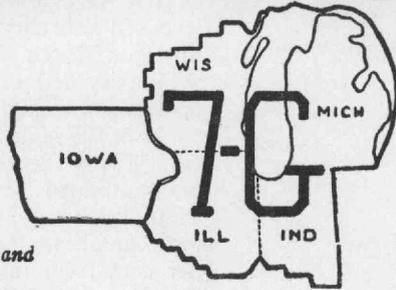


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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

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

Volume 17, No. 4

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

March 31, 1934

General Summary

A RISING trend featured Seventh district business activity during February, in contrast to the adverse conditions prevailing in the month last year as the result of banking holidays and disturbances.

Manufacturing groups to record expansion during the period, partly seasonal in some instances, included the iron and steel and automobile industries, iron and steel casting foundries, stoves, and the furniture industry. Shoe production likewise was maintained at a high level. Although building construction fell off in February, it was more than four times that of a year ago. The movement of building materials at retail declined, but wholesale distribution of lumber gained. Employment and payrolls of Seventh district industries expanded notably in the month.

Significant in the industries producing foodstuffs was the fact that demand was sufficiently great in February to absorb current output at considerably higher prices than had prevailed in January. Inventories, as a consequence, were in a more favorable position than a month previous. These trends were common to the meat-packing, butter, and cheese industries. Production of meat-packing products and that of butter declined in the period, but sales increased. Although the manufacture of Wisconsin cheese expanded in February while sales recorded a slight decline, the latter showed a more than seasonal excess over the former and were greater than average for the period. There was a lighter consumption of wheat and corn during February than a month previous, as indicated in shipments from primary markets, but that of oats totaled heavier. Farmers intend to plant smaller

acres to grains and larger acres to legumes and potatoes this year than last.

The wholesale distribution of commodities in February showed recessions in most groups, only hardware sales increasing in the period, but all reporting lines had a much larger volume of trade than a year ago. Department store sales for the district totaled somewhat heavier than in the preceding month, as compared with a slight decline in the February average; the retail shoe trade was a little greater in volume than a month previous, whereas a decrease is usually recorded in February; and sales of furniture and house furnishings at retail expanded more than seasonally in the period. Aggregate sales of reporting chains gained slightly over January. Wholesale and retail distribution of automobiles rose sharply in February, as new models became available.

In current financial and credit phases may be noted the heavier loans and investments of reporting member banks in the middle of March than a month previous, and an increase in both time and demand deposits. The volume of reserve bank credit extended in the district showed little change in this period. February sales of commercial paper by dealers gained over the preceding month and totaled much larger than a year ago, but new financing by means of bankers' acceptances was smaller in these comparisons.

Credit Conditions and Money Rates

Although credit extended by the Federal Reserve Bank of Chicago to the Seventh district remained practically unchanged in amount during the period February 14 to March 14, the total volume extended by the bank decreased slightly over 7 millions as a result of reduced holdings of acceptances purchased in other districts. There was a substantial gain in funds from other districts through commercial transactions during the period. This increase in banking reserves was offset in part by Treasury collections in excess of local disbursements, amounting to almost 32 million dollars. Member bank reserve balances increased over 58 millions during the four weeks, while the demand for currency declined approximately 4 million dollars. In the accompanying tabulation, the item "Other Federal Reserve accounts," has heretofore been designated as "Unexpended capital funds." The item is derived from the condition state-

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	MAR. 14 1934	FEB. 14 1934	MAR. 15 1933
Total Bills and Securities.....	\$442.2	\$ -7.8	\$ -248.3
Bills Discounted.....	1.6	-0.6	-60.6
Bills Bought.....	3.3	-7.2	-89.8
U. S. Government Securities.....	437.3	0	+22.1
Total Reserves.....	976.1	+57.6	+283.3
Total Deposits.....	593.9	+51.6	+324.1
Federal Reserve Notes in Circulation.....	769.8	+8.1	-298.0
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	71.5	+1.1*	+19.7*

*Number of Points.

ments of the Federal Reserve banks by adding capital, surplus, unpaid portion of subscription to stock in the Federal Deposit Insurance Corporation, and "all other liabilities," and subtracting the sum of bank premises and "all other assets."

Changes Between February 14 and March 14 in Factors Affecting Use of Federal Reserve Bank Funds Seventh District

(Amounts in thousands of dollars)	
Reserve bank credit extended	-53
Commercial operations through inter-district settlements	+87,035
Treasury and National bank currency	-4,061
Total Supply	+82,921
Demand for currency	-4,340
Member bank reserve balances	+58,652
Treasury cash and deposits at Federal Reserve Bank of Chicago	+31,785
Special and "all other" deposits	-5,567
Other Federal Reserve accounts	+2,391
Total Demand	+82,921

MEMBER BANK CREDIT

As shown in the accompanying table, licensed reporting member banks in the Seventh district on March 14 showed a heavier volume of loans and investments than a month previous, reflecting principally a gain in investment holdings, although minor increases were recorded in both security loans and "all other" (commercial) loans. Net demand and time deposits likewise moved upward on March 14 as against February 14. It will be noted that all items, with the exception of loans and borrowings at the Federal Reserve Bank on March 14 were in excess of the aggregates on March 15, 1933.

Rate changes in the past month were negligible; the range of rates on customers' commercial loans as reported by down-town Chicago banks for the week ended March 15 was 3 to 5 per cent, unchanged from the week ended February 15. The average rate earned on loans and discounts by down-town Chicago banks during the calendar month of February was 3.38 per cent, as compared with 3.42 per cent in January and with 3.15 per cent in February 1933. In Detroit, customers' commercial loans were quoted at 5 to 6 per cent for the week ended March 15, unchanged from the preceding month.

Though aggregating 69 per cent less than the 1924-33 average for the month, dealer sales of commercial paper in the Middle West showed a counter-to-seasonal expansion of 16½ per cent in February over January and were 145½ per cent greater than a year ago. Borrowing by means of commercial paper increased during the period, but demand of city and country banks for this class of investment strengthened sufficiently to absorb current offerings at slightly lower rates of interest than had obtained a month earlier. Selling quotations in February ranged from 1 and 1¼ per cent for prime short-term paper to 1¼ and 1¾ per cent for obligations less well known or of longer maturity; the bulk of transactions

took place at 1¼ per cent. Outstandings continued to increase but aggregated 72 per cent smaller on February 28 than the average for the date. As a result of heavier borrowing and greater demand, sales in the first half of March were almost double those of the corresponding weeks in February. Selling rates continued to decline, the range on March 15 being ¾ to 1½ per cent.

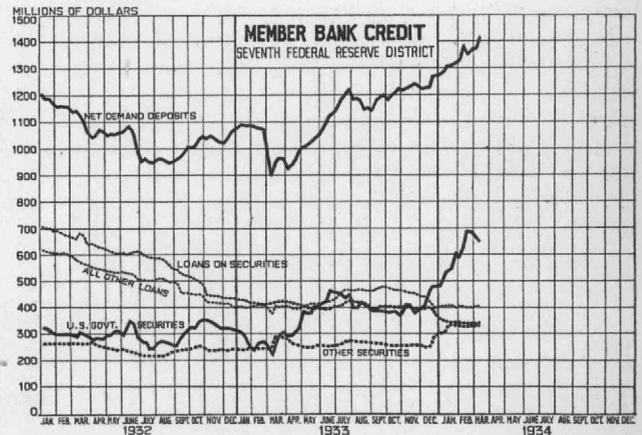
Activity fell off considerably in Chicago bill market operations during the four weeks February 15 to March 14 from the high level of the preceding period. Receipts from Eastern markets, though slightly above the year-end period, totaled considerably below the volume for January 11 to February 14 and with only a negligible amount of local purchases effected a decline in total supply of 44 per cent from the preceding period and of 17 per cent from a year ago. The bulk of the supply moved to local banks, with a fair amount to out-of-town institutions, while sales to Eastern cities were in exceedingly small volume. Total distribution practically equaled the supply during the period, so that only a negligible amount was acquired in dealer portfolios. As a reflection of these trends, rates declined somewhat during the final week of the period, quotations on March 14 ranging from ¼ per cent for 30-day offerings to ⅝ per cent for maturities of 180 days.

Contrary to the usual tendency, new financing by means of bankers' acceptances in the Seventh district decreased in February from January and was 12½ per cent smaller than the average for February. The direct discounting of these bills at the originating banks totaled only ½ per cent in excess of a year ago and aggregated 6½ per cent below the ten-year average for February, while the purchase of other banks' acceptances showed a non-seasonal expansion over a month earlier but recorded a sharp decline from last year, with the result that total purchases exceeded the 1924-33 average by 10½ per cent but were 15 per cent below those of February 1933. Sales were almost negligible. Maturities, however, totaled somewhat greater than current purchases; therefore, bill holdings of accepting banks were reduced 6½ per cent on February 28 from the end of January. The liability for outstandings declined during the month to a level 13½ per cent below the 1924-33 February average. In the first half of March, new financing by means of acceptance credits increased 25 per cent over the corresponding weeks of February.

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAR. 14 1934	FEB. 14 1934	CHANGE FROM MAR. 15 1933
Total Loans and Investments	\$1,716	\$+30	\$+336
Loans on Securities	336	+1	-85
All Other Loans	405	+2	-2
Investments	975	+27	+423
Net Demand Deposits	1,412	+31	+467
Time Deposits	480	+35	+6
Borrowings from Federal Reserve Bank	0	0	-18



Wednesday figures for reporting member banks in leading cities of the district. Latest figures are for March 14, 1934.

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

	PER CENT CHANGE IN FEBRUARY 1934 FROM	
	JANUARY 1934	FEBRUARY 1933
Total value of bills accepted.....	-0.7	-12.0
Purchases (including own bills discounted)	+8.4	-15.1
Sales.....	-71.2	-91.3
Holdings*	-6.5	-2.4
Liability for outstandings*	-4.1	+6.6

*At end of month.

SECURITY MARKETS

The improved tone which has been prevalent in the Chicago bond market for the past several months continued through most of February. A moderate decline in prices which developed during the latter part of the month was more than offset by the upturn in the first half of March. New offerings during February remained in limited volume, and as in recent preceding months were confined almost exclusively to municipals. There has been some decline in interest in the semi-speculative issues, the price rise in this classification having been so pronounced that such bonds do not appear to have the attraction they offered earlier this year. An increased interest in bonds on the part of banks has been reported in recent weeks; a fair amount of buying emanated from this source during February, with the demand almost entirely for high grade issues and favoring the shorter maturities. Prices on the Chicago Stock Exchange moved within a narrow range during February and the first half of March. The average price of twenty leading stocks * amounted to \$31.72 on March 16 as compared with \$32.38 on the corresponding date a month previous.

* Chicago Journal of Commerce.

Agricultural Products

Farmers in the five states including this district intend to plant smaller acreage to grain crops, particularly corn, spring wheat, and barley, this spring than in 1933, according to the Department of Agriculture's March 1 report of planting intentions. Larger acreage is indicated for legumes and potatoes, and not much change in oats, tobacco, and hay.

GRAIN MARKETING

Lighter consumption of grains, except oats, than in January, was indicated by February shipments from primary markets. The outward movement of wheat was the smallest for any month in this bank's records (from 1920), as a result of a 15 per cent decline from January. Wheat receipts, however, increased seasonally and were slightly above a year previous. Exports, representing further withdrawals from Pacific Coast supplies, continued at a moderate rate—smaller than in January but much greater than the volume for February 1933. Despite quiet milling demand, visible supplies declined 9 million bushels during February and an additional 6 millions by March 10, totaling on that date 45 millions less than a year earlier.

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT
(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	FEB. 1934	JAN. 1934	FEB. 1933
Chicago.....	\$1,789	-7.2	+7.5
Detroit, Milwaukee, and Indianapolis.....	778	-6.1	+66.0
Total four larger cities.....	\$2,567	-6.9	+20.3
32 smaller centers.....	390	-10.4	+22.9
Total 36 centers.....	\$2,957	-7.3	+20.7

NOTE: Michigan banks were closed, or operating under restrictions, during part of February 1933, account of special holiday proclaimed by State authorities.

Corn and oats receipts were practically unchanged from January, the latter in contrast to a five-year average increase of 10 per cent. Shipments declined 22 per cent for corn but increased 33 per cent in the case of oats, and in both the volume greatly exceeded the small amount of a year ago. All grain futures reacted after the first week of February, at which time wheat quotations were the highest since the middle of November. For the month, wheat averaged 1½ cents above January, but corn and oats were 1 and 2 cents lower, respectively. Cash prices followed a similar trend.

MOVEMENT OF LIVE STOCK

Following relatively heavy marketings in January, the receipts of hogs and calves at public stock yards in the United States declined more sharply than usual in February, while those of cattle decreased less than seasonally. An exceptionally small number of lambs was marketed during the month but receipts of other live stock exceeded a year ago. However, the marketings of cattle and calves increased only slightly over the 1924-33 February average, and those of hogs and lambs were sharply less in this comparison. The movement to inspected slaughter (inclusive of animals that did not pass through public stock yards) differed from the trend of market receipts in two instances: the number of hogs declined from last year and that of all other live stock remained considerably above the ten-year average for February.

Reshipments to feed lots decreased in February as is usual; the movement of feeder cattle and lambs was 18½ per cent smaller than the 1929-33 February average, but that of calves was 16 per cent greater.

MEAT PACKING

Activity at slaughtering establishments in the United States, after having attained an exceptionally high level in January, fell off more than is customary in February but remained considerably above a year ago. Although production totaled 27 per cent less than in the preceding month and 6½ per cent smaller than the 1924-33 seasonal average, the volume was 5 per cent in excess of last February. Moreover, payrolls at the close of the period continued to reflect a marked improvement over 1933, despite the fact that they showed a decline from January of 3½ per cent in number of employes, 13 per cent in hours worked, and of 8 per cent in wage payments. Demand was sufficiently strong to absorb the sales tonnage offered—which was considerably less than a month earlier and about equal to the volume of current production—at a sharp increase in prices over those of the preceding period. Therefore, the total value of sales billed to do-

LIVE STOCK SLAUGHTER
(In thousands)

Yards in Seventh District, Federally Inspected Slaughter, United States	LAMBS AND SHEEP CALVES			
	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
February 1934.....	214	728	267	102
February 1934.....	733	3,433	1,159	437
January 1934.....	831	5,391	1,407	471
February 1933.....	569	3,647	1,250	317

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

	WEEK ENDED		MONTHS OF	
	MAR. 17 1934	FEB. 1934	JAN. 1934	FEB. 1933
Native Beef Steers (average)...	\$5.90	\$5.55	\$5.40	\$4.85
Fat Cows and Heifers.....	4.50	4.40	4.30	3.90
Calves.....	5.75	6.00	5.65	6.40
Hogs (bulk of sales).....	4.35	4.35	3.45	3.50
Yearling Sheep.....	8.50	8.40	6.85	4.70
Lambs.....	9.40	9.20	8.20	5.65

mestic and foreign customers was 5½ per cent greater than in January and 44 per cent above a year ago. Inventories of packing-house commodities in the United States aggregated 5,425,000 pounds less on March 1, 1934, than the 1929-33 average for the date, though totaling 296,537,000 pounds greater than on the corresponding date of 1933.

Shipments for export declined in February from January. The demand for American lard remained fair in the United Kingdom but was exceptionally light on the Continent. Furthermore, importations of lard into Germany are now on a restricted basis, being carried on under a permit system which became effective on February 23, 1934. Owing to quota systems, trade in United States meats continued in relatively small volume during the month throughout Europe. Prices of United States lard remained slightly below Chicago parity in the United Kingdom but were at a slight premium on the Continent. British quotations for American meats were above a United States basis. United States holdings of packing-house commodities in foreign countries (inclusive of stocks in transit) declined on March 1 from the beginning of February.

DAIRY PRODUCTS

The production of creamery butter in the Seventh Federal Reserve district was smaller in February 1934 than in any month since November 1928, declining 8 per cent from January to a level 13½ per cent below the 1924-33 average for the period and being 15½ per cent under last year. On the other hand, the sales tonnage increased slightly over January—contrary to seasonal tendency—and was not only 3 per cent heavier than in February 1933 but 8 per cent greater than average for February. Manufacture of the commodity in the United States also fell off more than usual from the preceding month and was considerably under a year ago. However, demand for creamery butter in the United States was sufficiently strong to effect a sharp advance in prices over January and a greater than seasonal decline in inventories. March 1 holdings of the commodity in the United States, therefore, were only 13,655,000 pounds in excess of the 1929-33 average for that date.

In Wisconsin, the production of American cheese increased more than a seasonal amount during the four weeks ended March 3, totaling 22 per cent heavier than in the preceding period and only 6 per cent under a year ago. Although distribution of the commodity from Wisconsin markets showed a slight decline from the preceding period, it recorded a greater than seasonal excess over current manufacture and was 1½ per cent larger than the 1929-33 average for the period. Furthermore, prices advanced sharply in January over the preceding month and total stocks of cheese in the United States were reduced more than seasonally on March 1 from the beginning of February to a level only 3,741,000 pounds in excess of the 1929-33 March 1 average.

Industrial Employment Conditions

Increases of 6 per cent in employment and 14 per cent in payrolls, reported by Seventh district industries for February, reflected an expansion as rapid as that which took place during the most active period of last summer, and marked the third consecutive month of improvement for Seventh district industries. While the gains in De-

cember and January were largely determined by the automobile industry centralized in the state of Michigan, those in February were common to all states of the district. The automobile industry continued the sharp expansion of recent months, the vehicles group showing a rise of 15 per cent in employment and 32 per cent in payrolls from January to February. Metal industries other than vehicles increased employment 5 per cent and wage payments 13 per cent, the latter reaching a level approximating that prevailing in the fall of 1931. In the textiles and rubber products industries, payroll increases amounted to 25 and 20 per cent, respectively; in stone-clay-and-glass and wood products to 12 and 14 per cent; while in the remaining manufacturing groups the gains in this item ranged from 1½ per cent in food products to 5 per cent for chemicals. In employment, also, increases were substantial in most manufacturing groups, the gains ranging from one per cent in paper and printing to 15 per cent in the vehicles group. The only decrease reported by any manufacturing group was in the leather industries which registered a fractional decline in employment. Aggregate increases in the manufacturing industries amounted to 8 per cent in employment and 18 per cent in payrolls.

The non-manufacturing industries were on the whole less active in February than in January. Exceptions to the general decline were increases of less than one-half per cent in employment of the merchandising and public utilities groups, and a rise of 3 per cent in payrolls at coal mines. The construction industry reported a substantial decline—15 per cent in employment and 18 per cent in payrolls.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of automobiles continued to expand during February, in accordance with seasonal trend and in contrast to a decline in the month last year when the banking holiday was in effect in Michigan. Output of passenger cars for this February totaled 190,253 in number, which represents an increase of 64 per cent over the preceding month, and which is more than double that of a year ago and of February 1932, as well as 6 per cent above Feb-

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP]	WEEK OF FEB 15, 1934			CHANGE FROM JAN. 15, 1934	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	928	190,031	3,786	+4.8	+13.4
Vehicles.....	200	269,819	6,589	+15.3	+31.9
Textiles and Products.....	189	36,110	624	+7.4	+24.7
Food and Products.....	490	76,170	1,558	+1.4	+1.5
Stone, Clay, and Glass.....	162	8,848	173	+6.7	+11.6
Wood Products.....	332	27,634	391	+5.4	+14.1
Chemical Products.....	131	18,503	402	+4.3	+5.0
Leather Products.....	96	18,752	329	-0.4	+4.8
Rubber Products ²	8	7,764	174	+6.8	+19.4
Paper and Printing.....	471	57,163	1,261	+0.9	+2.8
Total Mfg., 10 Groups...	3,007	710,794	15,287	+7.8	+18.1
Merchandising ³	692	45,349	880	+0.1	-1.3
Public Utilities.....	78	80,534	2,224	+0.4	-1.7
Coal Mining.....	22	4,757	95	-0.8	+3.1
Construction.....	313	7,705	136	-15.0	-18.2
Total Non-Mfg., 4 Groups	1,105	138,345	3,335	-0.7	-2.3
Total, 14 Groups.....	4,112	849,139	18,622	+6.3	+13.9

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

bruary 1931. Truck production numbered 45,096 in the current period, gaining one per cent over January, and totaling 193, 93½, and 14 per cent greater than in February of 1933, 1932, and 1931, respectively.

As in the manufacture of automobiles, their distribution in this district showed decidedly favorable trends as compared with a month and a year previous. Wholesale distribution recorded the more notable increase, as new models became available, but the expansion in retail sales was also substantial. Though dealers' stocks were increased considerably over the end of January, they only moderately exceeded those of a year ago on the same date, when they were comparatively light. It will be noted in the table that used car sales increased only slightly over the preceding month, but were much heavier than for last February, while the number held at the end of the month likewise totaled a little greater than on January 30, though showing a more substantial increase over a year ago. Deferred payment sales amounted to 47 per cent of the total retail sales of dealers reporting the item, which compares with 48 per cent for identical dealers in January and with 49 per cent in the corresponding month of 1933.

IRON AND STEEL PRODUCTS

A steadily rising trend characterized activity in the steel industry of the Chicago district during February and the early part of March. Ingot output rose rather sharply after the middle of February and had attained a rate of 51 per cent of capacity in the first week of March, but declined two points in the following week—a rate of only 13 per cent of capacity prevailed in the first two weeks of March last year. Automobile and farm implement requirements, as well as releases of rail tonnages around the first of March, were largely responsible for the improvement in activity. For the second consecutive month, average daily production of pig iron in the Illinois and Indiana district expanded and was more than 85 per cent greater than the average for February last year. Scrap iron and steel prices advanced in February and the first half of March; finished steel and pig iron prices remained unchanged.

Orders booked by steel casting foundries of the Seventh district increased further in February over the preceding month, the rise amounting to 39 per cent in tonnage units and 41 per cent in dollar volume. Shipments continued at approximately the same rate as in January, while production was accelerated 9 per cent. Increases over the year-ago figures were larger than at any time since last fall—153 per cent in tonnage produced, 101 per cent in shipments, and 155 per cent in orders. At malleable casting foundries, production increased 13 per cent over

the preceding month, shipments 17 per cent, and orders 5 per cent. Gains of considerably more than 100 per cent in production and shipments, and of over 200 per cent in orders were shown by this type of foundry in comparison with the unusually low volumes reported for February a year ago.

In the manufacture of stoves and furnaces, molding-room operations were increased more than 100 per cent from January to February, while shipments and orders expanded seasonally—40 and 30 per cent, respectively. Inventories increased 6 per cent during the month and were 64 per cent above last year's level. Production exceeded that of last February by 41 per cent, and shipments and orders were larger by 80 and 56 per cent, respectively.

FURNITURE

Orders booked by Seventh district furniture manufacturers reporting to this bank continued to gain in February, contrary to seasonal trend, totaling 1½ per cent heavier than in January—in contrast to a decline of one per cent in the monthly comparison a year ago and of 30 per cent in the average for the period. Shipments also gained considerably, 42 per cent, the expansion comparing with one of 10 per cent in February 1933 over the preceding month and of 33 per cent in the February-January average. Orders booked, owing to their current non-seasonal increase, continued heavier than shipments so that the volume of unfilled orders outstanding increased during the month and on February 28 averaged 89 per cent of current orders, or 15 points higher than a month earlier. As compared with a year ago, orders booked were 40 per cent greater, shipments 41 per cent, and unfilled orders on hand at the close of the month 41 per cent heavier. The rate of operations averaged 44 per cent of capacity in the current month, or the same as in January and 12 points above that of a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Shoe production in the Seventh district in January, figures for which month are now available, showed a greater than seasonal expansion, exceeding the output of January 1933 by more than 70 per cent and the January average for the years 1924-33 by about 50 per cent. Preliminary figures for February indicate that operations were maintained at the high level of the preceding month, in preparation for the spring footwear season. Production of leather showed a decrease from January, while sales were larger and prices were maintained at the level of the preceding month. Packer green hides in the Chicago market

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	FEBRUARY 1934: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JAN. 1934	FEB. 1933	
Wholesale Lumber:			
Sales in Dollars	+23.5	+106.3	11
Sales in Board Feet	+13.6	+81.8	9
Accounts Outstanding ¹	-0.1	+55.9	11
Retail Building Materials:			
Total Sales in Dollars	-5.8	+21.3	176
Lumber Sales in Dollars	-22.3	+48.2	58
Lumber Sales in Board Feet	-20.9	+48.4	69
Accounts Outstanding ¹	-1.3	-0.0	168
	Ratio of Accounts Outstanding ¹ to Dollar Sales During Month		
	FEB. 1934	JAN. 1934	FEB. 1933
Wholesale Trade	177.4	219.4	234.7
Retail Trade	449.1	425.8	540.6

¹End of Month.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in February 1934 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JAN. 1934	FEB. 1933	
New Cars			
Wholesale—			
Number Sold	+177.0	+171.7	18
Value	+167.3	+203.3	18
Retail—			
Number Sold	+61.0	+76.0	64
Value	+60.5	+63.9	64
On Hand Feb. 28—			
Number	+38.8	+6.5	64
Value	+38.8	+4.9	64
Used Cars			
Number Sold	+3.2	+39.3	64
Salable on Hand—			
Number	+0.9	+12.8	64
Value	+5.1	+9.0	64

moved slowly during the early part of February but a break of one-half cent in price quotations about the middle of the month brought a liberal volume of both hide and skin sales in the latter half. Sales for the entire month were only slightly below those reported for January.

Building Materials, Construction Work

Seventh district building materials lines recorded a mixed trend in February, operations at wholesale being on a more favorable level than at retail. Gains reported by wholesale lumber yards were substantially greater than the five-year average February-January increase; their volume was also at a higher level relative to a year ago than for several preceding months. Accounts remained at the January 31 level and the ratio to dollar sales was further reduced in comparison with that date and with a year ago.

Retail operations declined more than seasonally, with lumber demand falling off more than that for other items. Unfavorable weather during part of the month and slowing-down of civil works projects in some localities were contributing factors. Collections were less satisfactory than in January, but the accounts-sales ratio remained well under last year. Stocks increased from the January volume and were above a year ago.

Distribution of both cement and clay products continued restricted in volume, but stocks of the former in dealers' hands were reported to be low, while brick and tile supplies were held down by part-time production schedules. Prices of building materials remained generally unchanged with some tendency toward firmness.

BUILDING CONSTRUCTION

The February volume of building contracts awarded in the Seventh Federal Reserve district, though registering a decline from the preceding month, recorded an even greater excess over a year ago than a month previous. Residential awards showed a gain for the second consecutive month, but continued small in amount, totaling only 11 per cent of all contracts.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
February 1934.....	\$16,081,845	\$1,702,965
Change from January 1934.....	-42%	+30%
Change from February 1933.....	+311%	+161%
First two months of 1934.....	\$43,764,168	\$3,009,314
Change from same period 1933.....	+261%	+112%

*Data furnished by F. W. Dodge Corporation.

Building permits issued during February in 101 cities of the Seventh district showed a trend similar to that recorded in contracts awarded. The estimated cost of proposed work, according to permits issued in these cities, declined 54 per cent from the first month of 1934, but

WHOLESALE TRADE IN FEBRUARY 1934

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries.....	+20.1	+29.7	-1.1	+23.6	108.2
Hardware.....	+75.5	+20.6	+12.4	+94.3	276.4
Dry Goods.....	+62.5	+33.3	-0.7	+43.9	247.4
Drugs.....	+30.4	+1.3	-4.1	+44.5	202.0
Electrical Supplies.....	+67.7	+6.5	+9.0	+59.2	190.2

aggregated 89 per cent in excess of the corresponding month of 1933. The number of permits issued totaled 1,531, which was 10 per cent above January and 49 per cent over a year ago. In the yearly comparison for the estimated cost of proposed work, Milwaukee was the only one among the larger cities to report a decline. As compared with January, Milwaukee, Des Moines, and Indianapolis all reported an increase; however, the aggregate dollar volume in each case was small and so did not greatly affect the group trend.

Merchandising

Increases over the corresponding month a year ago in sales of reporting wholesale groups continued to be large in February. Those in drugs, dry goods, and electrical supplies were greater than in a similar comparison for January, while the gains in groceries and hardware were slightly smaller. In the first two months of 1934, grocery sales totaled 22 per cent, drugs 25½ per cent, dry goods 55 per cent, electrical supplies 64 per cent, and hardware 75 per cent heavier than in the same period of 1933. As compared with January this year, grocery, dry goods, and drug sales were, respectively, 4, 7½, and 9 per cent smaller in February, while hardware showed a gain of 2½ per cent and electrical supplies little change. The decline in groceries and the expansion in hardware were about seasonal, but the recession in drugs was a little greater than average and that in the dry goods trade counter to trend. Collections continued in February to record improvement over last year at the same time, as evidenced in accounts-sales ratios which again were much smaller.

Department store sales in February aggregated 4 per cent above those for the first month of the year, although the 1924-33 average for February shows a slight decline from the January average. Trends varied among the individual cities, Detroit trade expanding 14 per cent over the preceding month and sales by Chicago stores only 2 per cent, while a recession of 7 per cent was recorded in Indianapolis, and Milwaukee trade aggregated about the same as a month previous; the total for stores in other cities showed an increase of 4 per cent over January. It will be noted in the table that Detroit registered by far the largest gain in the yearly comparison, principally because trade was exceptionally dull in that city a year ago owing to banking disturbances. A seasonal expansion took place in stocks between the end of January and February 28, and they continued as in recent months to aggregate well above those held on the corresponding date a year previous. The rate of stock turnover so far this year has slightly exceeded that in the early part of last year. The ratios in the table indicate that collection conditions,

DEPARTMENT STORE TRADE IN FEBRUARY 1934

LOCALITY	PER CENT CHANGE FEBRUARY 1934 FROM FEBRUARY 1933		PER CENT CHANGE FIRST TWO MONTHS 1934 FROM SAME PERIOD 1933	RATIO OF FEB. COLLECTIONS TO ACCOUNTS OUTSTANDING END OF JAN.	
	NET SALES	STOCKS END OF MONTH		1934	1933
	Chicago.....	+24.0	+26.2	+22.9	28.2
Detroit.....	+66.9	-3.4	+43.3	39.8	22.1
Indianapolis.....	+19.3	+47.5	+17.2	39.1	37.1
Milwaukee.....	+26.4	+33.2	+26.0	33.2	29.1
Other Cities.....	+38.2	+10.8	+33.5	29.6	31.6
7th District.....	+33.7	+20.9	+28.2	33.2	26.3

except in the smaller cities, are noticeably better than a year ago at the same time.

A small increase was shown between January and February in the aggregate dollar volume sold by reporting retail shoe dealers and the shoe departments of department stores, although the majority of firms recorded declines in the comparison. An 8 per cent recession was shown in the 1926-33 average for February from the preceding month. Sales in the current period totaled 19 per cent above those for February 1933, and those for 1934 to date were 17 per cent above the corresponding period last year. Stocks, which gained 9 per cent between the close of January and February 28, were 13 per cent in excess of those held a year ago on the same date.

Sales of furniture and house furnishings by reporting dealers and department stores expanded 28 per cent in February over the preceding month, which compares with

an increase of but 15 per cent in the 1927-33 average for February. Furthermore, they totaled 53 per cent greater than in February last year, which is by far the largest gain to be shown in the yearly comparison since the first one in the current expansion was recorded last May. A small increase of 2 per cent took place in stocks during the month, which were 18 per cent heavier than at the close of February 1933.

Thirteen reporting chains operating 2,421 stores in February had aggregate sales slightly in excess of the January volume and 12 per cent above those of last February. In the monthly comparison, grocery, cigar, and men's clothing chains recorded gains, and five-and-ten-cent store, drug, shoe, and musical instrument chains had smaller sales, while in the yearly comparison, all groups shared in the increase.

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	Feb. 1934	Jan. 1934	Dec. 1933	Nov. 1933	Oct. 1933	Sept. 1933	Feb. 1933	Jan. 1933	Dec. 1932	Nov. 1932	Oct. 1932	Sept. 1932
Meat Packing—(U. S.)—													
Sales (in dollars).....	62	63	60	54	56	67	62	44	46	46	49	58	57
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	13	22	21	18	21	23	19	10	12	10	11	11	12
In Tons.....	13	21	21	20	22	25	19	11	12	10	11	10	12
Malleable—In Dollars.....	21	28	23	23	23	25	24	11	11	11	10	9	8
In Tons.....	21	44	38	36	36	39	38	20	20	18	16	16	14
Stoves and Furnaces—													
Shipments (in dollars).....	10	62	43	78	111	128	108	35	22	45	70	100	80
Furniture—													
Orders (in dollars).....	14	34	33	18	21	24	42	24	25	16	20	30	32
Shipments (in dollars).....	14	29	20	23	28	38	47	20	19	18	25	33	31
Flour—													
Production (in bbls.).....	21	107	121	104	109	107	93	91	103	108	112	119	118
Output of Butter by Creameries—													
Production.....	67	72	78	80	80	93	99	85	93	86	77	92	92
Sales.....	69	93	93	101	95	92	96	91	89	89	97	87	89
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	28	61	63	62	63	65	70	51	52	65	64	65	70
Hardware.....	11	39	38	46	46	51	50	22	22	30	36	44	43
Dry Goods.....	9	34	37	28	33	38	41	21	25	25	32	35	38
Drugs.....	13	64	70	67	57	61	61	49	58	60	56	58	61
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	25	55	54	105	65	73	71	44	45	92	62	66	61
Detroit.....	5	67	58	114	67	67	87	40	48	108	70	73	87
Indianapolis.....	4	56	62	119	70	83	83	47	54	106	68	79	78
Milwaukee.....	5	58	58	111	77	83	73	46	47	101	74	78	66
Other Cities.....	43	53	52	102	64	64	60	38	40	84	57	60	56
Seventh District.....	82	57	55	108	66	72	73	43	46	95	64	68	66
Automobile Production—(U.S.)—													
Passenger Cars.....		65	40	18	15	37	55	31	37	29	16	12	22
Trucks.....		120	119	80	52	81	93	41	58	56	32	36	52
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		6	4	3	5	5	12	2	3	3	5	7	7
Total.....		24	40	48	34	31	29	6	12	14	20	17	32
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		39	34	31	34	45	42	21	19	19	19	20	20
United States.....		46	40	39	37	45	52	20	19	18	21	21	20
Steel Ingot Production—(U. S.)*.....		70	56	55	45	61	67	34	30	25	30	31	29

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial activity increased in February for the third consecutive month, and there was a considerable growth in factory employment and payrolls. Wholesale commodity prices, after advancing for two months, showed little change between the middle of February and the middle of March.

PRODUCTION AND EMPLOYMENT

Output of manufactures and minerals, as measured by the Board's seasonally adjusted index of industrial production, increased from 78 per cent of the 1923-1925 average in January to 81 per cent in February. The advance reflected chiefly increases of considerably more than the usual seasonal amount in the output of steel and automobiles, while activity at meat-packing establishments declined. Activity at textile mills, which in January had increased from the low level prevailing at the end of the year, showed a further moderate increase in February, partly of a seasonal character. In the first week of March, steel production showed a further increase and in the following two weeks remained unchanged.

Factory employment and payrolls increased substantially between the middle of January and the middle of February to a level higher, on a seasonally adjusted basis, than at any other time since the summer of 1931. Working forces on railroads also showed an increase, while at mines there was little change in the volume of employment. The number on the payrolls of the Civil Works Administration declined from about 4,000,000 in January to about 2,900,000 in the week ending March 1. At automobile factories there was a large increase in the number employed to approximately the level prevailing four years ago. Substantial increases were reported also for the textile, clothing, shoe, and tobacco industries.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in February, followed by an increase in the first half of March. The total volume indicated for the first quarter is somewhat smaller than in the last quarter of 1933, but considerably larger than in the first quarters of 1932 and 1933.

DISTRIBUTION

Freight traffic increased seasonally during February and the early part of March. Dollar volume of department store sales on a daily average basis showed little change in February.

DOLLAR EXCHANGE

The foreign exchange value of the dollar in relation to gold currencies declined in the second week of February to within 2 per cent of its new parity, and in the latter part of February and the first three weeks of March showed a further slight decline.

COMMODITY PRICES

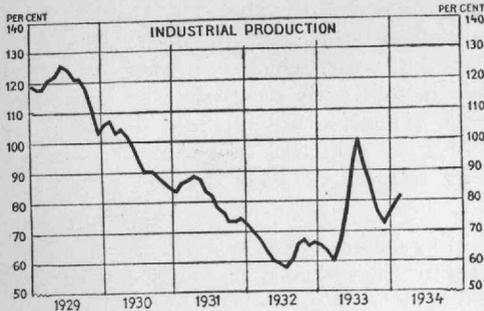
Wholesale prices of commodities showed little change from the middle of February to the middle of March, after a considerable increase earlier in the year. The index of the Bureau of Labor Statistics for the week ending March 17 was at 73.7 per cent of the 1926 average, compared with 73.8 per cent the week before and 72.4 per cent at the end of January.

BANK CREDIT

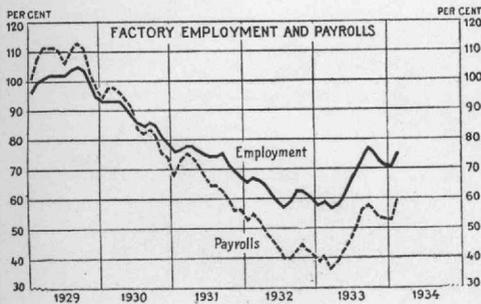
Between the middle of February and the third week of March, imports of gold from abroad resulted in a growth of about \$550,000,000 in the country's monetary gold stock. Funds arising from these imports of gold and from expenditure by the Treasury of about \$140,000,000 of its cash and deposits with the Federal Reserve banks, were for the most part added to the reserves of member banks, which consequently increased by \$600,000,000 during the four-week period. At the close of the period, member bank reserves were nearly \$1,500,000,000 in excess of legal requirements.

Total deposits of reporting member banks increased by about \$1,000,000,000 between the middle of February and the middle of March, reflecting the imports of gold, purchases by the banks of United States Government and other securities, and a growth of bankers' balances.

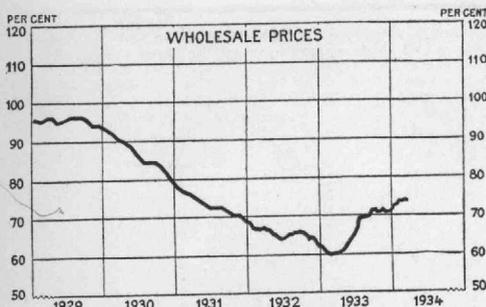
During March, money rates in the open market declined further. Rates on 90-day bankers' acceptances were reduced from $\frac{1}{2}$ per cent to $\frac{1}{4}$ per cent, and rates on prime commercial paper were reduced by $\frac{1}{4}$ per cent to a range of 1- $\frac{1}{4}$ per cent. Yields on United States Government securities also declined considerably. On March 16, the Federal Reserve Bank of Minneapolis reduced its discount rate from 3 $\frac{1}{2}$ to 3 per cent.



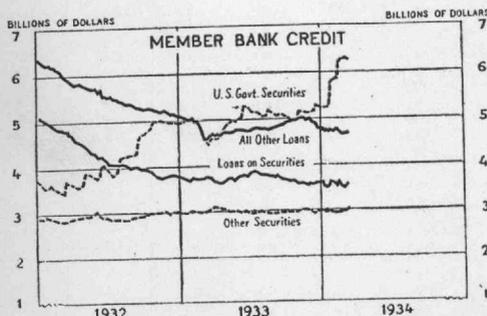
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



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



Index of United States Bureau of Labor Statistics (1926 = 100). By months 1929 to 1931; by weeks 1932 to date. Latest figure is for week ending March 17, 1934.



Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for March 14, 1934.