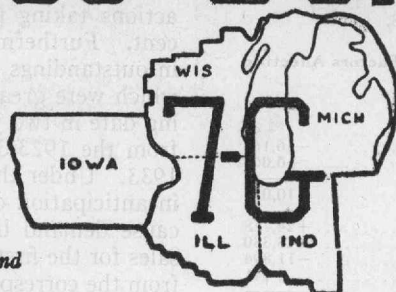


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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General Summary

ALTHOUGH the slowing-down in industrial and trade activity usual for November was evident in the month this year, the production and sale of commodities in the Seventh district continued to exceed that of a year ago despite counter-to-seasonal expansion recorded last November in certain groups.

Building activity furnished an important exception to the general declining trend this November, contracts awarded in the district attaining the heaviest volume so far this year. Other major manufacturing groups, however, such as steel and automobiles, registered a seasonal reduction in output. Activity of casting foundries, of stove manufacturers, and at furniture factories was less, and shoe production showed a decline. The movement of building materials likewise was seasonally smaller. A somewhat greater recession than usual for November was recorded in industrial employment and payrolls. In most phases mentioned, however, levels were well above those of November last year.

Industries producing foodstuffs recorded various trends in November. Production at slaughtering establishments gained considerably more than seasonally, but sales of meat-packing products dropped in dollar value, partly owing to lower price levels prevailing in the period; both production and sales exceeded the year-ago volume. The manufacture of butter declined as is usual for November; distribution expanded, contrary to trend, but a small decline was registered in the item from last November. Production and sales of Wisconsin cheese fell off in the comparison with the preceding month and were smaller than a year ago, though sales decreased to a much lesser extent than did manufacture of the commodity. The

movement of wheat through primary markets remained steady through November, but the volume represented a low record for the month; the movement of oats continued below normal; while that of corn was in greater than average volume. Reports from agricultural agents indicate that the number of pork, beef, and dairy animals on farms in the district was almost as great on December 1 this year as last.

As in November 1932, the wholesale distribution of commodities in the district showed smaller than usual recessions in the month this year. Department store trade, on the other hand, experienced a somewhat greater than seasonal decline from the preceding month, while that in the retail furniture trade was about average. Chain store trade was smaller in the month, but the retail shoe trade recorded a gain that equaled the average for the period. Distribution of automobiles, at wholesale and retail, followed the seasonal trend in production by showing a sharp drop from the preceding month. As in manufacturing phases, however, trade activity in reporting groups continued to exceed that of a year ago.

To be noted in credit conditions is the slight gain between mid-November and December 13 in the volume of reserve bank credit extended in the district. Total loans and investments of reporting member banks in the district declined in the period, as did their demand deposits, with time deposits recording a small increase. Commercial paper sales by dealers and new financing by means of bankers' acceptances expanded in volume during November as compared with the preceding month and totaled larger than for last November.

Credit Conditions and Money Rates

The amount of reserve bank credit in use in the Seventh Federal Reserve district increased very slightly during the period November 15 to December 13. Total credit extended by the Chicago Reserve bank, however, increased from \$444,035,000 to \$455,466,000 during the four weeks. Banking reserves were lessened by a net outflow of more than 16 millions to other districts in payment for commercial transactions, and by an increased local demand for currency totaling almost 25 million dollars. Partially offsetting these demands, the United States Treasury paid into this district through its various

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION
 (Amounts in millions of dollars)

| | DEC. 13 1933 | CHANGE FROM | |
|---|-----------------|-----------------|-----------------|
| | | NOV. 15 1933 | DEC. 14 1932 |
| Total Bills and Securities..... | \$456.6 | \$+11.8 | \$+172.3 |
| Bills Discounted..... | 6.3 | +0.4 | -11.9 |
| Bills Bought..... | 13.0 | +11.4 | +9.1 |
| U. S. Government Securities..... | 437.3 | 0 | +175.1 |
| Total Reserves..... | 943.8 | -5.4 | +106.2 |
| Total Deposits..... | 557.5 | -19.1 | +158.2 |
| Federal Reserve Notes in Circulation..... | 768.6 | +24.8 | +94.8 |
| Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined..... | 71.1 | -0.7* | -7.0* |

*Number of Points.

disbursing agencies over 6 million dollars more than it collected, thus replenishing banking reserves to that extent. Member bank reserve balances and non-member deposits both registered declines. The accompanying tabulation presents in detail the changes in the uses and sources of Seventh district banking reserves.

Changes Between November 15 and December 13 in Factors Affecting Use of Federal Reserve Bank Funds Seventh District

| (Amounts in thousands of dollars) | |
|---|----------------|
| Reserve bank credit extended..... | +46 |
| Commercial operations through inter-district settlements..... | -16,168 |
| Treasury operations..... | +6,067 |
| Total Supply..... | -10,055 |
| Demand for currency..... | +24,778 |
| Member bank reserve balances..... | -23,380 |
| Non-member deposits..... | -11,894 |
| Unexpended capital funds..... | +441 |
| Total Demand..... | -10,055 |

MEMBER BANK CREDIT

A decrease from November 15 of 20 million dollars in aggregate loans and investments of licensed reporting member banks in the Seventh district was recorded on December 13, more than half of which decline took place in "all other" (commercial) loans. Net demand deposits moved downward 8 millions between these dates, and time deposits increased by 4 millions. Total loans and investments on December 13 were 94 million dollars in excess of the aggregate on December 14, 1932, reflecting a gain of 100 millions in investments, a rise of more than 30 millions in "all other" (commercial) loans, and a decrease of 37 million dollars in loans on securities. Net demand and time deposits on December 13 were in greater volume than a year ago, the former by 184 millions and the latter by 5 millions.

Down-town banks in Chicago reported a range of 3 to 5 per cent as the prevailing rate on customers' commercial loans during the week ended December 15, unchanged from the corresponding weeks of November and October. The average rate earned on loans and discounts by Chicago banks located in the down-town business area was 3.17 per cent during the calendar month of November, as against 3.30 per cent in October and 4.10 per cent in November 1932. The prevailing rate on customers' commercial loans in Detroit during the week ended December 15 was 3½ to 6 per cent, or the same as in the corresponding week of November.

Commercial paper sales of reporting dealers in the Middle West showed a counter-to-seasonal increase of 20 per cent in November over October and were at a level higher than for any month since July, and 88 per cent above a year ago but only one-third of the 1923-32 average for the month. With the country banks evidencing slightly more interest in these investments than in the preceding period and with a continuation of fair inquiry from local banks, demand was sufficiently strong to absorb

a somewhat larger supply than a month previous at higher rates than obtained in October. Selling rates for November, therefore, ranged from ¾ and one per cent for prime short-term obligations to 1½ and 2 per cent for those less well known or of longer maturity, with most transactions taking place within a range of 1¼ to 1½ per cent. Furthermore, the expansion in sales was reflected in outstandings of commercial paper in the Middle West, which were greater on November 29 than for any reporting date in two years and showed a less marked recession from the 1923-32 average than during earlier months of 1933. Under the influence of a contraction in borrowing in anticipation of preparing year-end statements and because demand became more localized, commercial paper sales for the first half of December declined 16½ per cent from the corresponding weeks of November. Selling rates on December 15 ranged from 1¼ to 1¾ per cent, with most paper moving at 1½ per cent.

Considerable expansion in receipts from Eastern markets during the period November 15 to December 13 resulted in some improvement in dealer operations in the Chicago bill market. Purchases locally were very small and totaled slightly less than the low volume of the preceding period. Practically all offerings were quickly absorbed through a heavy demand from out-of-town banks, sales through that outlet being in the second largest volume this year and the heaviest since the period June 15 to July 12. This demand, however, together with a small movement to local banks and Eastern centers did not entirely equal the total supply, and as a consequence a negligible amount of holdings was accumulated in dealer portfolios on December 13. A range of 5⁄8 per cent for 30-day offerings to 7⁄8 per cent for those of 180 days covered the selling rates quoted at the close of the period, quotations averaging slightly higher on the shorter term maturities than in the preceding four weeks.

Following the recession in October, new financing by means of bankers' acceptances in the Seventh district not only expanded in November but was larger than for any month since July this year and 6½ per cent in excess of the 1923-32 average for the month. With a larger percentage of the new offerings being discounted at the originating banks and with a marked expansion in the buying of other banks' bills, total purchases of this class of investments by accepting institutions in the district aggregated 37 per cent heavier than the 1923-32 November average and were 52 per cent greater than last November. On the other hand, sales were almost negligible; therefore, holdings of bankers' acceptances by these institutions increased 4½ per cent on November 29 over the end of October, despite the counteracting influence of a slight gain in the volume of maturities. The liability for outstanding bills also was somewhat greater than a month earlier. In the first half of December, new financing by means of acceptance credits increased 30½ per cent over the corresponding weeks of November.

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

| | CHANGE FROM | | |
|---|-----------------|-----------------|-----------------|
| | DEC. 13 1933 | NOV. 15 1933 | DEC. 14 1932 |
| Total Loans and Investments..... | \$1,495 | \$-20 | \$+94 |
| Loans on Securities..... | 396 | -3 | -37 |
| All Other Loans..... | 443 | -13 | +31 |
| Investments..... | 656 | -4 | +100 |
| Net Demand Deposits..... | 1,225 | -8 | +184 |
| Time Deposits..... | 461 | +4 | +5 |
| Borrowings from Federal Reserve Bank..... | 0 | 0 | 0 |

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

| | NOV. 1933 | PER CENT OF INCREASE OR DECREASE FROM | |
|---|-----------|---------------------------------------|-----------|
| | | OCT. 1933 | NOV. 1932 |
| Chicago..... | \$1,942 | -8.2 | +23.1 |
| Detroit, Milwaukee, and Indianapolis..... | 618 | -9.5 | +0.4 |
| Total four larger cities..... | \$2,560 | -8.5 | +16.7 |
| 33 smaller centers..... | 394 | -7.2 | -6.3 |
| Total 37 centers..... | \$2,954 | -8.3 | +13.0 |

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

| | PER CENT CHANGE IN NOV. 1933 FROM | |
|--|-----------------------------------|---------------|
| | OCTOBER 1933 | NOVEMBER 1932 |
| Total value of bills accepted..... | +28.8 | +0.4 |
| Purchases (including own bills discounted) | +68.7 | +51.8 |
| Sales..... | -86.4 | -88.0 |
| Holdings*..... | +4.4 | +38.8 |
| Liability for outstandings*..... | +6.1 | +3.1 |

*At end of month.

SECURITY MARKETS

Through most of November the Chicago bond market continued dull and prices worked steadily downward. Toward the latter part of the month, however, rising prices were recorded in all classifications. Underwriting houses continued hesitant regarding the immediate outlook, the volume of new issues during the month remaining negligible. Foreign issues reached new high price levels for the year during the middle of November. Only minor fluctuations were apparent in prices on the Chicago Stock Exchange during November and the first half of December. The average price of twenty leading stocks* amounted to \$26.81 on December 16, as compared with \$26.34 on the corresponding date in November.

*Chicago Journal of Commerce.

Agricultural Products

Reports regarding the supply of live stock in the Seventh district, received by this bank direct from agricultural agents in 143 counties, indicate that the total number of animals on farms was very nearly as great on December 1 as a year ago. Despite Government purchases during August and September, the number of hogs available for winter and spring marketing remained practically the same as last year, as a result of large production last spring. The autumn crop of pigs in the district was shown to be very little, if any, smaller than in the fall of 1932. An improvement over last year in the number of pigs saved per litter offset a reduction in the number of sows farrowing. The supply of beef cattle was not more than 5 per cent below a year ago; and dairy herds had increased approximately 3 per cent over 1932, but probably will be culled upon any favorable change in the market for the older animals.

Crop conditions were fairly good on December 1. About 90 per cent of the corn crop was husked and cribbed on that date, and averaged good in quality, though total production was exceedingly small. Fall seedings of wheat and rye were generally in good shape for wintering, with some localities affected by a shortage of moisture.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics as of December 1

| | Seventh District | | United States | | 1926-30 Average |
|-----------------------|------------------|-----------|---------------|-----------|--------------------|
| | 1933 | 1932 | 1933 | 1932 | |
| Corn..... | 824,006 | 1,078,160 | 2,330,237 | 2,906,873 | 2,511,991 |
| Oats..... | 304,487 | 530,029 | 722,485 | 1,246,658 | 1,189,693 |
| All Wheat..... | 46,291 | 50,308 | 527,413 | 744,076 | 861,168 |
| Potatoes (white)..... | 39,752 | 59,382 | 317,143 | 358,009 | 355,438 |
| All Tame Hay*..... | 13,149 | 14,210 | 65,852 | 70,268 | 72,678 |
| Tobacco**..... | 17,335 | 36,624 | 1,396,174 | 1,022,558 | 1,411,697 |

*In thousands of tons. **In thousands of pounds.

GRAIN MARKETING

Grain markets in November were characterized by somewhat greater stability than in any month since mid-year, as reflected in the narrower range of price fluctuations. Future quotations of wheat, corn, and oats averaged slightly higher than in the preceding month,

despite a small net decline in wheat and oats between October 31 and November 29. Cash prices followed a similar trend, and all prices continued on a fairly stable level during the first half of December. During November the dollar price of gold was increased about 5½ per cent, and continued unchanged through December 16.

The movement of wheat at primary centers was well maintained in November, with a less-than-seasonal decline in receipts and a counter-to-seasonal gain in shipments as compared with October, the total volume, however, being the smallest for any November in our records. U. S. visible supplies were further reduced by about five million bushels, as against practically no change in the ten-year average. Preliminary figures indicated some increase in exports after the middle of November. No significant change from October occurred in the movement of feed grains, as corn continued to move in excess of the five-year average volume, while the quantity of oats was below average.

MOVEMENT OF LIVE STOCK

Cattle, calf, and lamb marketings in the United States decreased about as usual in November from October, but those of hogs increased more than seasonally. Though each class of live stock was received at public yards in considerably smaller volume than shown in the 1923-32 average for November, hog and cattle receipts were 15½ per cent greater than a year ago. The movement to inspected slaughter (inclusive of animals that did not pass through public stock yards) differed from the trend of market receipts in that the number of hogs, lambs, and calves increased over the 10-year average and that of calves was in excess of last November; furthermore, the movement of cattle to inspected slaughter was only ½ per cent below seasonal levels.

Reshipments to feed lots showed the usual decline from October and remained in much less than seasonal volume. However, those of cattle were 4½ per cent greater than in the corresponding month of 1932.

MEAT PACKING

The volume of production at slaughtering establishments in the United States expanded 15 per cent in November over the preceding month, in contrast to an average gain for the period of but 2½ per cent, and was not only 17 per cent heavier than a year ago but 7½ per cent greater than the 1923-32 November average. Payrolls continued to reflect a marked improvement over the corresponding month of 1932, and increased over October by 1½ per cent in number of employees, 4½ per cent in hours worked, and by 5 per cent in amount of wage payments. Distribution declined. The total value of sales billed to domestic and foreign customers dropped

LIVE STOCK SLAUGHTER
(In thousands)

| Yards in Seventh District, November 1933..... | FEDERALLY INSPECTED SLAUGHTER, UNITED STATES | | | |
|--|---|-------|--------------------|--------|
| | CATTLE | HOGS] | LAMBS AND SHEEP | CALVES |
| November 1933..... | 210 | 939 | 321 | 91 |
| November 1933..... | 777 | 4,501 | 1,356 | 424 |
| October 1933..... | 861 | 3,058 | 1,668 | 455 |
| November 1932..... | 627 | 3,778 | 1,388 | 376 |

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

| | WEEK ENDED | | MONTHS OF | |
|---------------------------------|-----------------|--------------|--------------|--------------|
| | DEC. 16 1933 | NOV. 1933 | OCT. 1933 | NOV. 1932 |
| Native Beef Steers (average)... | \$5.15 | \$5.15 | \$5.55 | \$6.25 |
| Fat Cows and Heifers..... | 3.95 | 4.05 | 4.25 | 4.55 |
| Calves..... | 4.65 | 4.80 | 6.00 | 4.50 |
| Hogs (bulk of sales)..... | 3.25 | 4.10 | 4.50 | 3.35 |
| Yearling Sheep..... | 5.75 | 5.35 | 5.35 | 4.15 |
| Lambs..... | 7.05 | 6.65 | 6.70 | 5.45 |

15½ per cent from a month earlier, though aggregating 15½ per cent above a year ago. Part of the recession from October, however, was due to a lowering of the general price level of packing-house commodities, which took place despite higher quotations for the majority of pork products. Although the heavy consumption of poultry during Thanksgiving week usually effects a decline averaging 10 per cent in demand for packing-house products, the sales tonnage of those commodities dropped only 5 per cent this November from a month previous and, as a consequence, totaled 11½ per cent in excess of a year ago and 8 per cent greater than the 1923-32 November average. December 1 inventories increased slightly more than the usual amount over the beginning of November to a level 154,164,000 pounds above the 1928-32 average for that date.

Shipments for export remained in November at about the same volume as during October. Foreign demand for American lard continued to improve both in the United Kingdom and on the Continent, but the trade in meats was still confined principally to British purchases of hams for Christmas. Practically all sales were made from stocks already landed in foreign ports. Continental quotations for American lard were about on a parity with Chicago, but British quotations for that commodity remained at a discount; hams continued to command a slight premium in the United Kingdom. United States holdings of packing-house commodities in foreign countries (inclusive of stocks in transit) declined on December 1 from the beginning of November.

DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district declined 14 per cent from the preceding month but was 3½ per cent greater than a year ago and 5½ per cent in excess of the 1923-32 seasonal average. Partly a reflection of United States Government buying for relief agencies, the sales tonnage expanded 3 per cent in October—contrary to the usual tendency—and was 9 per cent above the 10-year average for November; however, it aggregated 2 per cent less than in the corresponding period of 1932. Though recording a seasonal recession in November from a month earlier, production of the commodity in the United States continued considerably above a year ago. Moreover, with consumption failing to show as great an excess over current production as is

usual, inventories of creamery butter in the United States declined somewhat less than is customary on December 1 from the beginning of November, and the gain over the 1928-32 average was increased to 68,071,000 pounds. These figures, however, continue to include Government holdings as well as commercial stocks.

The manufacture of American cheese in Wisconsin fell off approximately 40 per cent in the four weeks ended December 2 from the preceding period, a year ago, and the 1928-32 seasonal average. Distribution of the commodity from principal markets of that state, in declining only about 16 per cent in these comparisons, recorded double the usual excess over current production. With similar trends prevailing in the United States as a whole, total inventories of cheese in the country decreased more than seasonally on December 1 from the beginning of November and were only 11,945,000 pounds greater than the 1928-32 average for December 1. Prices advanced in November over a month previous.

Industrial Employment Conditions

Reports from Seventh district industries for the payroll period ending November 15 indicate that employment and payrolls, despite a greater than average seasonal decline from the preceding month, were approximately 20 and 22 per cent, respectively, above the corresponding volumes of a year ago. The expansion during the past year has been especially marked in industries that were most severely affected by the contraction during the preceding years. Thus, an employment index of 61 in the manufacturing industries for the current period denotes a rise of 24 per cent since last November, whereas the relatively high index of 81 for the non-manufacturing industries reflects an expansion of but 9 per cent in this comparison. Several industrial groups—rubber, lumber, and food products—reported payrolls that were more than one-third again as large as those of a year ago, and one—the metals group—showed an increase of over 50 per cent.

Declines recorded for November in the comparison with the preceding month totaled 4 per cent in employment and 4½ per cent in payrolls. The decreases were not confined to certain industries as was the case in October, but affected practically every reporting manufacturing group. In two of the ten groups in this classification, the loss in employment amounted to less than 2 per cent; in seven groups, it ranged from 3½ to 7 per cent; and in the tenth, the vehicles group, it aggregated 9 per cent. In payrolls, one group—chemicals—remained practically stationary, while the others showed decreases ranging from 2 per cent in paper and printing to 15 per cent in textiles. Non-manufacturing aggregates, on the other hand, showed increases in employment and payrolls of one and 1½ per cent, respectively, thus continuing the upward movement which started last July in this classification. A loss in employment within the construction industry was more than offset by increases in the merchandising and coal-mining groups, and all groups reported higher payroll amounts.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Further seasonal slowing-down took place during November in United States production of automobiles. Total output continued, however, to exceed that of the corresponding month of 1932, although some expansion

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

| INDUSTRIAL GROUP | WEEK OF NOVEMBER 15, 1933 | | | CHANGE FROM OCT. 15, 1933 | |
|--|---------------------------|------------------|----------------------------|---------------------------|------------|
| | REPORTING FIRMS No. | WAGE EARNERS No. | EARNINGS ('000 OMITTED) \$ | WAGE EARNERS % | EARNINGS % |
| Metals and Products ¹ | 817 | 162,477 | 2,964 | -3.9 | -6.0 |
| Vehicles..... | 187 | 164,706 | 3,510 | -9.2 | -7.6 |
| Textiles and Products..... | 152 | 32,630 | 495 | -5.7 | -14.9 |
| Food and Products..... | 410 | 78,972 | 1,551 | -3.4 | -2.5 |
| Stone, Clay, and Glass..... | 151 | 8,326 | 149 | -5.6 | -9.6 |
| Wood Products..... | 282 | 27,039 | 374 | -4.1 | -8.2 |
| Chemical Products..... | 121 | 17,234 | 366 | -1.2 | +0.2 |
| Leather Products..... | 82 | 19,455 | 308 | -6.8 | -11.1 |
| Rubber Products ² | 8 | 6,984 | 135 | -5.5 | -3.1 |
| Paper and Printing..... | 333 | 51,606 | 1,085 | -1.4 | -2.0 |
| Total Mfg., 10 Groups.... | 2,543 | 569,429 | 10,937 | -5.4 | -6.1 |
| Merchandising ³ | 281 | 41,503 | 762 | +3.4 | +1.1 |
| Public Utilities..... | 80 | 81,185 | 2,300 | -0.0 | +0.6 |
| Coal Mining..... | 20 | 3,794 | 71 | +8.0 | +2.2 |
| Construction..... | 330 | 11,354 | 235 | -4.6 | +11.3 |
| Total Non-Mfg., 4 Groups. | 711 | 137,836 | 3,368 | +0.8 | +1.5 |
| Total, 14 Groups..... | 3,254 | 707,265 | 14,305 | -4.2 | -4.5 |

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

took place in the month last year following the low level of activity reached in October. Production of passenger automobiles in November this year totaled 42,818 in number, a reduction of 60 per cent from the preceding month and 9½ per cent under November 1932. Truck output numbered 19,475, or 36 per cent less than a month previous but 62 per cent in excess of a year ago. The latter gain together with a sharp increase in the number of taxicabs produced brought total output in the industry to a higher figure than for last November.

Seasonal factors likewise were largely responsible for wholesale and retail distribution of automobiles in the Middle West showing a heavy drop from the preceding month, although sales remained considerably larger than in 1932. Stocks of new cars, for the second successive month, were reduced sharply, so that their number aggregated about 30 per cent below that of a year ago at the end of November. Used car stocks, on the other hand, though slightly lower than a month previous, were almost half again as large as last year on the same date. Details of these changes may be noted in the table. Twenty-seven identical firms reporting deferred payment sales in both the monthly and yearly comparison, showed a ratio in the aggregate of their November sales to such sales of 41 per cent, as against 43 per cent in October and 51 per cent last year.

IRON AND STEEL PRODUCTS

Steel production in the Chicago district held at a fairly even level through November, though under that of the preceding month, ingot output averaging between 26 and 27 per cent of capacity. In the first week of December it dropped to 24 per cent, but reacted to a rate of 26 per cent in the following week, and in the third week of the month rose to 40 per cent as a result of increased contract releases. Some forward contracting is now taking place, and mills are reported to anticipate further gains after the beginning of the year. In December last year demand was at a minimum with few prospects of expansion, and ingot output in the middle of the month had fallen to only 10 per cent of capacity. Average daily production of pig iron in Illinois and Indiana dropped almost 25 per cent in November from the preceding month. However, forward contracting in pig iron has been heavy in recent weeks. Scrap iron and steel prices have shown a slight strengthening since the end of November; quotations for finished steel at Chicago have remained unchanged.

Seventh district foundries booked a heavier volume of orders in November, the rise over the preceding month amounting to 9 per cent in steel and 8 per cent in malleable foundries. Shipments followed the customary trend

of the season with decreases of 11 and 7 per cent, respectively, in the two types of foundries. While the production of steel castings was at a slightly lower rate than in October, that of malleable castings increased one per cent. Both operations and the volume of orders accepted showed a gain of considerably more than 100 per cent over November a year ago. In shipments, increases totaled 78 per cent for steel and 129 per cent for malleable castings.

The manufacture of stoves and furnaces recorded a seasonal curtailment in November, orders falling off 33 per cent, shipments 12 per cent, and moulding-room operations 18 per cent from the preceding month. Comparisons with November a year ago show increases of 37, 56, and 7 per cent, respectively, in these items. Inventories were slightly higher than a month earlier and exceeded those of a year ago by 63 per cent.

FURNITURE

A decline of 15 per cent from October took place in November orders booked by Seventh district furniture manufacturers reporting to this bank, and although shipments were 25 per cent under the month-ago volume, both items showed gains over the November 1932 figures, that in orders amounting to 6 per cent and in shipments to 16 per cent. Current shipments, despite their relatively sharp decline, were 34 per cent in excess of new orders booked so that the volume of unfilled orders outstanding was materially reduced during the month, and stood at the close of November at only 84 per cent of current orders as compared with a ratio of 103 per cent a month previous. The rate of November operations averaged 49 per cent of capacity, 9 points under that of October and 10 points above a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe production in the Seventh district registered a greater than seasonal decline in November, output for the month totaling 32 per cent less than in October. The volume produced was 16 per cent smaller than in the corresponding month of 1932, and 18 per cent below the 1923-32 average for the month. In the tanning industry, slight decreases were reported in the production and sales of leather, while prices remained at approximately the level of a month previous. Sales of packer green hides in the Chicago market showed a decline from the substantial volume reported for October, but prices were firmer, quotations on a large number of items rising one-half cent about the third week in November.

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in November 1933 from Previous Months

| | PER CENT CHANGE FROM | | COMPANIES INCLUDED | |
|------------------|----------------------|-----------|--------------------|-----------|
| | OCT. 1933 | NOV. 1932 | OCT. 1933 | NOV. 1932 |
| | | | | |
| New Cars | | | | |
| Wholesale— | | | | |
| Number Sold..... | -32.8 | +52.7 | 17 | 12 |
| Value..... | -31.9 | +74.3 | 17 | 12 |
| Retail— | | | | |
| Number Sold..... | -22.6 | +147.0 | 62 | 36 |
| Value..... | -25.3 | +88.3 | 62 | 36 |
| On Hand Nov. 29— | | | | |
| Number..... | -45.6 | -29.6 | 62 | 36 |
| Value..... | -41.9 | -47.1 | 62 | 36 |
| Used Cars | | | | |
| Number Sold..... | -6.2 | +68.0 | 62 | 36 |
| Salable on Hand— | | | | |
| Number..... | -5.8 | +46.6 | 62 | 36 |
| Value..... | -3.1 | +17.8 | 62 | 36 |

LUMBER AND BUILDING MATERIALS TRADE

| CLASS OF TRADE | NOV. 1933: PER CENT CHANGE FROM | | NUMBER OF FIRMS OR YARDS |
|---|---|-----------|--------------------------|
| | OCT. 1933 | NOV. 1932 | |
| | | | |
| Wholesale Lumber: | | | |
| Sales in Dollars..... | +2.0 | +73.4 | 12 |
| Sales in Board Feet..... | +13.3 | +88.3 | 10 |
| Accounts Outstanding ¹ | -2.5 | +60.1 | 11 |
| Retail Building Materials: | | | |
| Total Sales in Dollars..... | -21.0 | +13.6 | 137 |
| Lumber Sales in Dollars..... | -26.6 | +21.2 | 60 |
| Lumber Sales in Board Feet..... | -22.5 | +0.1 | 30 |
| Accounts Outstanding ¹ | -4.7 | -2.4 | 128 |
| | Ratio of Accounts Outstanding ¹ to dollar sales during month | | |
| | Nov. 1933 | Oct. 1933 | Nov. 1932 |
| Wholesale Trade..... | 208.1 | 217.7 | 225.5 |
| Retail Trade..... | 411.5 | 340.5 | 476.2 |

¹End of month.

Building Materials, Construction Work

November operations in Seventh district building materials lines compared favorably with a year ago, though registering seasonal declines from October. Wholesale lumber sales furnished an exception to the downward trend, for although their dollar value was only slightly higher, the board-foot volume increased 13 per cent over the preceding month, probably owing to demand for materials on civil works projects. In November 1932, declines from October amounting to 15 per cent in dollars and 18 per cent in board feet were recorded in sales, which accounts for the sharp improvement shown this November in the yearly comparison. Sales of retail yards were seasonally lower than in October, both for lumber and for the aggregate of all materials, but were considerably higher than a year ago.

Midwest cement operations suffered the usual decline from October, but shipments equaled those of a year ago for the first month in nearly three years. Stocks were higher than in the preceding month, as production exceeded shipments. Federal projects were practically the only sustaining factor in demand. Prices of all materials remained firm, with some further upward tendency.

BUILDING CONSTRUCTION

Building activity in the Seventh Federal Reserve district continued to expand during November. Total contracts awarded amounted to over 23 millions, the highest volume recorded this year, and represented the third consecutive monthly increase and the second over a year ago. Residential contracts, amounting to only 6 per cent of the total, declined to the lowest volume since February.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

| PERIOD | TOTAL CONTRACTS | RESIDENTIAL CONTRACTS |
|-----------------------------------|-----------------|-----------------------|
| November 1933..... | \$23,254,818 | \$1,355,425 |
| Change from October 1933..... | +10% | -9% |
| Change from November 1932..... | +73% | +1% |
| First eleven months of 1933..... | \$147,677,208 | \$20,468,152 |
| Change from same period 1932..... | -25% | -15% |

*Data furnished by F. W. Dodge Corporation.

Proposed construction, as reflected by the estimated cost of building permits issued in 101 cities of the Seventh district, declined 58 per cent during November from a month previous and was 20 per cent below a year ago. The number of permits issued during the period, though gaining 7 per cent over the corresponding month last year, fell 40 per cent below October. Among the larger cities of the district, Chicago, Detroit, and Des Moines provided an exception to the trend of estimated cost in the yearly comparison, each recording a gain. Des Moines also reported a small gain in the monthly comparison.

WHOLESALE TRADE IN NOVEMBER 1933

| COMMODITY | PER CENT CHANGE FROM SAME MONTH LAST YEAR | | | | RATIO OF ACCTS. OUTSTANDING TO NET SALES |
|--------------------------|---|--------|------------------|-------------|--|
| | NET SALES | STOCKS | ACCTS. OUTSTAND. | COLLECTIONS | |
| Groceries..... | -1.2 | +9.9 | -7.8 | +0.9 | 119.7 |
| Hardware..... | +26.7 | -6.1 | -0.6 | +17.7 | 250.0 |
| Dry Goods..... | +1.0 | +3.9 | -1.5 | +15.6 | 310.4 |
| Drugs..... | +2.6 | -9.9 | -5.1 | -7.6 | 245.6 |
| Electrical Supplies..... | +37.0 | +3.0 | +3.4 | +27.0 | 185.8 |

Merchandising

The declines recorded during November from the preceding month for reporting lines of wholesale trade in the Seventh district were less than seasonal, and an increase of 3 per cent in the electrical supply trade was counter to trend for the period. Grocery sales declined 3 per cent in the month, hardware $8\frac{1}{2}$ per cent, dry goods 12 per cent, and drugs 8 per cent, as against recessions in the 1923-32 November average of 8, 17, 14, and 10 per cent, respectively. The gains of 27 per cent in hardware and of 37 per cent in electrical supplies over the same month of 1932 were substantially larger than in the yearly comparison for either September or October; but in the other groups, trends in this comparison were less favorable than a month previous. For 1933 through November, sales in the wholesale hardware and dry goods trades totaled one per cent heavier than in the eleven months of 1932 and in electrical supplies were 8 per cent larger, while groceries showed a 5 per cent decline and drugs one of 11 per cent for the cumulative period.

A somewhat greater than seasonal recession was recorded for November in Seventh district department store trade, sales declining 7 per cent in the aggregate, as against a decrease of only 2 per cent in the 1923-32 average for the month. Of the larger cities, Indianapolis showed the heaviest decline from the preceding month—15 per cent—and Detroit with less than one per cent, the smallest, trade at Chicago stores falling off 10 per cent and in Milwaukee 7 per cent. Stores in smaller cities had sales totaling about the same as a month previous. The accompanying table shows that, as in October, Detroit alone had smaller sales than in the corresponding month of 1932, though with the exception of the total for stores in smaller cities, gains were less than shown a month previous in the yearly comparison. Following increases in each month this year since January, stocks recorded a slight decline between October 31 and the end of November. For the third successive month, stock turnover was a little less than a year ago in the same month.

The retail shoe trade in November, as shown by the reports of both dealers and department stores, increased 2 per cent over the preceding month, or the same as in the 1925-32 average for the month. In the comparison with the corresponding month a year ago, sales were fractionally larger, and in the eleven months of 1933 aggregated $4\frac{1}{2}$ per cent smaller than in the same period of 1932. Stocks, which declined $2\frac{1}{2}$ per cent in the month, were 8 per cent heavier than at the end of November last year.

DEPARTMENT STORE TRADE IN NOVEMBER 1933

| LOCALITY | PER CENT CHANGE NOVEMBER 1933 FROM NOVEMBER 1932 | | PER CENT CHANGE ELEVEN MONTHS 1933 FROM SAME PERIOD 1932 | RATIO OF NOV. COLLECTIONS TO ACCOUNTS OUTSTANDING END OF OCT. | |
|-------------------|--|---------------------|--|---|------|
| | NET SALES | STOCKS END OF MONTH | NET SALES | 1933 | 1932 |
| Chicago..... | +9.4 | +27.2 | +3.7 | 30.6 | 24.4 |
| Detroit..... | -2.8 | -5.8 | -16.4 | 36.6 | 30.4 |
| Indianapolis..... | +2.5 | +27.1 | -2.7 | 39.8 | 38.7 |
| Milwaukee..... | +3.7 | +26.3 | -5.4 | 33.5 | 32.4 |
| Other Cities..... | +12.1 | +4.1 | -4.5 | 30.0 | 28.0 |
| 7th District..... | +6.2 | +17.4 | -3.3 | 33.3 | 29.3 |

Sales of furniture and house furnishings by reporting dealers and department stores declined seasonally in November, falling 14 per cent below those of the preceding month; they exceeded those of November last year by 9 per cent or to a slightly lesser extent than in the corresponding comparison for October. An increase of less than one per cent was shown in stocks on hand at the end of the month, but they were 18 per cent above those held at the close of November 1932.

Fourteen chains operating 2,550 stores in November had sales totaling 4 per cent smaller than in October, most groups sharing in the decline. In the comparison with November last year, aggregate sales increased 7 per cent and average sales per store 9 per cent, with the number of units operated 2 per cent less than at that time. Groups showing gains in the yearly comparison included five-and-ten-cent stores, groceries, drugs, men's clothing, shoes, and musical instruments, cigars recording a decline.

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 | Nov. 1933 | Oct. 1933 | Sept. 1933 | Aug. 1933 | July 1933 | June 1933 | Nov. 1932 | Oct. 1932 | Sept. 1932 | Aug. 1932 | July 1932 | June 1932 |
|--|--------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| Meat Packing—(U. S.)— | | | | | | | | | | | | | |
| Sales (in dollars)..... | 62 | 56 | 67 | 62 | 58 | 60 | 56 | 49 | 58 | 57 | 53 | 52 | 50 |
| Casting Foundries— | | | | | | | | | | | | | |
| Shipments: | | | | | | | | | | | | | |
| Steel—In Dollars..... | 13 | 21 | 23 | 19 | 21 | 21 | 18 | 11 | 11 | 12 | 11 | 10 | 12 |
| In Tons..... | 13 | 22 | 25 | 19 | 23 | 25 | 19 | 11 | 10 | 12 | 10 | 9 | 11 |
| Malleable—In Dollars..... | 21 | 23 | 25 | 24 | 21 | 21 | 21 | 10 | 9 | 8 | 8 | 7 | 11 |
| In Tons..... | 21 | 37 | 39 | 38 | 41 | 36 | 37 | 16 | 16 | 14 | 13 | 12 | 19 |
| Stoves and Furnaces— | | | | | | | | | | | | | |
| Shipments (in dollars)..... | 10 | 111 | 128 | 108 | 91 | 63 | 58 | 70 | 100 | 80 | 46 | 29 | 39 |
| Furniture— | | | | | | | | | | | | | |
| Orders (in dollars)..... | 17 | 20 | 24 | 40 | 46 | 61 | 30 | 19 | 29 | 31 | 25 | 22 | 14 |
| Shipments (in dollars)..... | 17 | 28 | 37 | 45 | 42 | 29 | 27 | 24 | 32 | 30 | 22 | 13 | 15 |
| Flour— | | | | | | | | | | | | | |
| Production (in bbls.)..... | 22 | 109 | 107 | 93 | 93 | 98 | 121 | 112 | 119 | 118 | 130 | 114 | 120 |
| Output of Butter by Creameries— | | | | | | | | | | | | | |
| Production..... | 67 | 80 | 93 | 99 | 122 | 123 | 139 | 77 | 92 | 92 | 111 | 118 | 141 |
| Sales..... | 69 | 95 | 92 | 96 | 116 | 106 | 132 | 97 | 87 | 89 | 102 | 106 | 130 |
| Wholesale Trade— | | | | | | | | | | | | | |
| Net Sales (in dollars): | | | | | | | | | | | | | |
| Groceries..... | 29 | 63 | 65 | 70 | 68 | 67 | 71 | 64 | 65 | 70 | 65 | 59 | 71 |
| Hardware..... | 12 | 45 | 50 | 49 | 47 | 46 | 60 | 36 | 43 | 42 | 36 | 35 | 54 |
| Dry Goods..... | 9 | 33 | 37 | 39 | 34 | 44 | 39 | 32 | 35 | 38 | 28 | 22 | 29 |
| Drugs..... | 13 | 57 | 61 | 61 | 61 | 52 | 58 | 56 | 58 | 61 | 59 | 52 | 66 |
| Retail Trade (Dept. Stores)— | | | | | | | | | | | | | |
| Net Sales (in dollars): | | | | | | | | | | | | | |
| Chicago..... | 23 | 66 | 74 | 69 | 64 | 47 | 66 | 61 | 66 | 61 | 45 | 39 | 59 |
| Detroit..... | 5 | 67 | 67 | 87 | 57 | 41 | 66 | 70 | 73 | 87 | 54 | 51 | 78 |
| Indianapolis..... | 5 | 68 | 80 | 80 | 65 | 48 | 63 | 66 | 77 | 76 | 50 | 44 | 67 |
| Milwaukee..... | 5 | 77 | 83 | 73 | 65 | 52 | 63 | 74 | 78 | 66 | 53 | 48 | 67 |
| Other Cities..... | 44 | 64 | 64 | 59 | 56 | 40 | 57 | 57 | 60 | 56 | 46 | 38 | 56 |
| Seventh District..... | 82 | 67 | 72 | 72 | 62 | 45 | 64 | 64 | 68 | 66 | 48 | 42 | 63 |
| Automobile Production—(U. S.)— | | | | | | | | | | | | | |
| Passenger Cars..... | | 15 | 37 | 55 | 67 | 67 | 72 | 16 | 12 | 22 | 26 | 32 | 55 |
| Trucks..... | | 52 | 81 | 93 | 110 | 101 | 111 | 32 | 36 | 52 | 38 | 38 | 60 |
| Building Construction— | | | | | | | | | | | | | |
| Contracts Awarded (in dollars): | | | | | | | | | | | | | |
| Residential..... | | 5 | 5 | 12 | 7 | 9 | 8 | 5 | 7 | 7 | 7 | 7 | 10 |
| Total..... | | 34 | 31 | 29 | 22 | 27 | 19 | 20 | 17 | 32 | 32 | 24 | 27 |
| Iron and Steel— | | | | | | | | | | | | | |
| Pig Iron Production:* | | | | | | | | | | | | | |
| Illinois and Indiana..... | | 34 | 45 | 42 | 52 | 59 | 45 | 19 | 20 | 20 | 22 | 26 | 29 |
| United States..... | | 37 | 45 | 52 | 60 | 59 | 43 | 21 | 21 | 20 | 17 | 19 | 21 |
| Steel Ingot Production—(U. S.)*..... | | 45 | 61 | 67 | 81 | 96 | 75 | 30 | 31 | 29 | 24 | 24 | 26 |

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

TOTAL volume of industrial production, after declining further during October, showed little change during November and the first half of December. The amount of construction undertaken continued to increase, reflecting an expansion of public works.

PRODUCTION AND EMPLOYMENT

Output of basic commodities, as measured by the Federal Reserve Board's seasonally adjusted index, was 73 for November, on the basis of the 1923-1925 average as 100, compared with 77 for October. This total for the month reflects the maintenance during November, with allowance for usual seasonal changes, of the level reached at the end of October after a continuous decline during the preceding three months. Activity at steel mills, after declining from 44 per cent of capacity in the early part of October to 25 per cent in the early part of November, subsequently increased to a rate of 34 per cent in the third week of December. Output of automobiles, which was curtailed sharply in November in preparation for new models, also increased somewhat in the early part of December. Consumption of cotton by domestic mills was in somewhat smaller volume in November than in the preceding month, and activity at woolen mills decreased. At shoe factories, production showed a decline larger than is usual at this season.

Volume of factory employment and payrolls declined from the middle of October to the middle of November by somewhat more than the usual seasonal amount. The Board's seasonally adjusted index of factory employment for November was 72, as compared with 74 in October and 57 at the low point in March.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a further substantial increase in November. This increase, at a season when construction contracts usually decline, reflects a growth in the volume of public works.

DISTRIBUTION

Shipments of commodities by rail decreased in November as compared with October by an amount somewhat smaller than is usual at this season. Sales of merchandise at department stores declined, contrary to seasonal tendency, while sales by variety stores showed little change.

WHOLESALE PRICES

Wholesale commodity prices, as measured by the weekly index of the Bureau of Labor Statistics, advanced from 70.9 per cent of the 1926 average in the first week of November to 71.7 per cent in the third week, and then declined to 70.9 per cent in the week ending December 9. These movements reflected chiefly changes in the prices of farm products and foods. Prices of hogs declined considerably after the middle of November, owing partly to seasonal factors.

FOREIGN EXCHANGE

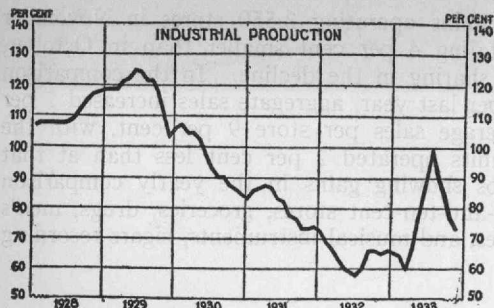
The value of the dollar in the foreign exchange market advanced from a low point of 59 per cent of its gold parity on November 16 to about 64 per cent for the period from November 27 to December 20.

BANK CREDIT

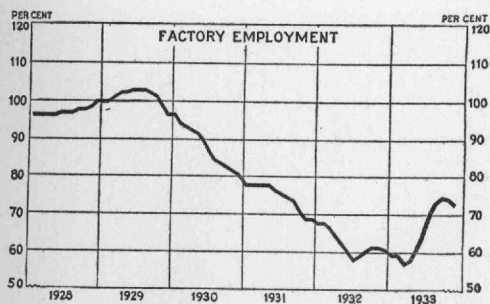
Between November 15 and December 20, there was the usual seasonal increase, about \$195,000,000, in the demand for currency by the public. This currency demand was met largely through the purchase of \$100,000,000 of acceptances by the Federal Reserve banks and the issuance of additional bank notes by the national banks. Reserve balances of member banks showed little change for the period and continued to be at a level about \$800,000,000 above legal requirements.

Total loans and investments of reporting member banks in leading cities declined by \$160,000,000 between November 15 and December 13, reflecting chiefly sales of acceptances to the reserve banks and a reduction in holdings of investments other than United States Government securities. Loans on securities, chiefly to brokers in New York City, increased by \$40,000,000, while all other loans, which include holdings of acceptances, declined by \$125,000,000.

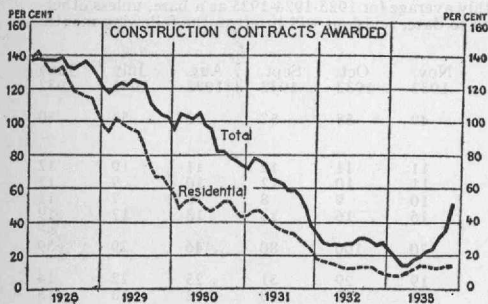
Short-term money rates advanced slightly during the period.



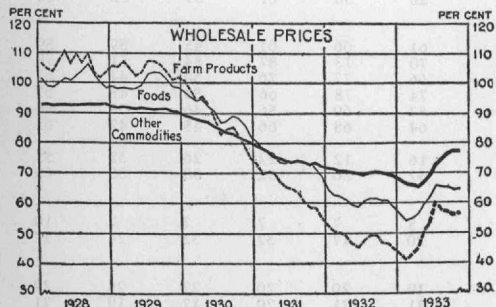
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



Federal Reserve Board's index of factory employment, with 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).



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