1	-2.7	-22.1
Bills Bought.....	0.8	-0.1	-3.5
U. S. Government Securities.....	388.2	+52.8	+125.9
Total Reserves.....	936.8	-22.2	+176.7
Total Deposits.....	515.3	+38.0	+207.8
Federal Reserve Notes in Circulation.....	747.1	-6.4	+47.9
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	74.2	-3.7*	-1.3*

*Number of Points.

Changes Between August 16 and September 13 in Factors Affecting Use of Federal Reserve Bank Funds Seventh District

(Amounts in thousands of dollars)

Reserve bank credit extended.....	-526
Commercial operations through inter-district settlements.....	+226
Treasury operations.....	+31,155
Total supply.....	+30,855
Demand for currency.....	-14,541
Member bank reserve balances.....	+58,783
Non-member deposits.....	-13,046
Unexpended capital funds.....	-341
Total demand.....	+30,855

MEMBER BANK CREDIT

As shown on the table below, the majority of items of condition of licensed reporting member banks declined in the aggregate on September 13 from August 16, the recessions in some cases exceeding those from July 19 recorded on August 16. Net demand deposits, it will be noted, rose slightly on September 13 as compared with August 16, whereas in the preceding period they had decreased 18 millions. "All other" (commercial) loans on September 13 were nearly 20 millions in excess of the September 14, 1932, total, whereas on August 16 of this year they were 37 millions less than on the corresponding reporting date in 1932.

As was the case in the corresponding week of the preceding month, down-town Chicago banks reported a range of 3 to 5 per cent as the rate prevailing on customers' commercial loans during the week ended September 15. The average rate earned on loans and discounts by down-town Chicago banks during the calendar month of August was 3.88—unchanged from July—and compared with 4.60 per cent in August 1932. A range of 3½ to 5 per cent was reported as the prevailing rate on customers' commercial loans in Detroit during the week ended September 15, as against 5 to 6 per cent for the corresponding period in August.

Dealer sales of commercial paper in the Middle West declined more than 30 per cent in August from the level of the two preceding months to a point 8 per cent under a year ago and 77½ per cent below the 1923-32 seasonal average. As this recession mainly reflected a reduction in borrowing rather than any decrease in investment demand, selling rates continued to ease. August quotations, therefore, ranged from 1¼ and 1½ per cent for short-term prime obligations to 1½ and 1¾ per cent for paper less well known or of longer maturity; most sales took place at 1½ per cent. Moreover, commercial paper outstanding in the Middle West declined 2½ per cent from July 31 and were 18½ per cent smaller than on August 31, 1932. Under the influence of a slight improvement in both supply and demand, sales for the first half of September totaled 23 per cent in excess of the corresponding period of August. Also, the investment demand continued to exceed the available supply to such an extent that rates eased further; quotations on September 15 ranged from

1 and 1¼ per cent for prime short-term paper to 1½ and 1¾ per cent for less well known obligations or those of longer maturity, with the bulk of transactions moving within a range of 1¼ to 1½ per cent.

Dealer purchases of local bills in the Chicago market dropped 74 per cent during the four weeks ended September 13 from the preceding period, which decline together with one of 39 per cent in receipts from Eastern markets, resulted in total supplies aggregating less than for any period this year. Sales to local banks, though registering a recession from the volume shown during July 13 to August 16, constituted a major portion of the business, inasmuch as sales to out-of-town banks fell off sharply and shipments to other offices were almost negligible in amount. Holdings at the close of the period were nil. Rates tended to ease slightly the latter part of August and on September 13 ranged from ¼ per cent for 30-day maturities to ¾ per cent for those of six months.

After having recorded greater than usual expansion in July, new financing by means of bankers' acceptances declined during August in the Seventh district—contrary to seasonal tendency—and was 11½ per cent smaller than the 1923-32 average for the month. Similar trends were indicated in the direct discounting of these bills at the original banks of acceptance, and buying of other banks' bills also showed a counter-to-seasonal recession from July, though aggregating 126½ per cent in excess of a year ago and 29 per cent above the 1923-32 seasonal average. Total purchases, therefore, were 36½ per cent smaller in August than a month earlier and only 7½ per cent greater than the ten-year average for August. Sales remained almost negligible, amounting to only 4½ per cent of the volume of purchases. Though continuing at a relatively high level, bill holdings of accepting banks in the Seventh district were reduced 11 per cent on August 31 from the end of July, as a large amount of maturities took place during the month. Furthermore, the liability for outstandings was reduced to a point 3 per cent below the seasonal level. In the first half of September, new financing by means of bankers' acceptances expanded 44 per cent over the corresponding weeks of August.

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

	PER CENT CHANGE IN AUGUST 1933 FROM	
	JULY 1933	AUGUST 1932
Total value of bills accepted.....	-20.1	-25.0
Purchases (including own bills discounted).....	-36.4	+12.4
Sales.....	-47.8	-62.4
Holdings*.....	-11.1	+70.6
Liability for outstandings*.....	-5.9	+2.7

*At end of month.

SECURITY MARKETS

Demand for bonds in the Chicago market during August and the early part of September was very light, and prices moved within a narrow range during the dull and uncertain market. New offerings were almost negligible, the few exceptions being the obligations of municipalities. Preference is still being shown for short-term, high-grade obligations. United States Government bonds moved

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	SEPT. 13 1933	CHANGE FROM	
		AUG. 16 1933	SEPT. 14 1932
Total Loans and Investments.....	\$1,518	\$-63	\$+14
Loans on Securities.....	396	-26	-133
All Other Loans.....	471	+2	+19
Investments.....	651	-39	+128
Net Demand Deposits.....	1,182	+8	+213
Time Deposits.....	468	-5	-0
Borrowings from Federal Reserve Bank.....	0	-0	-5

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	AUG. 1933	PER CENT OF INCREASE OR DECREASE FROM	
		JULY 1933	AUG. 1932
Chicago.....	\$2,146	-13.3	+8.6
Detroit, Milwaukee, and Indianapolis.....	659	-3.8	-11.6
Total four larger cities.....	\$2,805	-11.3	+3.0
31 smaller centers.....	393	-4.6	-9.1
Total 35 centers.....	\$3,198	-10.5	+1.4

slightly higher during the period. The average price of twenty leading stocks* on the Chicago Stock Exchange fluctuated very mildly throughout August and the first half of September, amounting to \$30.21 on September 16 as compared with \$29.96 on the corresponding date in August.

*Chicago Journal of Commerce.

Agricultural Products

Slight improvement occurred during August in the condition and yield of many autumn crops in this district. Rainfall averaged subnormal for the third successive month, though fairly large scattered areas received plentiful moisture. Most field crops were forced to maturity by ample sunshine and warmth. Among the upward revisions from one month earlier in the U. S. Department of Agriculture's September 1 estimates were 14 million bushels in corn, 2 million bushels in oats, one million pounds of tobacco, 570,000 bushels of apples, and 50,000 tons of hay, while the white potato crop was estimated at 460,000 bushels lower. The prospects of late corn for maturing were considerably improved by the hot weather, which continued during the first half of September, and from 50 to 65 per cent of the crop is reported to be out of danger from frost, though the quality and weight of the ears have suffered. Silo filling and corn cutting have been started, and vegetable canning is under way. Fall sowing preparations have not made much progress due to the condition of the soil.

GRAIN MARKETING

Grain markets in August were characterized by a continuation of the liquidating movement which set in after the middle of July. Prices were weak, averaging considerably lower than in the preceding month. Wheat quotations fell considerably during the month, but other grains fluctuated around the July 31 levels, and all showed some strength about the middle of September. The movement at interior markets declined more than seasonally

CROP PRODUCTION

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

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		AVERAGE 1926-30
	FORECAST 1933	FINAL 1932	FORECAST 1933	FINAL 1932	
Corn.....	793,745	1,065,741	2,284,799	2,875,570	2,511,991
Oats.....	285,383	523,589	687,647	1,238,231	1,189,693
Winter Wheat..	42,191	46,050	340,355	461,679	589,733
Spring Wheat..	1,933	3,380	166,202	264,604	271,435
Barley.....	34,805(a)	56,074(a)	159,339	299,950	263,629
Rye.....	5,592(a)	7,145(a)	23,116	40,409	41,564
Buckwheat.....	791(a)	694(a)	7,074	6,772	9,913
Flaxseed.....	195(b)	243(b)	7,009	11,787	20,011
Potatoes (white)	38,028	59,382	293,585	357,679	355,438
Potatoes (sweet)	1,170(c)	1,475(c)	69,089	78,484	62,483
Apples (total crop) ..	14,980(a)	12,712(a)	149,408	140,775	168,773
Peaches.....	2,156(d)	2,215(d)	45,633	42,443	56,575
Pears.....	944(d)	1,012(d)	21,751	22,050	22,921
Cranberries ¹ ..	50(e)	80(e)	573	540	580
Grapes ²	72(a)	88(a)	1,722	2,204	2,447
Dry Beans ³ ..	2,252(f)	4,277(f)	9,818	10,164	11,107
Tobacco ⁴	21,160	36,620	1,361,745	1,015,512	1,411,697
All Tame Hay ⁵	13,240	14,194	65,290	69,794	72,678
Wild Hay ⁶ ..	600(a)	658(a)	9,122	12,187	11,489
Broom Corn ⁷ ..	5(g)	8(g)	27	37	49
Onions.....	4,698(a)	7,258(a)	21,720	28,331
Cabbage ⁸ ..	116(h)	194(h)	736	975
Tomatoes for Table Use.....	1,432(d)	1,677(d)	16,566	17,961
CANNING CROPS:					
Snap Beans ⁹ ..	10(h)	11(h)	41	44
Sweet Corn ⁹ ..	181(a)	168(a)	403	387
Tomatoes ⁹ ..	278(d)	287(d)	952	1,199

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

from July, receipts of all grains and shipments of all except corn falling below a year previous and the five-year August average.

Visible supplies of wheat increased only 19 million bushels during July and August—ordinarily the months of heaviest marketing of the new crop. This compares with a gain of 44 million bushels in the ten-year average for the same two months. Though stocks of wheat in other positions are large, the visible supply has been rapidly returning to normal proportions, and at the end of August exceeded the ten-year average by only 26 million bushels as against an excess of 50 millions two months earlier. Visible supplies of oats, rye, and barley have increased moderately since August 1, while those of corn declined somewhat, but all feed grains exceeded a year ago by a considerable margin.

MOVEMENT OF LIVE STOCK

An increase which took place during August in cattle, calf, and lamb marketings in the United States was no greater than seasonal, but the 36½ per cent gain in receipts of swine at public stock yards was counter to the usual trend and mainly reflected Government buying of 25- to 100-pound pigs for diverted slaughter under terms of the Agricultural Recovery program. Cattle and calf marketings failed to show as much expansion over last year as had been evidenced in the preceding month, but continued to record about the same decline from the 1923-32 seasonal average. Lamb receipts fell off 5½ per cent from last August but continued more than 14 per cent above the ten-year average; hog marketings increased very sharply in both comparisons. Many points of divergence from the foregoing trends were shown in the movement to inspected slaughter (inclusive of animals that did not pass through public stock yards). The most noteworthy of these exceptions was an excess of all animals over the 1923-32 average for the month, and a seasonal decline from July of more than 10 per cent in the movement of hogs to inspected slaughter. Heavy increases, mostly seasonal in character, were recorded in shipments of cattle, lambs, and calves to corn-belt feed lots. However, this movement of feeder animals remained considerably under last year and the usual level for the season.

MEAT PACKING

During August, activity at slaughtering establishments in the United States remained at a considerably higher level than a year ago. The volume of production exceeded that of last August by 21½ per cent and was 15 per cent greater than the 1923-32 seasonal average, having declined only 2 per cent from July. Furthermore, payrolls at the close of the month reflected larger gains over 1932

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, August 1933.....	235	1,097	368	79
Federally Inspected Slaughter, United States August 1933.....	840	3,477	1,532	416
July 1933.....	752	3,914	1,399	401
August 1932.....	633	2,970	1,579	362

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	SEPT. 16 1933	AUGUST 1933	JULY 1933	AUGUST 1932
Native Beef Steers (average)...	\$5.70	\$6.00	\$6.10	\$7.90
Fat Cows and Heifers.....	4.20	4.40	4.45	5.10
Calves.....	7.00	6.35	5.50	6.15
Hogs (bulk of sales).....	4.10	4.05	4.50	4.25
Yearling Sheep.....	5.15	5.35	5.85	4.25
Lambs.....	6.90	7.25	7.35	5.25

than had been evidenced on any previous reporting date in 1933; the number of hours worked decreased $\frac{1}{2}$ per cent from July, but employment and wage payments increased about 14 per cent. The total value of sales billed to domestic and foreign customers was $8\frac{1}{2}$ per cent larger than in August 1932, although it registered a counter-to-seasonal decline of 3 per cent from July and showed a slightly greater disparity from the 1923-32 seasonal average than had been evidenced a month earlier. A fall in the general price level of packing-house commodities took place during August and was mainly responsible for these recessions, as the sales tonnage increased in all three comparisons. However, consumption failed to show as large an excess over current production as is customary at this season, so that total inventories of packing-house commodities in the United States, though reduced 45,000,000 pounds from July 31, recorded a further gain over last year and the 1928-32 average for the month.

Shipments for export increased sharply in August over a month previous. Foreign demand for American lard continued active in the United Kingdom, but remained on a restricted basis on the Continent. Furthermore, most sales were made from stocks already landed and, except for rather heavy buying of hams and picnics in the United Kingdom, export trade in other packing-house commodities remained rather light. Prices of United States lard continued above Chicago parity in Continental markets, but remained at a slight discount in the United Kingdom; British quotations for American hams and picnics were above a United States basis. Inventories of United States packing-house commodities in Europe (inclusive of stocks in transit) increased slightly on August 31 over the end of July.

DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district decreased $\frac{1}{2}$ per cent in August to the 1923-32 seasonal level, but was 10 per cent in excess of a year ago. The sales tonnage, on the other hand, showed a contrary-to-seasonal gain of 10 per cent over July, was 14 per cent greater than last August, and $3\frac{1}{2}$ per cent larger than the ten-year average for the month. United States manufacture of the commodity declined from a month earlier, though remaining considerably above last year. Production continued, however, to show more than a seasonal excess over current consumption. September 1 inventories of creamery butter in the United States, as a consequence, increased 24,253,000 pounds over the end of July to a level 67,928,000 pounds above last year and 43,156,000 pounds in excess of the 1928-32 average. Prices declined in August from July.

The manufacture of American cheese in Wisconsin declined 20 per cent (or a seasonal amount) in the five weeks ended September 2 from the preceding month, though continuing more than 20 per cent larger than for the corresponding period of 1932 and about one per cent greater than the 1928-32 average for August. Distribution fell off $28\frac{1}{2}$ per cent from the preceding period to a point almost 7,300,000 pounds below current production, $4\frac{1}{2}$ per cent under last year, and $25\frac{1}{2}$ per cent under the seasonal level. Moreover, total stocks of cheese in the United States gained 13,716,000 pounds on August 31 over the beginning of the month—as compared with a normal increase for the date of only 4,731,000 pounds—and totaled 8,461,000 pounds in excess of the 1928-32 average for August 31. Prices declined in August from the preceding month.

Industrial Employment Conditions

Employment in Seventh district industries registered another marked improvement in August, reports for a payroll period near the middle of the month showing increases of 7 per cent in number of employes and 8 per cent in payrolls over the corresponding period of July. This marks the fourth consecutive month of expansion in industrial workers and brings the employment index up to 68.2, the highest point reached since September 1931. Payrolls have advanced steadily since last March, but the August index of 46.7 reflects a level which is still below that prevailing during the first quarter of 1932. Readjustments under the NRA (code) were reported by a large number of establishments as responsible for the current increases.

Increases in employment were more extensive in manufacturing than in non-manufacturing industries— $7\frac{1}{2}$ per cent as against 4 per cent—but except for public utilities in which there was practically no change, every major industrial group made some contribution to the rise in this item. The smallest gain recorded was that at coal mines where less than one-half of one per cent in additional men were put to work during the month, and the largest was that of the stone, clay, and glass industries in which employment showed an increase of 15 per cent. Exclusive of the last-named group, gains within the manufacturing industries ranged between the narrow limits of 7 and 9 per cent. The changes in payrolls were less regular than in employment. Two of the groups, rubber products and coal, showed marked decreases, while the increases ranged from 2 per cent for public utilities to 24 per cent for the textile industries.

Practically all industries are operating with larger forces and paying out more in wages than a year ago. Exceptions are to be found in the public utilities and the construction industries, the former showing a general curtailment of about 5 per cent, and the latter employing almost as many men as a year ago but paying out 20 per cent less in wages.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Manufacturers of automobiles maintained August schedules at the July level, and operations continued to

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF AUGUST 15, 1933			CHANGE FROM JULY 15, 1933	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	741	153,702	2,996	+8.4	+13.7
Vehicles.....	177	208,148	4,903	+6.7	+7.3
Textiles and Products.....	146	32,887	522	+8.9	+24.1
Food and Products.....	355	77,610	1,478	+6.4	+6.2
Stone, Clay, and Glass.....	145	9,677	170	+15.0	+6.8
Wood Products.....	272	24,806	328	+8.2	+11.1
Chemical Products.....	106	15,208	323	+8.5	+6.7
Leather Products.....	86	27,586	434	+7.6	+13.3
Rubber Products ²	8	7,133	143	+5.9	-15.8
Paper and Printing.....	317	46,361	1,020	+7.1	+7.1
Total Mfg., 10 Groups....	2,353	603,118	12,317	+7.5	+9.2
Merchandising ³	274	35,601	672	+10.1	+7.1
Public Utilities.....	78	76,473	2,197	-0.1	+1.7
Coal Mining.....	16	2,129	36	+0.3	-8.4
Construction.....	329	10,303	179	+14.4	+8.9
Total Non-Mfg., 4 Groups	697	124,506	3,084	+3.7	+3.1
Total, 14 Groups.....	3,050	727,624	15,401	+6.8	+7.9

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

be more than double those of a year ago. August output of passenger automobiles in the United States totaled 195,076 in number, or a few cars more than the 195,019 of a month previous and representing a gain of 157 per cent over last August. Truck production in the month, numbering 41,336, showed an expansion of 9 per cent over July and exceeded that of the same month last year by 187 per cent.

For the second consecutive month, distribution of automobiles at wholesale in the Middle West recorded some decline. Sales by dealers to consumers, however, totaled moderately larger in August than in the preceding month. Both phases of distribution showed further notable gains over the corresponding month of 1932. The number of used cars sold, in line with new car sales at retail, increased over July and totaled considerably greater than a year ago. Stocks of new cars declined between the end of July and August 31, following some expansion a month earlier. In number, they totaled above those on the same date last year, but their aggregate value was less, principally due to certain dealers and distributors handling a wider range of lines this year than at that time. The ratio of deferred payment sales to total retail sales of dealers reporting the item, again rose in August, following a rather sharp drop in July, the current ratio being 44 per cent, as against 36 per cent a month previous and 45 per cent a year ago.

IRON AND STEEL PRODUCTS

The steel industry of the Chicago district experienced a moderate decline in activity during August, partly seasonal in character. New business received amounted to a fairly satisfactory volume, but the rate of steel ingot output receded from around 50 per cent of capacity in the early part of the month to close to 40 per cent in the middle of September. Pig iron output in Illinois and Indiana likewise fell off somewhat during August. Production of both steel and pig iron, however, averaged well above the 1932 and 1931 levels for the same period. Finished steel prices have undergone little change in recent weeks; pig iron was raised 50 cents per ton the latter half of August; while scrap iron and steel prices have shown an easing tendency.

Foundries of the Seventh district booked a smaller volume of orders in August than July, the loss amounting to about 20 per cent in tonnage units but to considerably less in dollar value. Shipments of malleable castings continued to increase, while those of steel castings registered a decline in tonnage—the first in the month-to-month comparison since last April. Both steel and malleable casting foundries reported increases in production over the

preceding month. All items remained substantially above the level of a year ago.

An increase of 15 per cent in the volume of orders accepted by manufacturers of stoves and furnaces continued the rising trend apparent in this industry since last April. Shipments were 43 per cent and production 26 per cent heavier than in July, while inventories showed a decline of 4 per cent. Although current activity is greatly in excess of that prevailing a year ago, the gains are not so marked as a month earlier.

FURNITURE

From the peak levels reached in the preceding month, orders booked by Seventh district furniture manufacturers reporting to this bank receded 26 per cent in August, remaining, however, except for the July volume, in excess of any month since August 1931. Shipments gained markedly—45 per cent—the fifth consecutive gain in the month-to-month comparison. As compared with the volume a year ago, both new orders and shipments registered the fourth successive increase, amounting currently to 80 per cent in the former and 87 per cent in the latter item. Owing to the very heavy gains in orders booked a month previous and the comparative slowness of shipments, the volume of unfilled orders outstanding so increased during August that at the close of the month it totaled 118 per cent of current orders, as compared with but 84 per cent on July 31. The August rate of operations was expanded 10 points over that obtaining in July, averaging approximately 58 per cent of capacity, or 14 points above that of a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe production in the Seventh district moved in line with seasonal expectation during August, an increase of 11 per cent over July continuing the unusually high rate of activity which has prevailed throughout the summer months. Output totaled 38 per cent higher than during the same month last year and was 25 per cent above the average for the month in the years 1923-32. In the tanning industry, production of leather was maintained at about the rate prevailing in the preceding month, but sales showed a further slight decline. Trading in packer green hides and skins was quiet throughout the month, and prices held steady until the last week when there was a slight decline. Toward the middle of September, hides were moving more freely at quotations 2 cents lower than those prevailing in early August.

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	AUGUST 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JULY 1933	AUGUST 1932	
Wholesale Lumber:			
Sales in Dollars.....	-3.4	+85.4	13
Sales in Board Feet.....	-17.5	+36.4	11
Accounts Outstanding ¹	-6.6	+59.9	11
Retail Building Materials:			
Total Sales in Dollars.....	+28.0	+23.6	191
Lumber Sales in Dollars.....	+11.8	+18.8	58
Lumber Sales in Board Feet....	+23.6	+22.2	85
Accounts Outstanding ¹	+2.5	-8.0	183
	Ratio of Accounts Outstanding ¹ to Dollar Sales during Month		
	AUGUST 1933	JULY 1933	AUGUST 1932
Wholesale Trade.....	189.3	195.8	219.9
Retail Trade.....	331.6	411.4	445.2

¹ End of month.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in August 1933 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1933	AUGUST 1932	JULY 1933	AUGUST 1932
New Cars				
Wholesale—				
Number Sold.....	-7.0	+196.5	19	12
Value.....	-14.8	+149.8	19	12
Retail—				
Number Sold.....	+7.0	+137.1	54	33
Value.....	+7.6	+104.3	54	33
On Hand August 31—				
Number.....	-4.8	+12.1	54	33
Value.....	-10.1	-13.1	54	33
Used Cars				
Number Sold.....	+9.1	+50.0	54	33
Salable on Hand—				
Number.....	+0.9	+24.3	54	33
Value.....	+1.8	-3.3	54	33

Building Materials, Construction Work

August reports from dealers in this district indicate that sales of lumber at wholesale failed to continue the expansion recorded during the preceding five months, while retail yards more than offset the July decline with a greater than seasonal gain. The demand for clay products and for cement was limited largely to public works, such as post offices and highways, as farm demand was very slack after the decline in grain prices during July.

The recession from July in volume of wholesale lumber sold is in contrast to an average August gain of nearly 9 per cent in the years 1928-32, but higher prices were partly responsible for dollar sales being only moderately below the July level. The gain in dollars over the corresponding month of last year was much less than in July, while that in board feet was the smallest since April.

Reporting retail yards showed larger gains over a year ago than previously this summer, and the 28 per cent increase over July compared with a usual expansion of less than 10 per cent. While autumn fuel business contributed to this increase, lumber sales were also substantially larger than a month previous. Satisfactory collections at both wholesale and retail yards were indicated by the reductions in the accounts-sales ratios. Stocks continued lower than a year ago, and on the average were unchanged from the end of July, though a number of retail yards reported reductions during August.

BUILDING CONSTRUCTION

The decline of 20 per cent from July in August building contracts awarded in the Seventh district was contrary to trend for the month and followed three successive months of expansion. Residential building constituted the same proportion of total building as a month previous—14 per cent.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
August 1933.....	\$14,844,022	\$2,079,900
Change from July 1933.....	-20%	-18%
Change from August 1932.....	-32%	+7%
First eight months of 1933.....	\$83,630,167	\$14,017,855
Change from same period 1932.....	-44%	-26%

*Data furnished by F. W. Dodge Corporation.

Building permits issued in 99 cities of the Seventh district during August totaled 3½ million dollars, representing a gain over July in estimated cost of proposed construction of 33 per cent and totaling only 8 per cent under August 1932. The actual number of permits issued in these cities registered increases in both comparisons of 6 and 5 per cent, respectively. Among the larger cities of the district, Des Moines and Milwaukee each differed from the group trend, showing respective declines of 36 and 2 per cent from the preceding month in estimated cost of proposed work.

WHOLESALE TRADE IN AUGUST 1933

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	+5.5	+5.6	+5.2	+7.0	109.9
Hardware.....	+30.9	-9.6	-2.7	+12.2	240.1
Dry Goods.....	+24.8	-7.0	+12.5	+20.1	294.2
Drugs.....	+3.4	-13.5	-4.4	-10.6	226.9
Shoes.....	+5.3	-26.5	-32.9	-10.5	202.3
Electrical Supplies.....	+48.8	-4.2	+17.2	+40.4	195.0

Merchandising

The merchandising of commodities in the Seventh district showed expansion in August over July, the gain in the volume of trade being partly seasonal in nature.

In wholesale distribution, grocery sales increased one per cent over the preceding month, hardware 3 per cent, drugs 18½ per cent, shoes 29 per cent, and electrical supplies 10 per cent. The gains recorded in hardware and electrical supplies were counter to trend for August, and that in drugs was greater than average, while the increases in grocery and shoe sales were less than usual for the period. The dry goods trade experienced a contrary-to-seasonal recession of 17 per cent, following a non-seasonal gain in July this year. As may be noted in the table, all groups continued to have heavier sales than a year ago; in groceries, hardware, and dry goods, the gains were smaller than in a similar comparison for July, but in electrical supplies the increase was considerably greater than a month previous, and in drugs contrasted with a slight decline. The continued gains over last year in the dry goods and electrical supply trades brought cumulative sales for the eight months of 1933 to a little over the same months of 1932. Declines for the year to date in other groups amounted to 6 per cent in groceries, 5 per cent in hardware, 16 per cent in drugs, and one per cent in shoes. In the grocery trade, stocks on August 31 totaled heavier than a year ago on the same date, but remained lighter in the other lines.

Following a greater than usual recession in July department store trade, the volume of August business expanded considerably more than seasonally. The gain over the preceding month of 34 per cent in the total for Seventh district reporting firms compared with one of only 12 per cent in the 1923-32 average for August, and represented a larger increase than in any of those years. Stores in smaller cities showed greater improvement in the monthly comparison than did those in the large cities, the total for the former group gaining 41 per cent over July. In the yearly comparison, Chicago continued to make the most favorable showing, while the moderate increase in Detroit trade was the first recorded since the fall of 1929. A further rising trend in stocks is noted, and substantial increases in Chicago, Indianapolis, and Milwaukee on August 31 over the same date a year previous brought the total for the district to 6 per cent heavier in this comparison. Stock turnover continues to be more rapid than a year ago.

In the retail shoe and furniture trades, unusually sharp declines in July were followed in August by a contrary-to-seasonal expansion in the former and a more than normal increase in the latter. Sales by reporting shoe dealers and

DEPARTMENT STORE TRADE IN AUGUST 1933

LOCALITY	PER CENT CHANGE AUGUST 1933 FROM AUGUST 1932		PER CENT CHANGE EIGHT MONTHS 1933 FROM SAME PERIOD 1932	RATIO OF AUG. COLLECTIONS TO ACCOUNTS OUTSTANDING END OF JULY	
	NET SALES	STOCKS END OF MONTH		1933	1932
	Chicago.....	+43.3	+22.7	-0.1	25.2
Detroit.....	+7.9	-27.1	-22.6	30.6	24.8
Indianapolis.....	+32.1	+24.9	-5.6	35.6	33.7
Milwaukee.....	+23.4	+9.3	-10.5	31.8	29.6
Other Cities.....	+20.9	-4.4	-9.4	26.4	23.8
7th District.....	+29.3	+5.7	-8.0	28.7	24.7

the shoe departments of department stores aggregated 19 per cent in excess of the July volume and 17 per cent heavier than for last August, the latter being the first gain in the yearly comparison since the early months of 1930. In the first eight months of this year, the volume sold totaled 9 per cent smaller than in the corresponding period of 1932. Shoe stocks expanded 26 per cent during August, so that the total at the end of the month exceeded that on the same date last year by 2 per cent.

The gain of 44 per cent over July in the retail furniture trade compared with an increase in the 1927-32 average for August of but 28 per cent. Furthermore, the 38 per

cent gain over last August represented the largest increase in the yearly comparison in four successive months of expansion. Stocks gained slightly between the end of July and August 31, and totaled about the same as a year ago.

Aggregate sales in August of fourteen reporting chains operating over 2,500 stores, exceeded those of the preceding month by 2 per cent and were 12 per cent greater than in the same month last year. In the monthly comparison, drug, five-and-ten-cent store, cigar, and musical instrument sales increased, with groceries, shoes, and men's clothing recording recessions, while as compared with a year ago, all groups had larger sales.

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	Aug. 1933	July 1933	June 1933	May 1933	Apr. 1933	Mar. 1933	Aug. 1932	July 1932	June 1932	May 1932	Apr. 1932	Mar. 1932
Meat Packing—(U. S.)—													
Sales (in dollars).....	62	58	60	56	56	48	45	53	52	50	51	52	53
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	13	21	21	18	12	10	11	11	10	12	14	14	18
In Tons.....	13	23	25	19	13	10	12	10	9	11	14	15	18
Malleable—In Dollars.....	21	24	21	21	16	12	10	8	7	11	12	13	17
In Tons.....	21	41	36	37	29	22	16	13	12	19	21	23	30
Stoves and Furnaces—													
Shipments (in dollars).....	10	90	63	58	54	44	38	46	29	39	48	50	51
Furniture—													
Orders (in dollars).....	17	45	61	30	32	24	19	25	22	14	20	26	33
Shipments (in dollars).....	17	42	29	27	26	22	19	22	13	15	24	29	38
Flour—													
Production (in bbls.).....	22	93	98	121	108	114	111	130	114	120	112	116	116
Output of Butter by Creameries—													
Production.....	67	122	123	139	135	94	93	111	118	141	140	102	96
Sales.....	69	116	106	132	113	87	96	102	106	130	112	95	97
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	68	67	71	63	56	58	65	59	71	66	68	70
Hardware.....	12	47	46	60	53	38	27	36	35	54	50	52	40
Dry Goods.....	9	36	44	39	34	26	23	28	22	29	32	34	35
Drugs.....	13	61	52	58	54	49	49	59	52	66	64	67	72
Shoes.....	6	41	32	41	37	28	29	39	25	33	34	31	35
Retail Trade—(Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	23	65	47	66	61	56	52	45	39	59	60	64	63
Detroit.....	5	57	41	66	74	65	45	54	51	78	86	89	80
Indianapolis.....	5	65	48	63	72	71	51	50	44	67	67	75	70
Milwaukee.....	5	65	52	63	68	70	51	53	48	67	71	81	72
Other Cities.....	44	56	40	57	59	57	44	46	38	56	60	67	61
Seventh District.....	82	62	45	64	65	60	49	48	42	63	66	71	67
Automobile Production—(U. S.)													
Passenger Cars.....	67	67	72	63	52	34	34	26	32	55	54	41	34
Trucks.....	110	101	111	89	73	48	48	38	38	60	70	73	52
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	7	9	8	10	5	5	5	7	7	10	10	9	8
Total.....	22	27	19	15	10	12	12	32	24	27	36	24	31
Iron and Steel—													
Pig Iron Production*:													
Illinois and Indiana.....	52	59	45	31	18	18	18	22	26	29	30	32	37
United States.....	60	59	43	29	21	18	18	17	19	21	26	29	32
Steel Ingot Production—(U. S.)*:	81	96	75	56	41	25	25	24	24	26	33	36	40
Unfilled Orders U. S. Steel Corp.:	40	42	44	40	39	39	39	41	41	43	46	49	52

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

THE general level of industrial production declined in August and the early part of September, reflecting reductions in activity of industries in which there had been a rapid rise in previous months. Employment and wage payments were larger in August than in July.

PRODUCTION AND EMPLOYMENT

The Federal Reserve Board's seasonally adjusted index of industrial production, which had been rising rapidly for several months, declined from 100 per cent of the 1923-1925 average in July to 92 per cent in August. The principal decreases were in the primary textile industries, in flour milling, and in output of steel ingots which declined from 59 per cent of capacity in July to 49 per cent in August. Average daily output of automobiles declined somewhat from the level of July. There were increases during the month in production of petroleum, nonferrous metals, and cigarettes; and output of lumber and coal increased seasonally.

During September, reports indicate further reductions in output of steel and flour; petroleum production slackened under new restrictions, and output of lumber decreased.

Increases in employment between the middle of July and the middle of August, the latest date for which figures are available, were general in most lines of industry, and there were numerous increases in wage rates and reductions in working hours. Compared with the low point of last spring, there has been an estimated increase of 2,200,000 in number of industrial wage workers.

Value of construction contracts awarded, as reported to the F. W. Dodge Corporation, increased in August, owing to awards for public works, particularly highways and bridges; contracts for other types of construction were in smaller volume than in July.

An increase of \$1,000,000,000 in gross income of farmers for the year 1933 is indicated by estimates of the United States Department of Agriculture, primarily as a result of higher prices for certain farm products, notwithstanding small crops of grains, hay, and potatoes.

DISTRIBUTION

Sales by department stores increased in August, and the Board's index which is adjusted for seasonal variations, advanced from 71 to 75 per cent of the 1923-1925 average, the highest level since the spring of 1932. The recent increase in dollar sales reflects to a large extent advancing prices.

The volume of freight shipped by rail declined slightly during August, on an average daily basis, although an increase is usual at this time of year.

COMMODITY PRICES

The general average of wholesale commodity prices fluctuated within a narrow range during August and early September at a level about 17 per cent above the low point of last spring. Prices of individual commodities showed divergent movements, decreases being reported for prices of domestic agricultural products, while prices of many manufactured goods, of coal, petroleum, and other industrial raw materials, increased. During the second and third weeks of September, prices of commodities in organized markets advanced considerably.

Retail prices of food continued to advance.

FOREIGN EXCHANGE

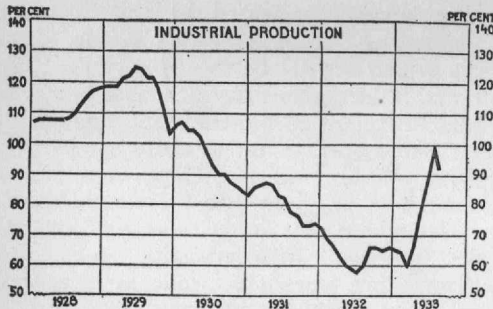
In the foreign exchange markets, the value of the dollar in terms of the French franc declined from 75 per cent of its gold parity on August 15 to 65 per cent on September 22.

BANK CREDIT

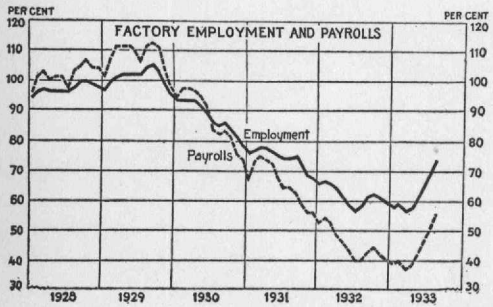
At member banks in 90 leading cities, there was a growth of \$200,000,000 in net demand deposits in the four weeks ending September 13, following a decline of \$800,000,000 between the middle of June and the middle of August. More than half of the recent increase reflected a return of bankers' balances to New York City banks. The banks gradually reduced their holdings of United States Government securities, following an increase in the week ending August 16 when a new issue of Treasury bonds was sold, and on September 13 their holdings were in about the same volume as in early August. There was some increase in commercial loans both at member banks in New York City and in other leading cities.

Member bank balances at the reserve banks continued to increase during August and the first three weeks of September, and excess reserves of member banks reached \$700,000,000. This increase reflected primarily additional purchases of Government securities by the Federal Reserve banks, which have averaged \$35,000,000 a week since August 16. Money in circulation, which usually increases at this season, has shown little change in the past month, indicating a continued return from hoards.

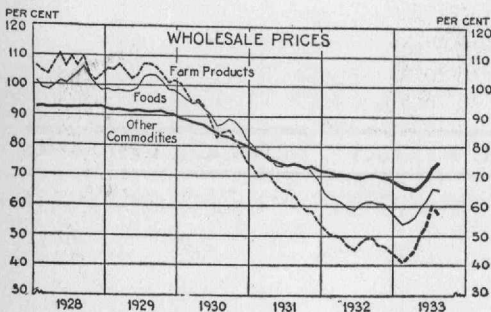
Money rates in the open market showed a renewed decline during August and the first half of September.



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

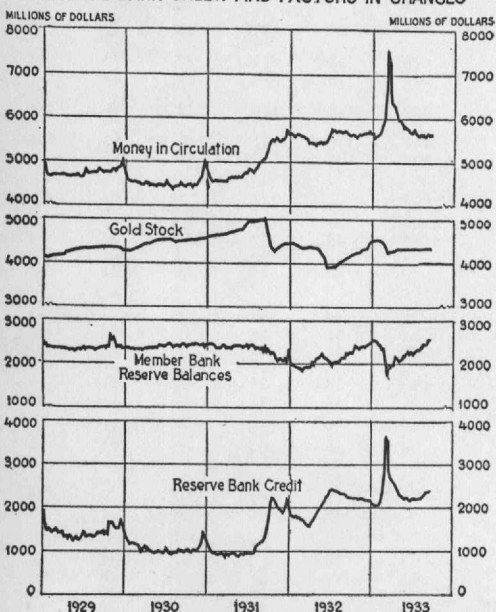


Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925 average = 100).



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

RESERVE BANK CREDIT AND FACTORS IN CHANGES



Monthly averages of daily figures. Latest figures are averages of first 20 days in September 1933.