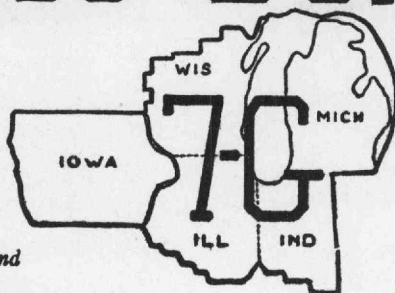


BUSINESS CONDITIONS

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

COMPARISONS with the 1932 level of Seventh district business activity continued to be favorable through October, though some further recessions were recorded in monthly trends.

Increases, however, over the preceding month were noted in building construction, pig iron production, output of steel and malleable castings, stove shipments, distribution of building materials at retail, and in production and sales of meat-packing products. Among the manufacturing groups reporting reduced activity, were automobiles, steel, furniture, and shoes. Butter production and sales were smaller than a month previous, and the manufacture and distribution of Wisconsin cheese totaled less, output of this latter commodity being likewise smaller than a year ago. With this last exception, all items mentioned showed increases over October last year. Employment levels remained considerably higher than in 1932, though receding from September.

The merchandising of commodities, at wholesale and retail, recorded trends similar to those in manufacture, sales in the majority of groups totaling smaller in October than a month previous but continuing to be greater than a year ago at the same time. Sales in the wholesale grocery, drug, and dry goods trades declined from September, while the gains shown in hardware and electrical supplies were less than average for the period. Owing to a decline in Detroit, department store trade for the district as a whole showed a small non-seasonal recession from September, though other cities had heavier sales. The decrease in the retail shoe trade was greater than usual for October, and that in furniture about seasonal. Most

reporting lines of chain store trade had smaller sales in the current period. Distribution of automobiles, at wholesale and retail, was also less in October.

Investments of licensed reporting member banks in the district increased somewhat between October 18 and the middle of November, while their loans, both commercial and on securities, declined. The volume of Reserve bank credit extended locally likewise decreased in this period. Dealer sales of commercial paper were larger in October than a month previous, but new financing by means of bankers' acceptances totaled less; opposite trends had been shown during September in these two credit phases.

Credit Conditions and Money Rates

Total credit extended by the Federal Reserve Bank of Chicago increased from \$438,551,000 to \$444,035,000 during the four-week period ended November 15. Additions to holdings of United States securities, though smaller during the period than in preceding weeks, were for the most part responsible for the increase in total credit extended. Reductions in Seventh district banking reserves during the four weeks resulted from a net withdrawal of funds by the United States Treasury which collected over a million dollars more than it disbursed in this area, as well as from a net outflow of funds in commercial operations through inter-district settlements amounting to over 12 millions. However, the public demand for currency during the period again fell sharply, so that the actual amount of Reserve bank credit employed locally registered a decrease. Changes in the sources and uses of Seventh district banking reserves are given in detail in the accompanying tabulation.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	Nov. 15 1933	CHANGE FROM	
		OCT. 18 1933	NOV. 16 1932
Total Bills and Securities.....	\$444.8	\$+6.5	\$+161.1
Bills Discounted.....	5.8	+0.0	-11.6
Bills Bought.....	1.6	+0.8	-2.5
U. S. Government Securities.....	437.3	+5.7	+175.1
Total Reserves.....	949.2	-11.9	+126.7
Total Deposits.....	576.5	+2.3	+190.3
Federal Reserve Notes in Circulation.....	743.7	-9.1	+71.9
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	71.8	-0.6*	-5.9*

*Number of Points.

Changes Between October 18 and November 15 in Factors Affecting Use of Federal Reserve Bank Funds

Seventh District

(Amounts in thousands of dollars)

Reserve bank credit extended.....	-1,035
Commercial operations through inter-district settlements.....	-12,384
Treasury operations.....	-1,038
Total Supply.....	-14,457
Demand for currency.....	-11,926
Member bank reserve balances.....	+5,448
Non-member deposits.....	-7,387
Unexpended capital funds.....	-592
Total Demand.....	-14,457

MEMBER BANK CREDIT

Total loans and investments of licensed reporting member banks in the Seventh district on November 15 were six million dollars above the aggregate shown on October 18, reflecting entirely a larger volume of investments, loans on securities as well as "all other" (commercial) loans declining moderately between the two dates. Net demand deposits recorded an increase of 18 millions over October 18, and time deposits a decline of 7 millions. As against November 16, 1932, total loans and investments showed a gain of 82 million dollars, the result of a rise of 38 millions in "all other" (commercial) loans and of 85 millions in investments, loans on securities decreasing 41 million dollars in the comparison. Net demand deposits on November 15 were 195 millions in excess of the aggregate on November 16, 1932.

A range of 3 to 5 per cent was reported by down-town Chicago banks as the prevailing rate on customers' commercial loans during the week ended November 15, or the same as in the corresponding period of October. The average rate earned by down-town Chicago banks during the calendar month of October was 3.30 per cent, unchanged from September, and compared with 4.42 per cent in October 1932. In the city of Detroit, the prevailing rate on customers' commercial loans for the week ended November 15 was reported as $3\frac{1}{2}$ to 6 per cent; in the corresponding period of the preceding month the item was reported as $3\frac{1}{2}$ to 5 per cent.

Dealer sales of commercial paper in the Middle West remained during October at about one-fourth of the 1923-32 average volume for the month, though increasing 15 per cent over September to a level higher than for any month since July and 6 per cent above a year ago. Demand from banks in large centers was sufficiently strong to absorb the limited supply at lower rates than obtained a month earlier. Selling quotations ranged from 1 and $1\frac{1}{4}$ per cent for prime short-term obligations to $1\frac{1}{4}$ and $1\frac{1}{2}$ per cent for paper less well known or of longer maturity; most of the business was transacted within a range of 1 to $1\frac{1}{4}$ per cent. Though increasing $11\frac{1}{2}$ per cent over September 30 to a point above that for any previous reporting date since last October, outstandings of commercial paper in the Middle West were only one-fourth the average volume on October 31. Owing to a slightly increased supply during the period and despite some recession in demand at its close, sales for the first half of November aggregated 25 per cent larger than during the corresponding weeks of October. November 15 selling rates ranged from $\frac{3}{4}$ to $1\frac{1}{2}$ per cent, but the bulk of transactions continued to take place at 1 to $1\frac{1}{4}$ per cent.

After having shown a marked expansion in the preceding period, dealer operations in the Chicago bill market were reduced sharply during the period October 11-No-

vember 15, and averaged less than at any previous time this year. The bulk of the supply was received from Eastern markets and was quickly sold to banks in Chicago. A small volume of local purchases, however, moved to Eastern cities. Under these conditions, therefore, dealers were unable to accumulate any acceptances in their own portfolios. The range of selling rates was slightly higher at the close of the period, quotations on November 15 being $\frac{3}{8}$ per cent for 30-day offerings to $\frac{7}{8}$ per cent for those of six months.

New financing by means of bankers' acceptances showed a counter-to-seasonal recession in the Seventh Federal Reserve district during October, and was not only less than for any month this year since June but 14 per cent below the 1923-32 October average. Similar trends were recorded in the direct discounting of these acceptances at the originating banks and in the buying of other banks' bills. Therefore, total purchases of this class of investment by accepting institutions of the district fell below those of any corresponding period since March and 26 per cent under the normal level for this time of the year. Sales remained on a restricted basis, though aggregating considerably in excess of the average for the preceding four months and totaling much heavier than a year ago. As a result of a fairly large volume of acceptances maturing during the month and despite the marked excess shown in purchases over current sales, bill holdings of accepting banks in the Seventh district were reduced 13 per cent on October 31 from the peak level of the preceding month. Furthermore, the liability for outstandings continued to decline. New financing increased sharply during the first half of November, at which time practically all users of acceptance credits were borrowing on a more extensive basis than during the corresponding weeks of October.

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

	PER CENT CHANGE IN OCT. 1933 FROM	
	SEPTEMBER 1933	OCTOBER 1932
Total value of bills accepted.....	-19.7	+7.3
Purchases (including own bills discounted).....	-38.5	+4.2
Holdings*.....	-13.0	+28.3
Liability for outstandings*.....	-1.2	+0.1

*At end of month.

SECURITY MARKETS

A marked hesitancy on the part of investors resulted in October being a very quiet month in the Chicago bond market, and the price level for all types of securities showed declining tendencies during the period. New underwritings were negligible in volume, that of corporate bonds being almost nil, while municipal issues remained comparatively restricted. In the light demand which prevailed during the month high grade bonds were given the preference. Foreign bonds were strong and higher in the period, while United States Government issues eased slightly. Prices on the Chicago Stock Exchange moved within a narrow range through October and the first half of November. The average price of twenty leading

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	Nov. 15 1933	Oct. 18 1933	Nov. 16 1932
Total Loans and Investments.....	\$1,515	\$+6	\$+82
Loans on Securities.....	399	-5	-41
All Other Loans.....	455	-13	+38
Investments.....	661	+24	+85
Net Demand Deposits.....	1,233	+18	+195
Time Deposits.....	457	-7	-9
Borrowings from Federal Reserve Bank.....	0	0	0

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	OCT. 1933	SEPT. 1933	OCT. 1932
Chicago.....	\$2,114	+4.2	+15.5
Detroit, Milwaukee, and Indianapolis.....	684	-0.1	-0.3
Total four larger cities.....	\$2,798	+3.1	+11.2
33 smaller centers.....	424	+2.9	-7.3
Total 37 centers.....	\$3,222	+3.1	+8.4

stocks* amounted to \$26.17 on November 14, or to less than one dollar under the average price quoted on October 14.

*Chicago Journal of Commerce.

Agricultural Products

Preliminary estimates as of November 1 show much lower than average production of most of the important farm crops in the Seventh district, despite the improvement which occurred during the latter part of the growing season. Indicated declines from the five-year average production are as follows: corn, 12 per cent (smallest crop since 1927); oats, 46 per cent; wheat, 25 per cent; potatoes, 24 per cent; tame hay, 13 per cent; and tobacco, 56 per cent.

GRAIN MARKETING

October represented the fourth consecutive month in which the primary movement of wheat has been less than half the five-year average. Receipts at interior markets were particularly restricted, following the decline of prices in the first half of the month; consequently, the October total fell off more than seasonally from September. Shipments, however, were sustained by active demand and by Government buying for relief purposes. The United States visible supply recorded a contrary-to-seasonal decline of nearly 7 million bushels and totaled less than 12 millions higher than the ten-year average for the end of October. Price changes in October and early November were extreme, beginning with a decline to the season's low on October 17 at approximately 50 cents under the high point of three months earlier, followed by an upward movement in which a gain of about 25 cents a bushel had been recorded by November 15. This price trend corresponded roughly to changes in the dollar price for gold.

The demand for corn was stimulated considerably by announcement of a processing tax to become effective November 5, and oats shared somewhat in the expectation of restricted feed grain supplies. Shipments of both grains increased over September, those of corn totaling 60 per cent above the five-year October average. Corn receipts also increased, though only moderately, while

oats receipts were in exactly half the September volume. Visible supplies of corn, oats, rye, and barley each remained at approximately double the year-ago volume, with only slight changes since the first of October, as corn, rye, and barley tended to increase while oats supplies were reduced. Prices of corn and oats followed generally the trend in wheat.

MOVEMENT OF LIVE STOCK

October 1933 receipts of cattle at public stock yards in the United States were in excess of any month since the autumn of 1930 and those of lambs and calves were greater than at any time since October 1931. Hog marketings, on the other hand, declined 61 per cent from the extremely high level of September to a point $6\frac{1}{2}$ per cent under a year ago. Furthermore, all live stock was received in less than the 1923-32 average October volume. The movement to regular inspected slaughter (exclusive of the swine processed for the Government but inclusive of all animals shipped directly to the packers) diverged somewhat from the general trend of receipts, the principal differences being a slight increase in the supply of hogs over the relatively small quantity available to packers in September and a continued excess of lambs and calves as compared with the seasonal average.

Though remaining considerably below the 1923-32 early autumn volume, October shipments of cattle and lambs to feed lots increased sharply over September and were above those of any month subsequent to October 1931.

MEAT PACKING

In October, for the sixth consecutive month, activity at slaughtering establishments in the United States was considerably above the corresponding period of 1932. Though increasing only 2 per cent over September—in contrast to an average gain of 11 per cent—and totaling $1\frac{1}{2}$ per cent less than the 1923-32 seasonal average, the volume of production for market exceeded that of last October by 3 per cent. Payrolls at the close of the period continued to reflect marked gains over a year ago, despite declines from September of 2 per cent in employees, 5 per cent in hours worked, and $3\frac{1}{2}$ per cent in wage payments, which were coincident with a sharp reduction in emergency slaughter of young pigs for the Government. Market distribution improved. The total value of sales billed to domestic and foreign customers not only increased $13\frac{1}{2}$ per cent over last year and $6\frac{1}{2}$ per cent over September but was in excess of any month since October 1931. Moreover, the decline in these sales from the 1923-32 seasonal average was smaller than had obtained during earlier months of 1933; and the sales tonnage exceeded

Estimated by the United States Bureau of Agricultural Economics on the basis of November 1 condition.
(In thousands of bushels unless otherwise specified)

SEVENTH DISTRICT		UNITED STATES		AVERAGE 1926-30
PRELIMINARY 1933	FINAL 1932	PRELIMINARY 1933	FINAL 1932	
Corn.....	805,239	1,065,741	2,289,544	2,875,570
Oats.....	285,630	523,589	698,531	1,238,231
Winter Wheat..	42,191	46,050	340,355	461,679
Spring Wheat..	2,126	3,380	174,461	264,604
Barley.....	34,536(a)	56,074(a)	159,741	299,950
Rye.....	5,592(a)	7,145(a)	23,116	40,409
Buckwheat....	834(a)	694(a)	8,013	6,772
Flaxseed.....	197(b)	243(b)	7,451	11,787
Soy Beans				20,011
(harvested)...	7,113(a)	9,674(a)	11,258	13,245
Cowpeas				8,674
(harvested)...	461(c)	598(c)	6,232	6,085
Potatoes (white)	40,682	59,382	317,612	357,679
Potatoes (sweet)	1,174(d)	1,475(d)	69,743	78,484
Sugar Beets...	1,240(e)	1,215(e)	11,151	9,070
Apples				7,718
(total crop)...	14,945(a)	12,712(a)	143,827	140,775
Peaches.....	1,965(f)	2,215(f)	45,284	42,443
Pears.....	1,010(f)	1,012(f)	21,192	22,050
Grapes ¹	74(a)	88(a)	1,809	2,247
Cranberries ²	47(g)	80(g)	626	540
Dry Beans ³ ...	3,228(h)	4,277(h)	11,639	10,164
Tobacco ⁴	20,524	36,620	1,408,361	1,015,512
All Tame Hay ¹	13,580	14,194	67,337	69,794
Broom Corn ¹ ...	5 $\frac{1}{2}$ (i)	7 $\frac{1}{2}$ (i)	30 $\frac{3}{4}$	37

¹ In thousands of tons. ² In thousands of barrels. 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 and Indiana. (d) Illinois, Indiana, and Iowa. (e) Michigan. (f) Illinois, Indiana, Iowa, and Michigan. (g) Wisconsin. (h) Michigan and Wisconsin. (i) Illinois.

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, October 1933.....	253	619	401	88
Federally Inspected Slaughter, United States				
October 1933.....	861	3,058	1,668	455
September 1933.....	821	3,038	1,609	405
October 1932.....	694	3,605	1,601	389

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

	WEEK ENDED NOV. 18, 1933	OCTOBER 1933	MONTHS OF SEPT. 1933	OCTOBER 1932
Native Beef Steers (average)...	\$4.90	\$5.55	\$5.70	\$7.05
Fat Cows and Heifers.....	3.80	4.25	4.30	4.65
Calves.....	4.40	6.00	6.65	5.05
Hogs (bulk of sales).....	4.45	4.50	4.25	3.60
Yearling Sheep.....	5.35	5.35	5.35	3.75
Lambs.....	6.40	6.70	6.65	5.15

that of any corresponding period subsequent to October 1929 and was $2\frac{1}{2}$ per cent above the normal level for this season. The general price level of packing-house commodities made a slight counter-to-seasonal advance over September, though quotations of lard, hams, veal, and lamb declined. As a result of consumption showing a greater excess over current production than usual for early autumn, November 1 inventories fell off 201,651,000 pounds from October 1 to a level only 149,366,000 pounds greater than the 1928-32 average for that date.

Shipments for export continued to expand in October. Foreign demand for American lard improved both in the United Kingdom and on the Continent. Some revival of German trade was indicated, despite an abnormally high import tariff in that country. Demand for American meats remained on a restricted basis, being largely confined to British requirements for American hams to supply the Christmas trade. Continental quotations for American lard were about on a parity with Chicago, but English prices of that commodity were below a United States basis; hams continued to command a premium in the British market. At the beginning of November, further reductions in import quotas of packing-house products from the United States were being contemplated on the Continent and in the United Kingdom. American holdings of these commodities in foreign markets (inclusive of stocks in transit) were reported as heavier on November 1 than at the beginning of October.

DAIRY PRODUCTS

A decrease of only 6 per cent in creamery butter manufacturing operations took place during October in the Seventh Federal Reserve district; production, as a consequence, aggregated 2 per cent heavier than the 1923-32 average for the month and one-half per cent in excess of a year ago. On the other hand, the sales tonnage declined about a seasonal amount, being $3\frac{1}{2}$ per cent less than in September and one per cent under the average October volume though totaling 6 per cent greater than last year. Despite a greater than usual recession from a month earlier, United States production of the commodity remained much heavier in October than a year previous. With consumption continuing to show less than a seasonal excess over current production, inventories of butter in the United States became increasingly heavy; and November

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF OCTOBER 15, 1933			CHANGE FROM SEPT. 15, 1933	
	REPORT- ING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
Metals and Products ¹	810	167,989	3,113	-0.1	+0.3
Vehicles.....	187	196,079	4,199	-10.1	-10.1
Textiles and Products.....	152	34,361	576	-0.3	+1.5
Food and Products.....	406	81,227	1,572	-0.7	+0.3
Stone, Clay, and Glass.....	148	8,740	166	-1.6	+3.9
Wood Products.....	281	27,275	394	-1.1	+3.1
Chemical Products.....	121	17,574	369	+4.2	+2.0
Leather Products.....	85	21,922	359	+0.6	-0.3
Rubber Products ²	8	7,393	140	-1.4	-4.5
Paper and Printing.....	332	50,215	1,099	-0.5	+1.5
Total Mfg., 10 Groups....	2,530	612,775	11,987	-3.6	-3.3
Merchandising ³	282	40,187	756	+4.5	+3.3
Public Utilities.....	78	81,181	2,284	+2.7	+4.2
Coal Mining.....	18	3,394	66	-2.4	+16.8
Construction.....	330	11,434	207	-0.8	+0.3
Total Non-Mfg., 4 Groups.	708	136,196	3,313	+2.8	+3.9
Total, 14 Groups.....	3,238	748,971	15,300	-2.5	-1.9

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

1 holdings were almost 70 per cent above the 1928-32 November average. However, quotations for October were slightly firmer than those of September.

The production of American cheese in Wisconsin declined 31 per cent in the five weeks ended November 4 from the preceding period to a level 15 per cent under a year ago and 21 per cent below the usual level for the period. In declining only $9\frac{1}{2}$ per cent in the monthly comparison, distribution exceeded current manufacture by 16 per cent, and continued to show a recession of 6 per cent from last year and of 17 per cent from the 1928-32 average for the period. However, total consumption of cheese in the United States failed to show as large an excess over current manufacture as is usual at this season. United States inventories of the commodity, therefore, aggregated 16,086,000 pounds heavier on November 1 than the 1928-32 average for that date. Prices remained practically unchanged in October from September.

Industrial Employment Conditions

Employment and payroll volumes reported by Seventh district industries for October were, respectively, 27 and 31 per cent above those of a year ago. Decreases from the preceding month of $2\frac{1}{2}$ per cent in employment and 2 per cent in payrolls were largely the result of declining production in a single industry, the manufacture of automobiles and accessories. Consequently, of the states including the Chicago Reserve district, Michigan was the most greatly affected. This reduction in activity was reflected both in the vehicles group which showed a decline of 10 per cent each in employment and payrolls, and in the rubber products group which reported a decrease in working forces of $1\frac{1}{2}$ per cent and in wage payments of $4\frac{1}{2}$ per cent. Aside from these two groups, losses in employment were for the most part of minor significance. In payrolls, only one other industry, leather products, showed a slight decline, while increases ranged from one-half of one per cent in metals, food products, and the construction industry to 17 per cent in coal mining. The non-manufacturing industries as a whole increased both employment and payrolls, the former item by 3 and the latter by 4 per cent. Merchandising firms reported a slightly better than seasonal expansion, while public utilities registered a 3 per cent gain in employment—the largest recorded in any single month for over three years—and a rise of 4 per cent in payrolls, or more than in any previous month since last May. Among the manufacturing groups, chemicals alone increased both employment and payrolls. The large metals group, exclusive of the vehicles industries, maintained employment at a practically stationary level, and increased payrolls by a small amount.

The current decline in employment for the district as a whole was the first recorded in the month-to-month comparison since last April, with the expansion during the five intervening months totaling approximately 30 per cent. The October decrease in payrolls which was effected through the loss in employment during that month followed a recession in September which resulted mainly from shorter time schedules.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Although the production of automobiles in the United States was further reduced during October, as is usual for

the period, it exceeded by a considerable volume that of the same month last year when output reached a new low point on our records. Production of passenger cars in October totaled 108,010 units, which represented a decline of 33 per cent from September but a gain of 208 per cent over a year ago. Truck output numbered 30,402 for the current period, or 14 per cent below a month previous and 124 per cent in excess of last October.

Reports from distributors and dealers in the Middle West show that October sales of new automobiles were much larger than in the corresponding month of 1932, despite the declines recorded from the preceding month. The gains over a year ago were notably larger than in a similar comparison for September but, as in production, October last year was an exceptionally dull month. A sharp drop took place during the month in stocks of new cars, while the number of used cars on hand showed a slight increase in the period and was almost half again as large as a year ago; the number of new cars exceeded those on October 31 last year by about 30 per cent. Deferred payment sales made by twenty-four identical dealers reporting the item, amounted to 43 per cent of their total sales in October, or the same as a month previous, and compared with 46 per cent a year ago.

IRON AND STEEL PRODUCTS

Continued though gradual recession in both demand and production featured the steel industry of the Chicago district during October. From an average rate of 48 per cent of capacity in the early part of that month, ingot output declined to a rate of only 30 per cent at the end of the period. Little improvement in new business is anticipated from individual industries in the near future, but Government programs are regarded as possibilities which may result in heavier demand for steel products. October production of pig iron in the Indiana and Illinois district increased moderately in the daily average over the preceding month. Prices of finished steel at Chicago remained steady at levels established early in October, but scrap iron and steel weakened further during the month.

Production and shipments of both iron and steel casting foundries in the Seventh district gained during October, while new orders showed decreases. Steel casting foundries increased the tonnage produced 16 per cent and that shipped 23 per cent, but booked 14 per cent less in orders than during the preceding month. At malleable casting foundries changes were less marked, output expanding 6 per cent and shipments 3 per cent, while the volume of orders booked registered a decline of 5 per cent. As compared with October a year ago, production of steel

castings increased 130 per cent and that of malleable castings 157 per cent; shipments followed closely the trend of production; and orders totaled practically twice the volume of a year ago.

Shipments of stoves and furnaces increased 18 per cent in October over September, or somewhat less than seasonally, while new orders accepted were 16 per cent below the volume of a month previous. Both shipments and orders totaled considerably larger than a year ago, although the comparisons were less favorable than in September. Inventories showed a sharp increase, exceeding those of September by 33 per cent and October 1932 by 47 per cent.

FURNITURE

Orders booked by Seventh district furniture manufacturers reporting to this bank continued for the third successive month to decline in the monthly comparison, the October volume being 36 per cent under that of September. Shipments also receded—12 per cent—but for the first time since last March. As compared with a year ago, current shipments are still heavier, by 24 per cent, though orders for the first time since April declined in this comparison—by 11 per cent. Unfilled orders declined from September in approximately the same ratio as new orders, and so their relation thereto changed only slightly from a month previous. The rate of operations approximated 56 per cent of capacity, currently, comparing with 60 per cent in the preceding month and 44 per cent a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Operations in shoe factories of the Seventh district showed a further slight decrease in October, output for the month totaling 3 per cent less than in September. Despite the contractions of the past two months, current production was maintained at a level approximately 3 per cent higher than in the corresponding month of 1932, and 5 per cent above the 1923-32 average for the month. For the ten months of the year to date, total Seventh district production of shoes exceeded that of the same period of 1932 by 32 per cent. In the tanning industry, reports for October reflected a moderate increase over the preceding month in the production of leather, but a decrease in sales and a tendency toward lower prices. Chicago trading in packer green hides continued in large volume during the early half of October and sales for the month exceeded those of September. Price quotations after a decline of 2 cents in the early weeks of October remained steady throughout the remainder of the month and into the first part of November.

LUMBER AND BUILDING MATERIALS TRADE

MIDWEST DISTRIBUTION OF AUTOMOBILES				
Changes in October 1933 from Previous Months				
	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	SEPTEMBER 1933	OCTOBER 1932	SEPTEMBER 1933	OCTOBER 1932
New Cars				
Wholesale				
Number Sold.....	-23.9	+252.9	18	12
Value.....	-11.2	+174.5	18	12
Retail—				
Number Sold.....	-7.8	+128.3	63	33
Value.....	-2.6	+86.9	63	33
On Hand October 31—				
Number.....	-30.5	+29.4	63	33
Value.....	-30.2	-6.6	63	33
Used Cars				
Number Sold.....	-10.5	+46.5	63	33
Salable on Hand—				
Number.....	+3.6	+44.6	63	33
Value.....	+5.5	+16.5	63	33

CLASS OF TRADE	OCT. 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	SEPT. 1933	OCT. 1932	
Wholesale Lumber:			
Sales in Dollars.....	-0.4	+32.5	14
Sales in Board Feet.....	+6.5	+20.6	12
Accounts Outstanding ¹	+2.4	+37.1	13
Retail Building Materials:			
Total Sales in Dollars.....	+16.9	+10.7	180
Lumber Sales in Dollars.....	+14.3	+22.2	62
Lumber Sales in Board Feet.....	+13.6	+13.7	73
Accounts Outstanding ¹	+3.2	-2.8	175
Ratio of Accounts Outstanding ¹ to dollar sales during month			
	OCT. 1933	SEPT. 1933	OCT. 1932
Wholesale Trade.....	223.1	217.1	215.7
Retail Trade.....	330.4	375.6	375.5

¹End of Month.

Building Materials, Construction Work

Following the decline recorded in September, retail distribution of building materials in October resumed its upward trend, and as reflected in dollar sales of Seventh district reporting yards, totaled higher than in any month since October 1931. Despite the September recession, the net gain in dollar sales during the three months beginning with August, in which autumn expansion usually takes place, has been somewhat better than seasonal. Both increased volume and a rising price level contributed to the larger dollar sales. Lumber sales at wholesale yards remained practically unchanged in value, as compared with September, while board-foot volume recorded a non-seasonal gain, probably due largely to a shift in items sold, although some weakness in wholesale prices during October was reported.

Demand for materials for private construction and repairs has been limited this fall, especially in rural areas. Public works projects have created considerable additional demand, though in some sections plans had not advanced to the stage of actual construction. Stabilization of prices at levels assuring operating costs was mentioned by a number of dealers as a favorable factor.

BUILDING CONSTRUCTION

The October volume of building contracts awarded in the Seventh Federal Reserve district considerably exceeded the low level of last October, and for the second consecutive month registered an increase over the preceding period. Residential awards, after increasing for two months, declined to the lowest point since last March, and comprised only 7 per cent of the total.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
October 1933.....	\$21,226,611	\$1,488,188
Change from September 1933.....	+9%	+58%
Change from October 1932.....	+78%	+23%
First ten months of 1933.....	\$124,422,390	\$19,112,727
Change from same period 1932.....	+32%	+16%

*Data furnished by F. W. Dodge Corporation.

The estimated cost of proposed construction in the Seventh district during October, according to building permits issued in 96 cities, though recording a decline of 12 per cent from the September volume, increased 18 per cent over a year ago. This was the first month since March 1931 to show a gain in the yearly comparison. Small declines were registered from both a month and a year previous in the number of permits issued. In the comparison with September for estimated cost, Milwaukee with a gain of 36 per cent furnished an exception to the general trend among the larger cities of the district. In the yearly comparison, however, Milwaukee as well as Des Moines showed declines, counter to the group trend.

WHOLESALE TRADE IN OCTOBER 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.....	+0.6	+11.2	-6.0	+6.2	118.1
Hardware.....	+15.4	-5.5	-1.9	+14.4	236.1
Dry Goods.....	+4.6	+3.5	+2.4	+17.4	286.4
Drugs.....	+4.1	-14.5	-5.8	-2.7	236.8
Electrical Supplies.....	+31.5	-5.8	+8.0	+18.2	196.8

Merchandising

October trends in the wholesale distribution of commodities again were rather unfavorable. The decline of 7 per cent from the preceding month in the wholesale grocery trade compared with practically no change in the 1923-32 average for the period. Drug sales decreased very slightly, as against a seasonal expansion for October of 3 per cent. Gains of 2 and 9 per cent shown in the hardware and electrical supply trades, respectively, were less than the average increases for October of 6 and 15 per cent. The recession of 7 per cent in the dry goods trade was about seasonal. Comparisons with last October, on the other hand, were favorable, all groups recording gains over that month. In the ten months of 1933, losses in sales amounted to 5 per cent in groceries and 13 per cent in drugs, with hardware declining less than one-half per cent. Respective increases of one and 5½ per cent were shown for dry goods and electrical supplies.

Because of a sharp drop in Detroit department store trade, following an exceptionally large gain in that city during September, sales of department stores in the Seventh district totaled one per cent less during October than a month previous. With the exception of Indianapolis where a decline of less than one-half per cent was experienced, other large cities of the district as well as the smaller centers showed expansion over a month previous—5½ per cent in Chicago, 13½ per cent in Milwaukee, and 7 per cent in the total for other cities. In the years 1923-32, the average October-September increase for the district was 7 per cent. It will be noted in the table that Detroit was the only large city to record a decline from last October, while another substantial gain in Chicago sales in the year-ago comparison effected an increase for the ten months of 1933 over the same period of 1932 amounting to 3 per cent. Sales in the remainder of the district have failed to equal those for the cumulative period of 1932. The 7 per cent increase in October sales this year over last compared with a 10 per cent gain in a similar comparison for September. Stocks reached a point 24 per cent in excess of last year's level, expanding 6 per cent over the end of September, and the rate of turnover in the current period averaged slightly less than in October a year ago.

A considerably greater than seasonal decline took place in the retail shoe trade in October. On the other hand, September had shown an unusually heavy expansion. Sales of reporting dealers and department stores fell 28 per cent below the preceding month, but totaled 3 per cent in excess of the year-ago volume. In the ten months of 1933, sales were 7 per cent smaller than in the corresponding months of 1932. A gain of 4 per cent in stocks was recorded at the end of October over a month previous,

DEPARTMENT STORE TRADE IN OCTOBER 1933

LOCALITY	PER CENT CHANGE OCTOBER 1933 FROM OCTOBER 1932		PER CENT CHANGE TEN MONTHS 1933 FROM SAME PERIOD 1932	RATIO OF OCT. COL- LECTIONS TO ACCOUNTS OUTSTANDING END OF SEPT.	
	NET SALES	STOCKS END OF MONTH		1933	1932
Chicago.....	+14.4	+41.2	+3.1	28.5	24.4
Detroit.....	-5.5	-5.2	-17.7	37.6	30.8
Indianapolis.....	+3.3	+50.4	-3.3	38.0	39.5
Milwaukee.....	+6.6	+29.4	-6.5	32.8	31.7
Other Cities.....	+6.0	+0.5	-6.1	29.6	28.3
7th District..	+7.4	+24.4	-4.4	32.6	29.3

and the volume totaled 9 per cent larger than last year on the same date.

The retail furniture trade in October showed a recession of 16 per cent from the September volume of business, according to reports from dealers and department stores, the decline being about the same as in the 1927-32 average for October. Sales totaled 10 per cent in excess of those during October 1932, whereas in September an increase of but 9 per cent was recorded in the year-ago comparison. Installment sales by dealers were 11 per cent smaller than a month previous and 20½ per cent heavier than for last October. Stocks gained 5

per cent on October 31 over the end of September and totaled 9½ per cent larger than a year ago.

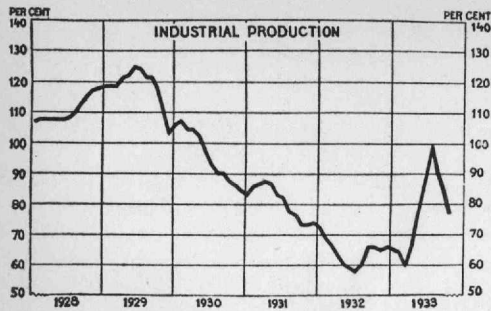
With the exception of five-and-ten-cent stores which experienced a small increase in business over the preceding month, reporting groups of chain store trade had a lighter volume of sales for October, although the total declined less than one-half per cent from September. In the comparison with last October, cigar and men's clothing sales were less this year, but other groups gained, with aggregate sales 6 per cent in excess of those a year ago. In addition to the lines mentioned, drug, grocery, shoe, and musical instrument chains are included in the survey.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

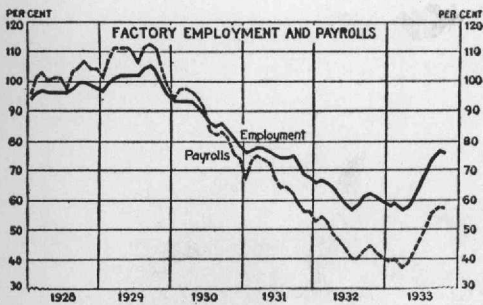
(Index numbers express a comparison of unit or dollar volume for the months indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following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

	No. of Firms	Oct. 1933	Sept. 1933	Aug. 1933	July 1933	June 1933	May 1933	Oct. 1932	Sept. 1932	Aug. 1932	July 1932	June 1932	May 1932
Meat Packing—(U. S.)—													
Sales (in dollars).....	62	66	62	58	60	56	56	58	57	53	52	50	51
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	13	23	19	21	21	18	12	11	12	11	10	12	14
In Tons.....	13	25	19	23	25	19	13	10	12	10	9	11	14
Malleable—In Dollars.....	21	25	24	24	21	21	16	9	8	8	7	11	12
In Tons.....	21	39	38	41	36	37	29	16	14	13	12	19	21
Stoves and Furnaces—													
Shipments (in dollars).....	10	129	109	91	63	58	54	100	80	46	29	39	48
Furniture—													
Orders (in dollars).....	17	26	40	46	61	30	32	29	31	25	22	14	20
Shipments (in dollars).....	17	40	45	42	29	27	26	32	30	22	13	15	24
Flour—													
Production (in bbls.).....	22	107	93	93	98	121	108	119	118	130	114	120	112
Output of Butter by Creameries—													
Production.....	67	93	99	122	123	139	135	92	92	111	118	141	140
Sales.....	69	92	96	116	106	132	113	87	89	102	106	130	112
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	29	66	70	68	67	71	63	65	70	65	59	71	66
Hardware.....	12	50	49	47	46	60	53	43	42	36	35	54	50
Dry Goods.....	9	37	39	34	44	39	34	35	38	28	22	29	32
Drugs.....	13	61	61	61	52	58	54	58	61	59	52	66	64
Retail Trade (Dept. Store)—													
Net Sales (in dollars):													
Chicago.....	23	73	69	64	47	66	61	66	61	45	39	59	60
Detroit.....	5	67	87	57	41	66	74	73	87	54	51	78	86
Indianapolis.....	5	80	80	65	48	63	72	77	76	50	44	67	67
Milwaukee.....	5	83	73	65	52	63	68	78	66	53	48	67	71
Other Cities.....	44	63	59	56	40	57	59	60	56	46	38	56	60
Seventh District.....	82	71	72	62	45	64	65	68	66	48	42	63	66
Automobile Production—(U. S.)—													
Passenger Cars.....	37	55	67	67	67	72	63	12	22	26	32	55	54
Trucks.....	81	93	110	101	111	89	89	36	52	38	38	60	70
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	5	12	7	9	8	10	10	7	7	7	7	10	10
Total.....	31	29	22	27	19	15	15	17	32	32	24	27	36
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....	45	42	52	59	45	31	31	20	20	22	26	29	30
United States.....	45	52	60	59	43	29	29	21	20	17	19	21	26
Steel Ingot Production—(U. S.)*.....	61	67	81	96	75	56	56	31	29	24	24	26	33

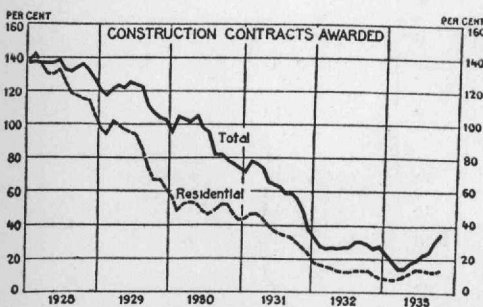
*Average daily production.



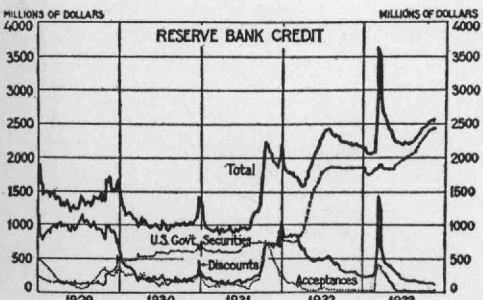
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



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



Indexes based on three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variation (1923-1925 average = 100).



Wednesday figures for twelve Federal Reserve banks. Latest figures as of November 15, 1933.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial output continued to decline in October. Factory employment and payrolls, after increasing continuously for six months up to the middle of September, showed little change from then to the middle of October. There was an increase in the volume of construction undertaken, reflecting the expansion of public works.

PRODUCTION AND EMPLOYMENT

Volume of output in basic industries decreased in October as compared with September, contrary to seasonal tendency, and the Board's seasonally adjusted index declined from 84 per cent of the 1923-1925 average to 77 per cent. This compared with an index of 67 in October of last year and of 60 at the low point in March of this year. At steel mills, activity declined sharply between the middle of October and the first week in November, but in the following three weeks showed little change. In the automobile industry, output has been curtailed in recent weeks in preparation for new models. For the first ten months of the year the number of cars produced was 50 per cent larger than in the corresponding months of 1932. Output at shoe factories showed a seasonal decline in October as compared with September, and there was some decrease in activity at cotton and wool textile mills, contrary to seasonal tendency. At meat-packing establishments, activity declined sharply from the unusually high rate prevailing in September, which was due to the fact that in that month a large number of pigs purchased by the Federal Government were handled.

Total number of employees at factories, excluding canning establishments, showed little change from the middle of September to the middle of October. At canning establishments, there was a decline of a seasonal character, and the Board's index, which includes this industry, showed a slight decrease.

Value of construction contracts awarded during October and the first half of November, as reported by the F. W. Dodge Corporation, showed a considerable advance over the preceding six-week period, reflecting a growing volume of public works.

DISTRIBUTION

Shipments of commodities by rail showed a somewhat larger decline between the middle of October and the middle of November than is usual at this season. Department store sales increased in October as compared with September by slightly less than the usual seasonal amount.

PRICES

Wholesale prices, as measured by the weekly index of the Bureau of Labor Statistics, declined from 71.3 per cent of the 1926 average in the first week of October to 70.4 per cent in the third week, and then advanced to 71.7 per cent in the third week of November, a level 20 per cent above the low point of last March. Following declines early in October, prices of cotton, grains, lard, rubber, tin, and silver increased considerably, while cattle prices continued to decline and prices of hogs showed little change.

FOREIGN EXCHANGE

The value of the dollar in the foreign exchange market fluctuated around 67 per cent of its gold parity during the latter part of October, declined during the first part of November to 59 per cent on November 16, and on November 22 was 61 per cent.

BANK CREDIT

Between October 18 and November 15, there was little change in the reserves of member banks, which continued to be more than \$800,000,000 in excess of legal requirements. Purchases of United States Government securities by the reserve banks declined gradually from \$25,000,000 during the week ending October 25 to \$2,000,000 during the week ending November 15. For the four-week period as a whole, the banks' holdings of United States Government securities showed an increase of \$57,000,000, while holdings of acceptances and discounts for member banks showed little change.

Total loans and investments of member banks increased by \$90,000,000 during the period, reflecting a growth of \$150,000,000 in holdings of United States Government securities, of \$25,000,000 in holdings of other securities, and of \$30,000,000 in "all other" loans, while loans on securities declined. Net demand deposits declined by \$70,000,000 during the period, while Government deposits increased by \$180,000,000.

Rates on acceptances and yields on short-term United States Treasury bills and certificates rose slightly from mid-October to November 20, and yields on Government and high grade corporate bonds advanced somewhat. Discount rates of the Federal Reserve Banks of Boston, San Francisco, and Philadelphia were reduced from 3 per cent to 2½ per cent on November 2, 3, and 16, respectively.