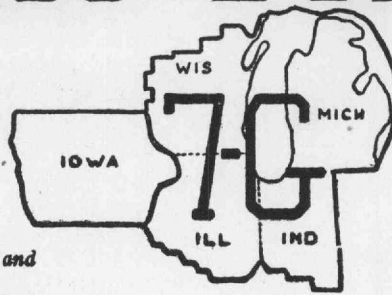


# BUSINESS CONDITIONS

## SEVENTH FEDERAL



## RESERVE DISTRICT

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

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

Volume 17, No. 2

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

January 31, 1934

### General Summary

THE year 1933 closed with industrial and trade activity in the Seventh Federal Reserve district at levels well above those of December 1932, despite some seasonal curtailment in manufacturing. In many phases the volume of business for the year as a whole exceeded that for the year 1932, the expansion which began in April and May and continued throughout the remainder of the year—though at a somewhat slower rate in the later months—being sufficient to offset the extreme dullness prevailing in the early months of 1933. In merchandising groups, this last December was an especially favorable month, as increased purchasing power was reflected in a greater volume of buying.

Industrial groups to show some slowing-down in activity in December included steel casting foundries, the shoe industry, the manufacture of furniture, and the movement of building materials. The production of steel was curtailed somewhat after the beginning of this year, but was well maintained until the close of 1933. Although output of automobiles expanded moderately in December over the preceding month, the gain was not so large as in 1931 and 1932. Building construction gained in December 1933, the increase representing the fourth consecutive monthly gain. Employment and payrolls rose between the middle of November and December 15, and were well above a year previous at the same time.

Both the production and sale of meat-packing products declined in December. On the other hand, the volume of butter produced and sold increased, and the manufacture and distribution of Wisconsin cheese gained over the preceding month. Sales of all these commodities exceeded those of December 1932, but the production of butter and

cheese totaled smaller in the comparison. The December movement of grains continued below average, although that of wheat improved over recent months.

Favorable trends were recorded during December in the merchandising of goods. The wholesale grocery, hardware, and dry goods trades showed recessions from November, but the declines were less than seasonal, while the gains in wholesale drugs and electrical supplies were greater than usual for December. Department store trade expanded more than seasonally in the period, as did the retail shoe and furniture trades, and the increase in chain store trade was heavy. With one exception—the wholesale grocery trade—all reporting lines had larger December sales than in the corresponding month of 1932.

Heavier investments by reporting member banks in the district effected a gain in their total loans and investments on January 17 this year over a month and a year previous. Demand deposits in these banks were substantially larger in the comparisons, though time deposits declined from December 13 and about equaled those of a year ago. Dealer sales of commercial paper and transactions in bankers' acceptances of reporting banks totaled smaller in December than in the preceding month.

### Credit Conditions and Money Rates

Total credit extended by the Federal Reserve Bank of Chicago decreased from \$455,466,000 to \$453,050,000 during the five weeks ended January 17. The decrease resulted mainly from a decline in credit extended to the Seventh district, the latter effected principally through smaller discounts for member banks, together with a minor decline in reserve bank float. An outflow of more than 132 million dollars in commercial and private financial payments more than offset a gain of funds amounting to \$98,000,000 through a continued excess of United States Treasury disbursements over local collections. The withdrawal of funds from the district's banking structure, however, was in part counteracted by lessened currency demand, over 16½ millions being returned from circulation. Reflecting the purchase of stock in the Federal Deposit Insurance Corporation to the amount of \$9,874,000 (one-half of the amount subscribed for), unexpended capital funds of the Federal Reserve Bank of Chicago declined \$10,035,000. Member bank reserve balances showed a decrease during the period, while non-member

#### FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	JAN. 17 1934	CHANGE FROM	
		DEC. 13 1933	JAN. 18 1933
Total Bills and Securities.....	\$454.8	\$ -1.8	\$ +182.7
Bills Discounted.....	3.0	-3.2	-11.9
Bills Bought.....	14.4	+1.4	+10.6
U. S. Government Securities.....	437.3	0	+184.0
Total Reserves.....	890.3	-53.5	+3.9
Total Deposits.....	520.7	-36.8	+95.1
Federal Reserve Notes in Circulation.....	760.1	-8.5	+74.8
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	69.5	-1.6*	-10.3*

\*Number of Points.

deposits registered a gain. Changes in the sources and uses of Seventh district banking reserves during the five-week period are presented in detail in the accompanying tabulation.

**Changes Between December 13, 1933 and January 17, 1934 in Factors Affecting Use of Federal Reserve Bank Funds Seventh District**

(Amounts in thousands of dollars)	
Reserve bank credit extended.....	-3,755
Commercial operations through inter-district settlements.....	-132,464
Treasury operations.....	+98,003
<b>Total Supply.....</b>	<b>-38,216</b>
Demand for currency.....	-16,704
Member bank reserve balances.....	-17,835
Non-member deposits.....	+6,358
Unexpended capital funds.....	-10,035
<b>Total Demand.....</b>	<b>-38,216</b>

**MEMBER BANK CREDIT**

As shown on the table at the bottom of the page, total loans and investments of licensed reporting member banks recorded gains on January 17 over the corresponding reporting date in the preceding month and year. The tabulation shows, further, that these increases reflect for the most part a markedly heavier volume of investments, rather than any increase in loans, with the exception of a small rise in the amount of "all other" (commercial) loans on January 17 this year as against January 18, 1933. Net demand deposits, it will be noted, increased 85 millions in the monthly comparison and 228 millions over January 18, 1933, while time deposits declined from a month previous and registered no change from last year.

Rates on customers' commercial loans during the week ended January 15 were reported by down-town Chicago banks as ranging from 3 to 4½ per cent, as compared with 3 to 5 per cent in the corresponding week of December. The average rate earned on loans and discounts by banks in Chicago located in the down-town section was 3.15 per cent for the calendar month of December; in November the item had stood at 3.17 per cent, and in December 1932 an average rate of 4.21 was reported. In Detroit, customers' commercial loans during the week ended January 15 carried rates quoted at 3½ to 6 per cent, unchanged from the week ended December 15.

After having recorded a counter-to-seasonal expansion in the preceding month, dealer sales of commercial paper in the Middle West declined 40½ per cent in December to a level 10 per cent under a year ago and 79½ per cent below the 1923-32 average for the month. Moreover, sales for the calendar year 1933 aggregated 4½ per cent less than in 1932. Because borrowing fell off to a slightly greater extent than did demand, selling rates firmed slightly over those of November; quotations for December ranged from 1¼ and 1½ per cent for prime short-term commercial paper to 1½ and 2 per cent for obligations less well known or of longer maturity, with the bulk of transactions taking place at 1½ per cent. The

**CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT**

(Amounts in millions of dollars)

	CHANGE FROM		
	JAN. 17 1934	DEC. 13 1933	JAN. 18 1933
Total Loans and Investments.....	\$1,617	\$+122	\$+267
Loans on Securities.....	342	-54	-88
All Other Loans.....	409	-33	+10
Investments.....	866	+209	+345
Net Demand Deposits.....	1,310	+85	+228
Time Deposits.....	453	-8	+0
Borrowings from Federal Reserve Bank.....	0	0	-1

lessened amount of financing likewise was reflected in a reduction in outstandings, the volume of which decreased 22½ per cent from November 30, although it aggregated 32½ per cent larger than on December 31, 1932. Both sales and quotations declined during the first half of January.

During the four weeks ended January 10, the supply of acceptances in the Chicago bill market decreased 15½ per cent from that of November 15 to December 13—for the most part the result of lighter receipts from Eastern cities, which more than offset a gain in local purchases. Open-market sales to out-of-town banks fell off almost 40 per cent, so that despite a small gain in sales to local banks and an increase in shipments to Eastern markets, distribution declined slightly more than supply, with the result that a small amount of bills was held in dealer portfolios at the end of the period. Selling rates declined a little on the short-term maturities, and on January 10 ranged from ½ per cent for 30-day offerings to ⅞ per cent for those of six months.

Seventh district financing by means of bankers' acceptances instead of showing a seasonal gain, declined in December 1933 from November to a level 7 per cent below the 1923-32 average for the month. Purchases, however, were in about the usual volume for the last month of the year, although both the discounting of their bills at the originating banks and the purchasing of other banks' acceptances recorded a contrary-to-seasonal recession from the relatively high peak of November. December sales, though 62 per cent smaller than average for the month, were in excess of any month since March and in such volume that there was no further increase in holdings, despite the counteracting influence of a lessened quantity of maturities. Purchases for the calendar year 1933 aggregated approximately \$100,000,000 heavier than in 1932, and most of these bills were held in bank portfolios until maturity; sales totaled about \$8,000,000 less than in the preceding year. New financing by means of acceptance credits declined 43 per cent in the first half of January 1934 from the corresponding period of December.

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

	PER CENT CHANGE IN DEC. 1933 FROM	
	NOVEMBER 1933	DECEMBER 1932
Total value of bills accepted.....	-8.5	+51.3
Purchases (including own bills discounted).....	-15.7	+51.9
Holdings*.....	-11.0	+17.3
Liability for outstandings*.....	-0.8	+5.5

\*At end of month.

**SECURITY MARKETS**

A small volume of trade accompanied by only slight price fluctuations characterized the Chicago bond market during the final month of 1933. The amount of new offerings during December continued small and well below the corresponding month a year ago. United States Government obligations moved within a narrow range. The \$950,000,000 of 2¼ per cent Treasury certificates offered

**VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT**

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	DEC. 1933	NOV. 1933	DEC. 1932
Chicago.....	\$1,997	+2.9	+10.0
Detroit, Milwaukee, and Indianapolis.....	721	+16.6	-12.3
Total four larger cities.....	\$2,718	+6.2	+3.0
33 smaller centers.....	446	+13.1	-6.2
Total 37 centers.....	\$3,164	+7.1	+1.6



early in the month was reported as quickly oversubscribed. In the second week in January, the market turned sharply upward, and prices of many obligations rose about 5 points. Prices on the Chicago Stock Exchange showed only minor fluctuations during December but moved definitely upward during the first half of January. The average price of twenty leading stocks\* amounted to \$29.73 on January 16, as compared with \$26.81 on the corresponding date in December.

\*Chicago Journal of Commerce.

## Agricultural Products

### GRAIN MARKETING

The December wheat movement at primary markets was seasonally the heaviest so far in this crop year, as the declines from the five-year average for the month, though considerable, were the smallest since June. Receipts were one per cent larger than in November and shipments fell off 32 per cent, as compared with five-year average losses of 19 and 44 per cent, respectively. Preliminary figures indicate that wheat and flour exports were nearly as heavy as the year-ago volume and almost equaled those of the preceding five months combined. Future prices netted about 3 cents loss in December and averaged 5 cents under November, but firmed considerably around the middle of January. A reduction of 11 million bushels in the U. S. visible supply during December brought the volume to the level of the five-year average. Farm stocks of wheat on January 1 were 79 million bushels under 1933 and 128 millions less than in 1932. These stocks were reduced, after October 1, by an amount 18 million bushels less than a year previous and 48 millions less than two years ago, reflecting the light marketings from this year's short crop.

The market movement of corn recorded a sizable counter-to-seasonal decline from November, as farmers availed themselves of Government loans on corn cribbed on the farm. Shipments of oats exceeded receipts for the first time in a year and a half, but both totals continued below average. Feed-grain prices were firmer than wheat in December and strengthened somewhat in the first half of January. Farm stocks of corn on January 1 were lower than either one or two years previous on the same date,

and oats stocks were the lowest in the Department of Agriculture records, going back to 1927.

### MOVEMENT OF LIVE STOCK

Cattle, calf, and lamb marketings in the United States continued to decline about seasonally in December, but those of hogs gained less than the customary amount during the month.

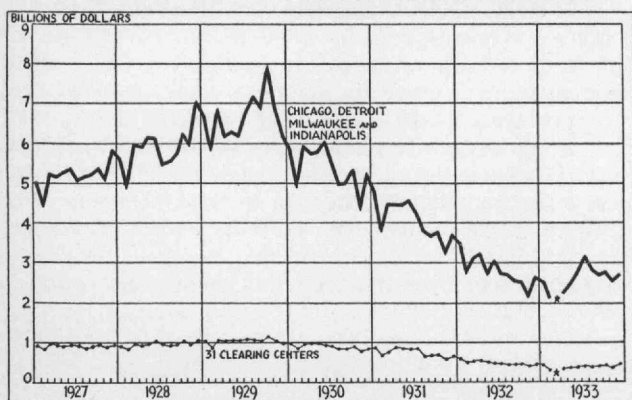
Each class of live stock was received in much heavier volume than a year ago; however, with the exception of lambs which increased, all classes were below the 1923-32 average for the month. The movement to inspected slaughter (inclusive of animals that did not pass through public stock yards) deviated from these trends in two instances: the number of lambs increased over November, and that of calves gained in comparison with the ten-year average. Reshipments of feeder cattle and lambs remained in much less than seasonal volume, and were considerably under a year ago.

### MEAT PACKING

Contrary to the usual tendency, the volume of production at slaughtering establishments in the United States declined 3½ per cent in December from November to a level 8½ per cent below the average for the month, and was only 3 per cent heavier than a year ago. Payrolls at the close of the period continued to reflect a marked improvement over 1932 and showed a 2½ per cent gain in wage payments over a month earlier, but recorded a decline from November of ½ per cent in number of employes and of 7½ per cent in hours worked. The total value of sales billed to domestic and foreign customers declined no more than the usual amount in December—3½ per cent from the preceding month—and was 18 per cent in excess of a year ago. The sales tonnage fell off from November, counter-to-seasonal trend, to a level 6½ per cent below the 1923-32 average for the month, and totaled only one per cent greater than in December 1932. However, inventories of these commodities in the United States increased less than seasonally on January 1 over the beginning of December. In the calendar year 1933, gains were shown over 1932 of 8 per cent in production, 4½ per cent in sales tonnage, 3½ per cent in aggregate value of sales billed, and of 46 per cent in inventories. December prices averaged higher than in the corresponding month of 1932 but were lower than in November.

Shipments for export increased in the closing month of the year as compared with November. Demand for American lard averaged only fair in the United Kingdom and was relatively light on the Continent. The meat trade

### VOLUME OF PAYMENT BY CHECK - SEVENTH DISTRICT



Figures used represent checks drawn on clearing-house banks, and are estimates for calendar months, based on weekly reports to this bank.

\* No data available.

### LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, December 1933.....	184	1,056	348	88
Federally Inspected Slaughter, United States				
December 1933.....	721	4,530	1,390	402
November 1933.....	777	4,501	1,356	424
December 1932.....	567	4,584	1,264	327

### AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JAN. 13 1934	DEC. 1933	NOV. 1933	DEC. 1932
Native Beef Steers (average)...	\$5.45	\$5.20	\$5.15	\$5.50
Fat Cows and Heifers.....	4.50	4.10	4.05	3.85
Calves.....	5.50	4.95	4.80	4.65
Hogs (bulk of sales).....	3.45	3.30	4.10	3.10
Yearling Sheep.....	6.40	5.75	5.35	4.75
Lambs.....	7.85	7.10	6.65	5.70

remained on a restricted basis, in view of a further reduction in quotas. United States holdings of packing-house commodities in foreign countries (inclusive of stocks in transit) were further reduced on January 1. Continental quotations for American lard remained about on a parity with Chicago; those of the United Kingdom continued at a discount which was partially offset by processing tax refunds on the lard exported from the United States. Prices of American hams in British markets remained above the United States basis.

#### DAIRY PRODUCTS

Creameries experienced a moderate gain in activities during December 1933. The volume of butter production in the Seventh Federal Reserve district increased less than one per cent over November and was  $6\frac{1}{2}$  per cent less than a year ago, though aggregating  $1\frac{1}{2}$  per cent in excess of the 1923-32 average for the month. Furthermore, the sales tonnage gained  $5\frac{1}{2}$  per cent in December over a month earlier—in line with the usual tendency—and was  $8\frac{1}{2}$  per cent above the 1923-32 seasonal average and 13 per cent greater than in the corresponding period of 1932. United States production of the commodity showed a non-seasonal recession from November and was less than in December a year ago. In the calendar year 1933, Seventh district production of creamery butter approximated that for 1932, but the sales tonnage expanded 2 per cent. United States production of the commodity, on the other hand, appears to have been slightly larger than in the preceding year, though distribution lagged despite extensive Government purchases for relief agencies. January 1 inventories of creamery butter in the United States, therefore, were about five times as great as holdings at the beginning of 1933 and were more than double the 1928-32 average for the date. Prices not only declined in December from November but were considerably under a year ago.

Contrary-to-seasonal gains were recorded in the cheese industry during December. In the four weeks ended December 30, 1933, production of American cheese in Wisconsin expanded 41 per cent over the preceding period; however, it was 23 per cent under the corresponding weeks of 1932 and  $15\frac{1}{2}$  per cent below the 1923-28 average for the period. Distribution of the commodity from

primary markets of the state not only increased 3 per cent over the corresponding weeks of November and  $21\frac{1}{2}$  per cent in comparison with a year previous, but was 35 per cent in excess of current manufacture. Annual production of the commodity in Wisconsin aggregated 4 per cent heavier in 1933 than in 1932, although sales were one per cent less. This tendency for sales to lag behind current production in 1933 likewise is reflected in total stocks of cheese in the United States; January 1 inventories were approximately 23,000,000 pounds heavier than at the beginning of the preceding year notwithstanding a reduction of more than a seasonal amount from December 1. December prices of the commodity were not only lower than in November but under a year ago.

#### Industrial Employment Conditions

Employment in the Seventh district at the close of 1933 was more than 20 per cent larger than a year earlier, and in about the same volume as in December 1931. A rise of 3 per cent over the preceding month was effected largely through the return to work at Michigan automobile factories of about 20,000 men laid off during November. Other manufacturing industries contributed to the rise in the monthly comparison, chemicals increasing employment  $7\frac{1}{2}$  per cent and rubber goods industries,  $1\frac{1}{2}$  per cent. Among the non-manufacturing groups, merchandising and coal mining followed the usual seasonal movement for December, with gains of 8 and 7 per cent, respectively, in their employment volumes. Practically no change in the number of workers was shown by metals, paper and printing, and in public utility concerns. The largest losses reported for the month—11 per cent in construction and 15 per cent in stone, clay, and glass industries—were of a seasonal character.

Aggregate payrolls in December exceeded those of November by  $2\frac{1}{2}$  per cent; all groups that showed a rise in employment, except rubber products, contributed to this gain. Four—metals, foods, leather, and paper and printing—advanced wage payments without a corresponding gain in men employed, increases in wage rates as well as longer working hours being responsible for these advances. While total payrolls were more than 25 per cent higher than in December 1932, they were below those of December 1931 by about 15 per cent.

#### Manufacturing

##### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Owing to delays occurring in the production of new models, activity in the automobile industry expanded only moderately in volume during December, whereas in the two preceding years output had increased substantially during the period. Production of passenger automobiles this last December numbered 52,601, or 23 per cent above the low point for the year in November but 39 per cent under the volume of December 1932. Truck production aggregated 30,145 vehicles in December, a gain of 55 per cent over the preceding month and of 42 per cent over a year ago. For the entire year of 1933, the manufacture of passenger automobiles in the United States totaled 1,602,332, which number is more than 40 per cent above that for the year 1932, while output of trucks, numbering 352,498, exceeded that of a year previous by 50 per cent.

Lack of new models likewise accounted for the heavy

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	Week of Dec. 15, 1933			CHANGE FROM NOV. 15, 1933	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products <sup>1</sup> . . . . .	831	167,580	3,142	-0.1	+1.9
Vehicles . . . . .	187	187,098	3,789	+15.1	+10.5
Textiles and Products . . . . .	150	31,293	449	-4.0	-9.2
Food and Products . . . . .	413	77,780	1,581	-4.2	+1.0
Stone, Clay, and Glass . . . . .	150	7,393	133	-14.7	-10.3
Wood Products . . . . .	289	25,547	354	-7.8	-7.3
Chemical Products . . . . .	120	18,569	387	+7.5	+5.5
Leather Products . . . . .	82	18,322	298	-1.9	+1.0
Rubber Products <sup>2</sup> . . . . .	8	7,100	131	+1.7	-2.8
Paper and Printing . . . . .	339	52,445	1,112	-0.1	+0.9
Total Mfg., 10 Groups . . . . .	2,569	593,127	11,376	+3.0	+3.4
Merchandising <sup>3</sup> . . . . .	283	44,939	810	+8.2	+6.2
Public Utilities . . . . .	80	80,508	2,228	-0.0	-2.4
Coal Mining . . . . .	18	3,886	75	+7.2	+11.1
Construction . . . . .	311	9,444	185	-11.2	-16.8
Total Non-Mfg., 4 Groups . . . . .	692	138,777	3,298	+1.8	-1.1
Total, 14 Groups . . . . .	3,261	731,904	14,674	+2.8	+2.3

<sup>1</sup> Other than Vehicles. <sup>2</sup> Michigan and Wisconsin. <sup>3</sup> Illinois and Wisconsin.



recessions from November shown during December in mid-west distribution of automobiles. Sales at retail and wholesale moderately exceeded in aggregate number those for December 1932, but the number of used cars sold gained more markedly in the comparison. It will be noted in the table that both wholesale and retail distribution for the year as a whole were considerably in excess of the year 1932, while stocks carried averaged much lighter than in that year. December deferred payment sales of dealers reporting the item, amounted to 53 per cent of their total sales for the month, representing a rather sharp rise from the 44 per cent reported by the same dealers for November and comparing with only 47 per cent for December of 1932.

#### IRON AND STEEL PRODUCTS

With Chicago district steel production in the last weeks of 1933 at a level considerably above the low point of the same period in 1932, there was closed a year of marked improvement in the industry over the unfavorable conditions prevailing a year previous. Sharp acceleration in activity during May, June, and July of 1933 effected a sufficient gain in production volume that notwithstanding some later slowing-down, the aggregate for the entire year was substantially larger than in 1932. At the beginning of this year, some decline in output took place, steel ingot production dropping from 40 per cent of capacity at the close of December to only 29 per cent in the middle of January. However, producers report a greatly improved outlook for the early months of this year in contrast to the unfavorable situation at the same time last year. Finished steel prices have remained firm, and those of scrap iron and steel have advanced steadily in recent weeks.

Activity of steel casting foundries of the Seventh district showed a sharp decline in December, orders booked amounting to slightly more than one-half of the November volume, shipments falling off 8 per cent, and production being lower by 20 per cent. Despite these curtailments, the general level of activity in the closing month of 1933 was substantially higher than at the end of 1932, the excess as measured in tonnage units totaling 29 per cent in orders booked, 85 per cent in shipments, and 75 per cent in production. At malleable casting foundries, the volume of orders booked was 10 per cent and the tonnage shipped one per cent larger in December than in November. Production, however, slowed down, dropping 12 per cent below the figure of the preceding month. As

compared with the tonnage figures for December 1932, malleable castings showed gains of 79 per cent in orders, 99 per cent in shipments, and 78 per cent in production.

In the manufacture of stoves and furnaces further decreases of 53 per cent in the volume of orders accepted, 28 per cent in shipments and 32 per cent in moulding-room operations, were in line with the usual seasonal curtailment at the close of the year. However, operations were almost twice as large as those of a year ago, while shipments were about 70 per cent and orders 30 per cent heavier in the same comparison.

#### FURNITURE

Although the 6 per cent recession from November in December orders booked by furniture manufacturers reporting to this bank continued a decline in the month-to-month comparison unbroken since July, the current volume, nevertheless, was greater than in December a year ago, the gain amounting to 23 per cent. Shipments also were considerably in excess of those a year ago—by 37 per cent—despite a drop of 14 per cent from the preceding month. Unfilled orders outstanding on December 30 amounted to 71 per cent of current orders, a decline of 7 points from the ratio of a month previous—recession in this item having been continuous beginning with September as shipments have exceeded each month current orders. The rate of operations during December averaged 47 per cent of capacity, 8 points under that of November and 5 points above the December 1932 ratio. For the entire year 1933, orders booked showed an increase over 1932 of 19 per cent, and shipments one of 13 per cent. These gains were effected despite the continuance through April 1933 of the declining trend in the yearly comparison operative since November 1929. Beginning with May, with a single exception in the volume of orders booked, the comparison with a year previous has shown each month a marked gain. As compared with the six-year average, 1927-1932, orders booked in 1933 were 61 per cent and shipments 63 per cent lower.

#### SHOE MANUFACTURING, TANNING, AND HIDES

Shoe manufacturers of the Seventh district reported a somewhat greater than seasonal decline in production during December, a loss of 16½ per cent from November comparing with a decrease of 11 per cent in the 1923-32 average for the period. Production throughout the greater part of 1933 was heavier than in 1932, although it showed wide variations from a favorable margin of 25 per cent at

#### MIDWEST DISTRIBUTION OF AUTOMOBILES

	DEC. 1933 PER CENT CHANGE FROM		CALENDAR YEAR 1933 CHANGE FROM CALENDAR YEAR 1932	COMPANIES INCLUDED		
	NOV. 1933	DEC. 1932		NOV. 1933	DEC. 1932	YEAR 1932
<b>New Cars</b>						
<b>Wholesale—</b>						
Number Sold.....	-24.9	+10.1	+51.8	16	11	11
Value.....	-25.7	+11.1	+23.1	16	11	11
<b>Retail—</b>						
Number Sold.....	-52.4	+9.0	+37.3	57	36	36
Value.....	-48.0	-11.0	+19.0	57	36	36
<b>On Hand End of Month—</b>						
Number.....	-6.4	-41.6	-24.5*	57	36	36
Value.....	-8.9	-54.3	-40.4*	57	36	36
<b>Used Cars</b>						
Number Sold.....	-26.7	+27.3	+10.6	57	36	36
<b>Salable on Hand—</b>						
Number.....	-5.3	+23.8	-6.6*	57	36	36
Value.....	-11.1	+11.0	-34.6*	57	36	36

\*Average end of month.

#### LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	DEC. 1933: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	NOV. 1933	DEC. 1932	
<b>Wholesale Lumber:</b>			
Sales in Dollars.....	-22.1	+61.5	13
Sales in Board Feet.....	-33.7	+27.3	11
Accounts Outstanding <sup>1</sup> .....	-10.3	+50.6	12
<b>Retail Building Materials:</b>			
Total Sales in Dollars.....	-13.1	+14.3	110
Lumber Sales in Dollars.....	-18.3	+48.8	34
Lumber Sales in Board Feet.....	-21.9	+22.7	27
Accounts Outstanding <sup>1</sup> .....	-8.2	-2.7	106
	Ratio of Accounts Outstanding <sup>1</sup> to Dollar Sales during month		
	DEC. 1933	NOV. 1933	DEC. 1932
Wholesale Trade.....	247.2	214.5	265.2
Retail Trade.....	377.4	358.0	436.1

<sup>1</sup> End of Month.

the beginning of the year to a loss of 7 per cent at the close. For the year as a whole, output exceeded that of 1932 by approximately 25 per cent. In the tanning industry, production and sales of leather registered slight declines in December from the preceding month and prices were less firm. The movement of packer green hides in the Chicago market during the month approximated that of November, with prices at the close of the month about one cent lower than at the beginning. In the early weeks of January, however, sales were made at quotations one-half cent above those prevailing at the close of December.

## Building Materials, Construction Work

Favorable levels relative to a year ago were maintained in most Seventh district building materials lines during December, despite sizable declines from a month previous. Wholesale lumber sales in dollars suffered a sharp loss from November, which, however, about equaled the decline in December 1932, and consequently did not greatly alter the improvement shown in the year-ago comparison for November. The expansion in the value of sales—due to increases both in volume of distribution and in prices—which began early in 1933, resulted in a more than 40 per cent gain for the full year over the preceding twelve months and in an increase of 70 per cent for the last six months against the second half of 1932.

Aggregate sales of reporting retail yards for December also remained above a year previous, as was the case in most of the last half year, with dollar sales of lumber showing the largest gain in any recent month. Declines from November were somewhat less than in the same period of 1932. While a fair improvement was recorded in the last six months of 1933 over the corresponding months of 1932, it was insufficient to offset the deficiency of the first half year, with a resultant decline for the year of less than 5 per cent.

Distribution of both cement and clay products varied locally with the progress of federal and other construction projects, but generally equaled or exceeded the volume of a year ago. Prices of these products and of lumber at both wholesale and retail continued firm in December at considerably above the low levels of last winter.

### BUILDING CONSTRUCTION

December marked the fourth consecutive month to show a gain in building activity of the Seventh Federal Reserve district. The total volume of contracts awarded, amounting to over 33 million dollars, was the largest for any month since September 1931. Residential contracts continued to decline and comprised less than 3 per cent of the total. The increase in building activity during the final months of 1933 was in part a result of contracts awarded under the Public Works Administration.

The estimated cost of proposed construction, according

### WHOLESALE TRADE IN DECEMBER 1933

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	-6.2	+17.8	-7.1	+1.2	120.8
Hardware.....	+53.0	+4.1	+7.6	+23.0	246.5
Dry Goods.....	+14.0	+35.9	-5.5	+16.0	282.4
Drugs.....	+15.0	+0.6	-3.9	+2.0	199.7
Electrical Supplies.....	+56.3	+15.8	+24.3	+24.2	157.0

to building permits issued in 97 cities of the Seventh district, also registered an upward trend in December, increasing 77 per cent over November and 36 per cent over a year ago. The number of permits issued during the month totaled 1,249, a decline of 38 per cent from the preceding month, although they registered a 20 per cent increase over December 1932. Chicago and Des Moines were two of the larger cities which, in the monthly comparison, differed from the district trend in the estimated cost of proposed construction, the former showing a decline of 41 per cent and the latter one of 6 per cent. As compared with a year ago, Indianapolis recorded a decrease of 67 per cent in estimated cost.

### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
December 1933.....	\$33,013,870	\$906,912
Change from November 1933.....	+42%	-33%
Change from December 1932.....	+255%	-6%
Calendar year 1933.....	\$180,691,078	\$21,375,064
Change from year 1932.....	-12%	-15%

\*Data furnished by F. W. Dodge Corporation.

## Merchandising

December trends in the merchandising of commodities, both at wholesale and retail, were decidedly favorable, gains over November in the various reporting groups of retail trade being heavier than usual for the month, while in wholesale lines declines were less than seasonal and increases greater than average for the period.

In the wholesale grocery, hardware, and dry goods trades respective declines in December from the preceding month of 3, 1/2, and 15 per cent compared with recessions in the 1923-32 average of 7, 11, and 22 per cent, respectively. Drug sales gained 17 per cent in the monthly comparison, as against a seasonal expansion of only one per cent; and electrical supply sales expanded 23 1/2 per cent, as compared with an average gain of 8 per cent. Increases over December 1932 were much larger in hardware, dry goods, drugs, and electrical supplies than in the year-ago comparison for November; but the decrease shown in grocery sales totaled larger than a month previous, although the majority of firms reported heavier sales than a year ago. In the calendar year 1933, grocery sales failed to equal those of the preceding year by 5 per cent, the months of July, August, and October alone recording a gain in the yearly comparison; and drug sales likewise totaled smaller, by 10 per cent, with only four months of the year showing increases over 1932. Dry goods, hardware, and electrical supply sales, however, had aggregate gains for the year 1933 over 1932 of 2, 5, and 23 per cent, respectively, as increases in the yearly comparison

### DEPARTMENT STORE TRADE IN DECEMBER 1933

LOCALITY	PER CENT CHANGE DECEMBER 1933 FROM DECEMBER 1932		PER CENT CHANGE YEAR 1933 FROM YEAR 1932		RATIO OF DECEMBER COLLECTIONS TO ACCOUNTS OUTSTAND. END OF NOVEMBER	
	NET SALES	STOCKS END OF MONTH	NET SALES	1933	1932	
Chicago.....	+15.8	+28.6	+5.2	28.6	25.0	
Detroit.....	+8.5	-10.5	-13.5	38.0	29.6	
Indianapolis.....	+10.9	+49.9	-1.0	42.0	40.8	
Milwaukee.....	+10.5	+33.0	-3.5	36.2	33.0	
Other Cities.....	+21.0	+0.0	-1.9	30.9	27.6	
7th District.....	+14.0	+17.7	-1.3	33.9	29.3	



were recorded in every month subsequent to April. Stocks in all groups totaled larger at the end of 1933 than at the close of the preceding year.

The expansion in Seventh district department store trade for December over a month previous amounted to 62½ per cent in 1933, representing, with one exception (1931), the largest increase in December business on our records (from 1923) and comparing with a gain of 50 per cent in the 1923-32 average for the month. Of the larger cities, Detroit showed the heaviest increase in this comparison—74 per cent—Indianapolis trade gaining 70 per cent, Chicago 62 per cent, Milwaukee 45 per cent, and the total for stores in smaller cities 60 per cent. It will be noted in the table that Chicago business alone recorded a gain for the year 1933 over 1932, but that December gains over the same month a year ago brought the yearly total for the district to within one per cent of the 1932 volume. Although the rate of stock turnover in the last four months of the year was slightly slower than in the corresponding months a year previous, turnover for the year 1933 of 3.83 times compared with 3.63 times for 1932.

Retail shoe dealers and the shoe departments of department stores sold a dollar volume in December that was 47 per cent in excess of November sales and 11 per cent heavier than in the same month of 1932. The 1925-32 gain for December over November averaged 37 per cent. With eight months of 1933 failing to show as large

sales as in corresponding months a year previous, total sales for the year were 4 per cent less than in 1932. Year-end stocks were 5 per cent heavier than on December 31, 1932.

The retail furniture trade expanded considerably more than seasonally in December, sales of reporting dealers and department stores aggregating 30 per cent larger than in the preceding month, as against an increase of but 18 per cent in the 1927-32 average for December. Furthermore, a gain of 16 per cent over December a year ago brought sales for the year to 2 per cent above those for 1932. Stocks on December 30 totaled 12 per cent in excess of those held at the close of the preceding year.

Aggregate December sales of fourteen reporting chains, operating 2,550 stores in the month, increased 60 per cent over those of the preceding month and were 10 per cent greater than for December a year previous. All groups, which included grocery, drug, five-and-ten-cent stores, cigar, musical instrument, shoe, and men's clothing chains, shared in the gain over November, and all except grocery and cigar chains had heavier sales than a year ago. Sales for the calendar year 1933 totaled larger in drugs, musical instruments, and five-and-ten-cent stores than for 1932, but in other groups were less. Aggregate 1933 sales of the fourteen chains exceeded those of 1932 by one per cent, while average sales per store were 3 per cent heavier.

## 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	Dec. 1933	Nov. 1933	Oct. 1933	Sept. 1933	Aug. 1933	July 1933	Dec. 1932	Nov. 1932	Oct. 1932	Sept. 1932	Aug. 1932	July 1932
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	62	54	56	67	62	58	60	46	49	58	57	53	52
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	13	18	21	23	19	21	21	10	11	11	12	11	10
In Tons.....	13	20	22	25	19	23	25	10	11	10	12	10	9
Malleable—In Dollars.....	21	23	23	25	24	24	21	11	10	9	8	8	7
In Tons.....	21	36	36	39	38	41	36	18	16	16	14	13	12
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	10	78	111	128	108	91	63	45	70	100	80	46	29
<b>Furniture</b>													
Orders (in dollars).....	17	19	20	24	40	46	61	15	19	29	31	25	22
Shipments (in dollars).....	17	24	28	37	45	42	29	17	24	32	30	22	13
<b>Flour—</b>													
Production (in bbls.).....	22	104	109	108	93	93	98	108	112	119	118	130	114
<b>Output of Butter by Creameries—</b>													
Production.....	67	82	80	93	99	122	123	86	77	92	92	111	118
Sales.....	69	101	95	92	96	116	106	89	97	87	89	102	106
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	29	62	63	65	70	68	67	65	64	65	70	65	59
Hardware.....	12	45	45	50	49	47	46	30	36	43	42	36	35
Dry Goods.....	9	28	33	37	39	34	44	25	32	35	38	28	22
Drugs.....	13	67	57	61	61	61	52	60	56	58	61	59	52
<b>Retail Trade (Dept. Stores)—</b>													
Net Sales (in dollars):													
Chicago.....	23	106	66	74	69	64	47	93	61	66	61	45	39
Detroit.....	5	114	67	67	87	57	41	108	70	73	87	54	51
Indianapolis.....	5	115	68	80	80	65	48	104	66	77	76	50	44
Milwaukee.....	5	111	77	83	73	65	52	101	74	78	66	53	48
Other Cities.....	44	102	64	64	59	56	40	83	57	60	56	46	38
Seventh District.....	82	108	67	72	72	62	45	96	64	68	66	48	42
<b>Automobile Production—(U. S.)—</b>													
Passenger Cars.....		18	15	37	55	67	67	29	16	12	22	26	32
Trucks.....		80	52	81	93	110	101	56	32	36	52	38	38
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....		3	5	5	12	7	9	3	5	7	7	7	7
Total.....		48	34	31	29	22	27	14	20	17	32	32	24
<b>Iron and Steel—</b>													
Pig Iron Production:													
Illinois and Indiana.....		31	34	45	42	52	59	19	19	20	20	22	26
United States.....		39	37	45	52	60	59	18	21	21	20	17	19
Steel Ingot Production—(U. S.).....		55	45	61	67	81	96	25	30	31	29	24	24

\*Average daily production.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS.

(By the Federal Reserve Board)

**I**NDUSTRIAL activity, as measured by the Federal Reserve Board's seasonally adjusted index, showed an increase in December, following upon four months of decline. Factory employment declined somewhat, while employment by public agencies showed a considerable increase.

### PRODUCTION AND EMPLOYMENT

The Board's index of industrial production, which is adjusted to allow for seasonal variation, advanced from 73 per cent of the 1923-1925 average in November to 74 per cent in December. For the fourth quarter of 1933 as a whole, the volume of industrial output was 13 per cent larger than for the corresponding period of 1932. Activity in the steel industry, contrary to seasonal tendency, increased considerably in December and there was also an increase in the output of automobiles. Shoe production declined by an amount smaller than is usual in December. At textile mills, activity declined further by considerably more than the usual seasonal amount to about the low level of last spring.

The number of employes at factories declined between the middle of November and the middle of December by somewhat more than the usual seasonal amount, reflecting chiefly reductions in working forces at cotton, woolen, and silk mills and at clothing factories. At automobile factories there was a substantial increase in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in December and the first half of January. There was a large increase in contracts awarded for public works, and private construction also increased. In the fourth quarter of 1933 as a whole, construction contracts in 37 states totaled \$500,000,000 as compared with \$300,000,000 in the last quarter of 1932.

### DISTRIBUTION

Freight carloadings, particularly of miscellaneous freight, declined in December as compared with November by less than the usual seasonal amount. Dollar value of sales by department stores showed an increase slightly larger than is usual for December.

### DOLLAR EXCHANGE

The foreign exchange value of the dollar which had fluctuated around 64 per cent of parity from the end of November to January 13, declined to 62 per cent on January 17, and subsequently advanced to a range of from 62 to 63 per cent.

### PRICES

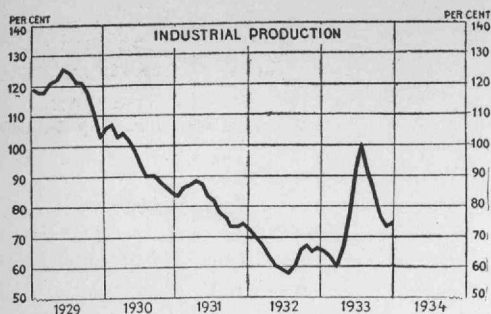
Wholesale commodity prices, which had shown a slight decline between the middle of November and the third week of December, advanced in the following month, reflecting chiefly increases in the prices of farm products and foods. Cotton and grains showed marked increases and livestock prices also advanced somewhat.

### BANK CREDIT

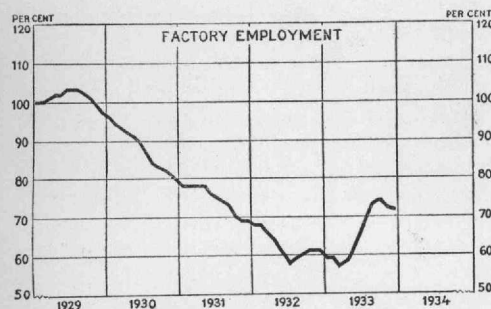
At the Reserve banks the seasonal return of currency from circulation after the holiday demand amounted to about \$250,000,000 from the high point on December 22 to January 17. A large part of the funds arising from this inflow of currency to the Reserve banks was added to the reserve balances of member banks, with the consequence that these balances increased by January 17 to \$900,000,000 in excess of legal requirements.

The return flow of currency from circulation and the reduction of balances held by commercial banks for the United States Government were reflected in an increase of demand deposits at reporting member banks. Loans of the banks declined between December 13 and January 17, while holdings of United States Government and other securities increased.

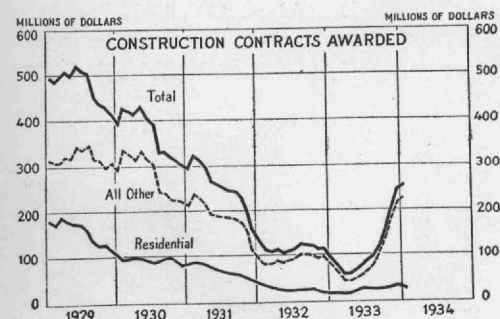
Short-term money rates in the open market, which had shown a slight advance in December, declined in January to the previous level.



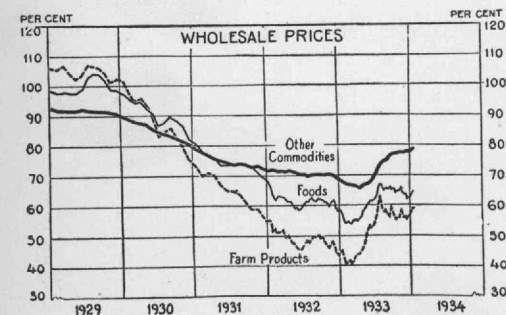
Index number of industrial production, adjusted for seasonal variation (1923-25 average = 100).



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



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for November and December 1933 and estimate for January 1934.



Indexes of the United States Bureau of Labor Statistics. By months 1929 to 1931; by weeks 1932 to date (1926 = 100).