BUSINESS CONDITIONS

SEVENTH FEDERAL RESERVE DISTRICT

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General Summary

GREATER than seasonal expansion took place during March in Seventh district industrial and trade activity, with the result that business gains over the corresponding month a year ago were exceptionally large, although consideration should be given the fact that seasonal improvement was somewhat retarded last year owing to unsettled banking conditions in the first half of the month. In many phases of activity the volume of business in the first quarter of this year exceeded that of the same period in either 1933 or 1932, and in certain lines it equaled or was greater than that of the first three months of 1931.

The automobile industry furnished an example of this last mentioned condition, the heavy volume of output in March bringing first-quarter production to above any corresponding period since 1930. The rate of steel ingot production by the third week in April had reached a point equal to that of the same week in 1931, as the result of a considerably larger volume of new business in March than a month previous. A heavy increase also is recorded in new orders received by steel casting foundries in March, and shipments and production of both steel and malleable castings rose substantially over those of the preceding month. Furniture manufacturers reported a greater than seasonal increase in shipments and orders booked, and seasonal activity in the manufacture of stoves and furnaces continued through March. Because of the heavy expansion in the building industry in March, the aggregate of contracts awarded in the Seventh district in the first quarter of 1934 was almost 3½ times that for the same period of 1933. The movement of building materials accelerated rather sharply in the month.

Perhaps most noteworthy among March trends was that in employment, the number of men employed in district industries and the amount of wage payments totaling the highest since May and June 1931, respectively. All reporting manufacturing groups increased employment in March, and practically all had heavier payrolls, while in non-manufacturing groups, merchandising and public utilities shared in the gains. The vehicles and metals groups were outstanding among the manufacturing industries in recording increases.

In the food-producing industries trends in March were not so favorable as in other lines of activity. Production of meat-packing products declined from February, though less than seasonally, and was smaller than a year ago; sales were about the same in dollar volume as a month previous, though in excess of last March. Butter production expanded about the usual amount during the month, but sales declined, contrary to trend, and both items totaled less than for March 1933. The manufacture of Wisconsin cheese increased more than seasonally and was greater than a year ago; distribution, however, receded in volume from February, was under current production, and totaled substantially smaller than in March 1933. In the March movement of grains may be noted a reduction in receipts and expansion in shipments. A larger winter wheat crop is forecast for this year than last. The progress of field work on farms has been about normal so far this season.

Merchandising phases experienced substantial activity in March. All reporting wholesale groups had heavier sales, the gains in hardware, dry goods, and electrical supply sales being larger than usual for the month. Even greater improvement was shown in retail trade. The increase over February in department store sales was larger than in March of any of the ten preceding years, while the expansion in the retail shoe and furniture trades was more than seasonal in extent. The chain store trade likewise recorded considerable increase over the preceding month. The distribution of automobiles, especially sales to consumers, again expanded sharply in March.

A small increase took place between March 14 and April 18 in the amount of reserve bank credit extended in the Seventh district. Aggregate loans and investments of reporting member banks expanded in the period and demand deposits in these banks rose, while time deposits decreased. Sales of commercial paper by dealers increased further in March, but financing by means of bankers'

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

	April 18 1934	Change From March 14 1934	Change From April 19 1933
Total Bills and Securities	$440.3	$ −2.0	$ +100.3
Bills Discounted	1.2	−0.4	−16.9
Bills Bought	1.8	−1.6	−63.6
U. S. Government Securities	437.3	0	+180.8
Total Reserves	993.4	+17.4	+116.5
Total Deposits	634.9	+41.1	+322.9
Federal Reserve Notes in Circulation	771.8	+2.1	−115.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	70.6%	−0.9*	−2.5*

*Number of Points.

acceptances contined to decline, contrary to seasonal trend. Continued improvement was noted in the Chicago bond market.

Credit Conditions and Money Rates

Total credit extended by the Federal Reserve Bank of Chicago increased slightly, from $439,737,000 to $440,-727,000, during the five weeks ended April 18. The amount of reserve bank credit in use locally also showed a gain in the period. Transfers of funds to other districts as a result of commercial transactions reduced banking reserves in the Seventh district by over 29 million dollars. United States Treasury disbursements exceeded collections by almost 37 millions and, together with a decline in currency, more than offset the decrease in commercial operations. Member bank reserve balances increased 31 million dollars during the four weeks and other Federal Reserve accounts registered a decline of over 11 millions.

Changes Between March 14 and April 18 in Factors Affecting Use of Federal Reserve Bank Funds Seventh District
(Amounts in thousands of dollars)

Reserve bank credit extended	+2,550
Commercial operations through inter-district settlements	−29,138
Treasury and National bank currency	−1,906
Total Supply	−28,494
Demand for currency	−15,673
Member bank reserve balances	+31,413
Treasury cash and deposits at Federal Reserve Bank of Chicago	−36,849
Special and "all other" deposits	+4,095
Other Federal Reserve accounts	−11,480
Total Demand	−28,494

Member Bank Credit

Total loans and investments of licensed reporting member banks in the Seventh district increased 39 million dollars on April 18 from March 14, reflecting, as shown by the accompanying table, an increase of 26 millions in investments and gains of 7 and 6 millions, respectively, in loans on securities and "all other" (commercial) loans. Net demand deposits recorded a gain of 86 million dollars, while time deposits declined 7 millions. As against the figures for April 19, 1933, total loans and investments on April 18 this year recorded a rise of 384 million dollars, representing increases of 436 millions in investments, 16 millions in "all other" (commercial) loans, and a decrease of 68 millions in loans on securities. Deposit aggregates on April 18 exceeded those on April 19 last year, net demand deposits by 553 millions and time deposits by 12 millions.

Rates on customers' commercial loans were reported by down-town Chicago banks as ranging from 2½ to 5 per cent during the week ended April 15, compared with a range of 3 to 5 per cent for the week ended March 15. The average rate earned on loans and discounts by down-town Chicago banks was 3.43 per cent during the calendar month of March, as compared with 3.38 per cent in February and with 4.40 per cent in March 1933. In the city of Detroit, customers' commercial loans were quoted at 5 to 6 per cent for the week ended April 15, the same as for the corresponding week in the preceding month.

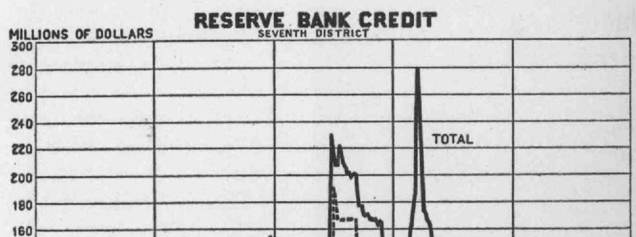
Dealer sales of commercial paper in the Middle West showed a further expansion of 46 per cent in March and not only totaled in excess of any previous month since August 1931 but were approximately four times greater than the extremely limited volume of a year ago, although they were almost 60 per cent below the 1924-33 average for the month. Despite increased borrowing by means of commercial paper during the period, demand of city and country banks for this class of investment proved sufficiently strong to absorb current offerings at slightly lower rates of interest than obtained a month earlier. Selling quotations in March, therefore, ranged from ¾ and 1 per cent for prime short-term obligations to 1 and 1½ per cent for paper less well known or of longer maturity; the bulk of transactions took place at 1 to 1½ per cent. Outstandings increased 7 per cent on March 31 over a month earlier. In the first half of April, sales totaled 24½ per cent larger than for the corresponding weeks of March and selling rates remained within a range of ¾ to 1½ per cent.

In the Chicago bill market, dealer purchases of local acceptances declined to an almost negligible quantity from March 15 to April 11, but receipts from Eastern markets increased somewhat and resulted in total bill supplies aggregating 10 per cent greater than in the preceding period. Open-market sales to out-of-town banks moved in fair volume, expanding over 75 per cent as compared with February 15 to March 14, so that despite a smaller volume of sales to local banks and a further decline in shipments to Eastern cities, total distribution exceeded that of a month earlier. Holdings remained at a very low level. Since the early part of April there has been no uniformity of rates in the Chicago market, but bills were reported as moving somewhere within a range of 3/16 and ¼ per cent to ½ per cent.

In the Seventh Federal Reserve district, new financing by means of bankers' acceptances continued a non-seasonal decline during March, and aggregated less than in any of the immediately preceding eleven months as well as 29 per cent below the 1924-33 March average. With the direct discounting of these bills at originating banks showing a similar decrease and with the buying of other banks' bills declining sharply from February rather than expanding as usual, total purchases fell under those of any corresponding period since June 1932. Sales, on the other hand, were

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT
(Amounts in millions of dollars)

	April 18 1934	Change From March 14 1934	Change From April 19 1933
Total Loans and Investments	$1,756	$+39	$+384
Loans on Securities	344	+7	−68
All Other Loans	411	+6	+16
Investments	1,001	+26	+436
Net Demand Deposits	1,499	+86	+553
Time Deposits	473	−7	+12
Borrowings from Federal Reserve Bank	0	0	0



Acceptances and United States Government securities represent System's holdings purchased in Seventh district. Figures based on data as of Wednesday each week. Latest figures are for April 18, 1934.

reduced even further from the almost negligible quantity of a month earlier, so that the bill holdings of accepting banks remained exceptionally large on March 31, although an excess of maturities over current purchases resulted in some reduction in volume from the close of February. However, the liability for outstandings on March 31 was not only smaller than for any reporting date since last May but 21½ per cent below the 1924-33 average for this time of the year. Largely as a consequence of reduced borrowing by the grain industry, new financing by means of acceptance credits declined by 51 per cent in the first half of April from the corresponding weeks of March.

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

	Per Cent Change in March 1934 From February 1934	March 1933
Total value of bills accepted	−16.2	+19.0
Purchases (including own bills discounted)	−36.5	−14.4
Sales	−60.5	−98.5
Holdings*	−16.2	+70.9
Liability for outstandings*	−10.2	+ 4.6

*At end of month.

Security Markets

Prices continued to strengthen in the Chicago bond market during March and the early part of April, reflecting the improved demand for investment securities. High grade municipal and corporate issues were in greatest demand during the month, although prices in all classifications rose considerably. In the second week in April, United States Government obligations were quoted at the highest levels since 1931. Foreign bonds were irregular to lower during the period. According to local investment houses, institutions appear to be the more important purchasers of bonds in the present market. Stock prices on the Chicago Exchange have fluctuated very narrowly since the first of March. The average price of twenty leading stocks* amounted to $31.55 on April 17.

*Chicago Journal of Commerce.

Agricultural Products

A winter wheat crop of 72 million bushels in 1934, or 6 millions more than the 1933 harvest, is forecast by the U. S. Department of Agriculture for the five states including the Seventh district. April 1 condition, on which the estimate is based, was only moderately below average and much higher than the record low of a year previous. The condition of rye was somewhat lower than last year and pastures were reported as much poorer. Progress of field work is about normal, with moisture sufficient for planting needs, though there is probably a deficiency in the subsoil reserve.

Grain Marketing

The primary movement of grains in March was characterized by reduction in receipts and expansion in shipments over the small February volume. In the case of wheat, both items were at the lowest March level in this bank's records (from 1920). Wheat exports continued at about the level of the preceding two months and were well above the exceedingly small volume of last March. The United States visible supply declined 12 million bushels in March (5 weeks) and 3 millions further by April 14, or approximately the same as the 1933 reduction during the same period. Farm stocks of wheat on April 1 were 68 million bushels under a year earlier, farm disappearance since January 1 having totaled only about 79 millions, the smallest quantity for the same period in the past seven years, according to the Department of Agriculture estimates.

Corn receipts at primary markets declined less than usual in March, while shipments recorded a substantial contrary-to-seasonal increase and nearly equaled the March five-year average. Receipts of oats were the smallest for any month in this bank's records and were exceeded by shipments for the second consecutive month. Visible supplies of corn continued high, but oats stocks were reduced considerably during March and early April.

Grain prices were relatively stable in March and averaged somewhat lower than in February. Decided weakness developed around the middle of April, influenced partly by the Government forecast of the winter wheat crop at 140 million bushels greater than last year's small crop, and by indications that grain supplies in the 1934-35 season may be as great as those for the current season.

Movement of Live Stock

A smaller number of hogs was marketed in the United States during March 1934 than in any previous month since August 1932, though less than a seasonal decrease in volume was recorded from February. Cattle receipts failed to show as large an expansion as is customary for the period, but the marketing of calves attained the highest level since October and that of lambs increased more than seasonally. Cattle and calves were received at public stock yards in considerably greater numbers than last March, while the movement of hogs and lambs declined from 1933 and, with the single exception of an increase in calves, the marketing of all live stock fell below the 1924-33 average for the month. The movement to inspected slaughter (inclusive of animals that did not pass through the public stock yards) differed from the trend of market receipts in two instances: the supply of calves was in excess of any corresponding period on record (January 1920) and a decrease in the number of hogs constituted the only recession in volume from the 1924-33 March average.

Reshipments of cattle and lambs to feed lots increased over February but continued below the seasonal level; those of calves declined—contrary to the usual tendency—and were only one per cent above the 1929-33 March average.

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

	Mar. 1934	Per Cent of Increase or Decrease From Feb. 1934	Feb. 1933*
Chicago	$2,294	+28.2	+37.8
Detroit, Milwaukee, and Indianapolis	937	+20.4	+99.9
Total four larger cities	$3,231	+25.8	+51.4
32 smaller centers	483	+23.9	+52.3
Total 36 centers	$3,714	+25.6	+51.5

*Figures for March 1933 not available. Michigan banks were closed, or operating under restrictions, during part of February 1933, account of special holiday proclaimed by State authorities.

LIVE STOCK SLAUGHTER
(In thousands)

	Cattle	Hogs	Lambs and Sheep	Calves
Yards in Seventh District, March 1934	199	633	293	125
Federally Inspected Slaughter, United States				
March 1934	771	3,039	1,242	534
February 1934	733	3,433	1,159	437
March 1933	617	3,602	1,413	398

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

	Week Ended April 21 1934	March 1934	Months of February 1934	March 1933
Native Beef Steers (average)	$6.50	$5.95	$5.55	$5.20
Fat Cows and Heifers	4.70	4.50	4.40	4.20
Calves	5.50	5.75	6.00	5.40
Hogs (bulk of sales)	3.85	4.35	4.35	3.85
Yearling Sheep	8.00	8.50	8.40	4.50
Lambs	9.45	9.25	9.20	5.50

Meat Packing

Though recording somewhat less than a seasonal decline —3 per cent from February—and totaling only 7½ per cent below the 1924-33 average for the period, the volume of production at slaughtering establishments in the United States was less in March 1934 than for any previous month since February 1933 and 3 per cent under last March. On the other hand, sales, payrolls, and prices continued to reflect a marked improvement over a year ago. Demand during the month was sufficiently strong to absorb the sales tonnage offered—which was not only in excess of current production but 6½ per cent greater than in March 1933 and 2½ per cent above the 1924-33 average for the month—at somewhat higher prices than obtained in February. The total value of sales billed to domestic and foreign customers in March remained about on a level with that of a month earlier and was 42 per cent in excess of a year ago. Furthermore, inventories of packing-house products in the United States decreased to a greater extent than usual on April 1 from the beginning of March to a level 84,805,000 pounds below the 1929-33 average for this season, although they were 195,129,000 pounds heavier than on the corresponding date of 1933. Payrolls at the close of March showed a reduction from February of 2 per cent in number of employes and of 5 per cent in amount of wage payments.

Shipments for export declined in March from February. Demand for American lard remained exceptionally light on the Continent but was fair in the United Kingdom. Moreover, English importers made some commitments calling for future delivery of the commodity. European trade in United States meats failed to record an improvement during the month. Owing to a continuance of quota systems and of other import restrictions, British quotations on United States meats and Continental prices of American lard ruled above the Chicago parity. Prices of American lard in the United Kingdom, however, continued at a discount. United States holdings of packing-house commodities in foreign countries (inclusive of stocks in transit) were reported as slightly heavier on April 1 than a month earlier.

Dairy Products

Creamery butter production in the Seventh Federal Reserve district increased seasonally by 11½ per cent in March over February to a level above any month since last December, but was 13 per cent under a year ago and 10½ per cent below the 1924-33 average for the month. The district sales tonnage, on the other hand, declined, contrary to the usual trend in March, being 1½ per cent lighter than a month earlier, 3 per cent under the ten-year average, and 4½ per cent less than for last March. Although manufacture of the commodity in the United States gained more than seasonally over February, market demand—in view of a withdrawal of 4,692,211 pounds by the Government for relief purposes—proved sufficiently strong to cause a greater than seasonal decline in inventories during the month. April 1 inventories of creamery butter in the United States, therefore, aggregated only 863,000 pounds greater than the 1929-33 average for the date and 6,097,000 pounds in excess of a year ago. Furthermore, prices averaged higher than in February, although they trended downward after the first week in March.

The production of American cheese in Wisconsin continued to expand more than seasonally, being 24 per cent heavier in the four weeks ended March 31 than in the preceding period, 8 per cent larger than a year ago, and 4½ per cent in excess of the 1929-33 average. However, distribution of the commodity from Wisconsin markets not only declined 20½ per cent from a month earlier and 16 per cent from last year but fell 10½ per cent under the volume of current production. Because prices averaged higher than in February, total stocks of cheese in the United States decreased less than a seasonal amount on April 1 from the beginning of March and showed a slightly greater excess over 1933 and the five-year average than obtained a month earlier. Quotations trended downward after the second week in March.

Industrial Employment Conditions

Further progress in the return of industrial workers to gainful occupations was reflected in the reports for March from Seventh district industries. These industries, represented by 4,220 establishments and 924,281 workers, showed increases of 6½ per cent in employment and 9½ per cent in payrolls over the preceding month. A continuous expansion in these two items during the past four months has raised employment 21 per cent and payrolls 38 per cent above the levels of last November, which month represented the low point of the autumn recession following the earlier upward trend. Workers employed in March this year were the largest in number reported since May 1931 and within 21 per cent of the figure for the corresponding month of 1929 when a high level of activity prevailed. Wage payments, though the highest since June 1931, were fully 40 per cent below those of March 1929.

Among the increases noted in the comparison of March with the preceding month, those recorded for the metals and vehicles industries are of outstanding importance, as these two groups cover approximately 55 per cent of the entire volume of reported employment and consequently to a large extent determine the trend for the industrial groups as a whole. Practically all the metal industries contributed to a group increase of 7 per cent in employment and 11 per cent in payrolls. The vehicles group continued to show a marked expansion, increasing employment 13 per cent and payrolls 18 per cent, these items reaching the highest levels held since July 1930 and May 1931, respectively. Except for the food products and

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

Industrial Group	Week of Mar. 15, 1934			Change From Feb. 15, 1934	
	Reporting Firms No.	Wage Earners No.	Earnings (000 Omitted) $	Wage Earners %	Earnings %
Metals and Products[1]	993	211,653	4,411	+7.4	+10.7
Vehicles	210	308,799	8,093	+13.2	+17.7
Textiles and Products	189	38,909	656	+4.8	+3.2
Food and Products	483	79,153	1,601	+0.1	−1.2
Stone, Clay, and Glass	166	9,231	179	+6.4	+3.9
Wood Products	376	30,327	446	+1.9	+6.6
Chemical Products	137	18,946	418	+2.4	+3.1
Leather Products	90	20,775	378	+8.6	+12.4
Rubber Products[2]	8	8,408	200	+8.3	+14.8
Paper and Printing	470	58,380	1,278	+0.6	+0.0
Total Mfg., 10 Groups	3,122	784,581	17,660	+7.8	+11.1
Merchandising[3]	690	45,802	896	+0.6	+0.6
Public Utilities	79	80,985	2,306	+0.6	+3.2
Coal Mining	22	4,534	90	−2.1	−1.2
Construction	307	8,379	150	−1.6	−0.3
Total Non-Mfg., 4 Groups	1,098	139,700	3,442	+0.4	+2.3
Total, 14 Groups	4,220	924,281	21,102	+6.6	+9.5

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

paper and printing industries which registered only minor changes from the preceding month, all of the manufacturing groups showed marked increases. Non-manufacturing industries gained one-half per cent in employment and 2½ per cent in payrolls, losses in the coal mining and construction industries offsetting small gains in merchandising and public utilities concerns.

Manufacturing

Automobile Production and Distribution

The March aggregate of automobiles produced in the United States represented the heaviest monthly volume since April 1931, and brought output for the first quarter of this year to above any corresponding period since 1930. The number of passenger cars produced totaled 278,135 for the current month, or 46 per cent higher than in February and 180 per cent in excess of March a year ago. Output in the first three months of 1934 amounted to 584,420 vehicles, as against only 298,886 in the same months of 1933, 292,116 in 1932, 548,529 in 1931, and 841,514 in 1930. Truck production in March numbered 57,842, a gain of 28 per cent over the preceding month and of 219 per cent over last March, while first-quarter output of 147,679 represented increases of 167, 133, and 25 per cent over the corresponding periods of 1933, 1932, and 1931, respectively, and a decline of but 5 per cent from 1930.

The number of new automobiles sold to consumers by reporting dealers in this district again expanded sharply in March, while gains reported by distributors at wholesale were somewhat more moderate following the heavy increases of a month earlier. Sales of both dealers and distributors totaled considerably heavier than for last March, despite the fact that the month last year recorded substantial gains in sales. As stocks of new cars were increased further in March, contrary to seasonal trend, their number at the end of March was almost 70 per cent greater than a year ago at the same time. The trend in used car sales was similar to that in new cars, but stocks showed smaller gains over a month and a year previous. A slight increase took place during March in the proportion of deferred payment sales to total sales of dealers reporting the item, a ratio of 47 per cent comparing with one of 45 per cent for identical dealers in February; the ratio for last March was 48 per cent.

Iron and Steel Products

Rather sharp improvement took place during March in the steel industry of the Chicago district, both new business and shipments exceeding those of the preceding month by a considerable margin. Steel ingot output which held at around 47 per cent of capacity through the latter half of March and early days of April, subsequently rose to 54 per cent, which compares with only 22 per cent a year ago and in 1932 at the same time and approximately equals the rate prevailing in the same weeks of April 1931. Announcement of forthcoming price advances stimulated forward buying of both steel and pig iron in the early part of April, although contracting for the second quarter had previously been comparatively light. Daily average production of pig iron in March for the Indiana and Illinois district rose more than 25 per cent over the preceding month and was much greater than in either March 1933 or 1932. There have been no quotable price changes in finished steel or pig iron during recent weeks, although scrap iron and steel prices weakened a little after the middle of March.

The rise in new business experienced by Seventh district foundries since the beginning of the year was greatly accelerated in March when over two-and-one-half times as large a volume of orders for steel castings was booked as in February. Substantial increases were also shown in the production and shipments of steel castings, each being approximately one-third heavier than in the preceding month. Shipments in both tonnage and dollar units were the largest reported since June 1931. At malleable casting foundries, the volume of orders booked totaled practically the same in March as in February, while shipments and production showed gains of 30 and 34 per cent, respectively. Current figures for malleable castings as compared with those of a year ago recorded increases of 305 per cent in production, 252 in shipments, and 183 in orders, while for steel castings the corresponding gains were 179, 135, and 415 per cent.

Seasonal activity in the manufacture of stoves and furnaces continued in March, molding-room operations showing an expansion of 41 per cent over those of February. Orders accepted increased 46 per cent and shipments 21 per cent in the monthly comparison and were, respectively, 93 and 103 per cent larger than a year ago. Inventories increased 14 per cent during the month and were 86 per cent heavier than at the close of March 1933.

Furniture

March orders booked by furniture manufacturers reporting to this bank exceeded those of the preceding month by 27 per cent, in contrast to a decline in the comparison a year ago of 22 per cent; in the average (1927-1933) for the period an increase of 8 per cent is recorded.

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in March 1934 From Previous Months

	Per Cent Change From		Companies Included
	February 1934	March 1933	
New Cars			
Wholesale—			
Number Sold	+11.7	+83.5	16
Value	+21.4	+132.6	16
Retail—			
Number Sold	+63.6	+50.6	60
Value	+62.3	+45.4	60
On Hand March 31—			
Number	+18.9	+67.7	60
Value	+10.0	+44.3	60
Used Cars			
Number Sold	+43.6	+48.2	60
Salable on Hand—			
Number	+6.9	+8.7	60
Value	+13.0	+8.4	60

LUMBER AND BUILDING MATERIALS TRADE

Class of Trade	March 1934: Per Cent Change From		Number of Firms or Yards
	February 1934	March 1933	
Wholesale Lumber:			
Sales in Dollars	+18.1	+74.0	11
Sales in Board Feet	+23.7	+34.2	9
Accounts Outstanding[1]	+4.2	+36.1	11
Retail Building Materials:			
Total Sales in Dollars	+40.6	+64.0	170
Lumber Sales in Dollars	+31.2	+58.0	60
Lumber Sales in Board Feet	+19.7	+33.8	71
Accounts Outstanding[1]	+4.4	+3.3	167
	Ratio of Accounts Outstanding[1] to Dollar Sales during Month		
	March 1934	Feb. 1934	March 1933
Wholesale Trade	163.4	185.1	208.9
Retail Trade	316.7	427.7	507.1

[1] End of month.

Shipments made during March also gained more than seasonally—17 per cent as compared with 14 per cent in the average—likewise in contrast to a decline in March 1933 from the preceding month of 5 per cent. Cancellations, however, gained heavily over those of February so that despite the fact that new orders continued in March to exceed current shipments, the volume of unfilled orders outstanding at the close of the month was only 8 per cent greater than a month previous and registered a decline in the ratio to current orders of 10 points from the 91 per cent of February 28. The rate of operations averaged 43 per cent of capacity, 3 points under that of February and 3 points above that obtaining in March 1933.

SHOE MANUFACTURING, TANNING, AND HIDES

The Seventh district shoe industry continued seasonally active in March, preliminary reports indicating a further expansion in production over the preceding month. In the tanning industry, production of leather was maintained at the level of the preceding month, but sales were slightly lower and prices less firm. The packer hide market in Chicago opened the month with a decline of one-half cent on practically all descriptions; sales of hides on this lower basis were about as large as in February, while those of calf and kip skins were considerably larger. The loss of one-half cent in price quotations was recovered by the close of March, and a further rise of one cent was reported by the middle of April.

Building Materials, Construction Work

Wholesale lumber distribution in March expanded seasonally, but less than in March 1933, so that the year-ago comparison was not so favorable as was recorded in February. Accounts increased only slightly and the accounts-sales ratio continued to decline as in January and February.

Reporting retail yards showed marked improvement from the low level of the preceding month, and the increase in dollar sales of all materials over a year ago was greater than for any month in the past year. While gains were distributed throughout the district, a large share of the increase was accounted for by yards in Iowa which reported increased buying in anticipation of a sales tax which became effective April 1. The ratio of accounts to dollar sales showed a decided reduction from the level at the end of February. Heavier stocks were reported by a number of yards. Prices held firm to slightly higher.

Cement distribution in March was heavier than last year, though its use was limited by unfavorable weather in some sections. Clay products experienced a less satisfactory trend. The demand in both these industries continued to come largely from Government projects, with only a slight seasonal expansion in private construction and repair work.

BUILDING CONSTRUCTION

As a result of the large gain in total building contracts awarded during March in the Seventh Federal Reserve district, the aggregate for the first quarter of 1934 was 3½ times that for the corresponding period of 1933; residential building in this same comparison totaled almost twice the volume of last year. A considerable portion of the initial quarter of 1934 contracts has been for publicly-financed undertakings. Residential awards, though totaling only 10 per cent of all contracts, increased in volume during March for the third consecutive month.

WHOLESALE TRADE IN MARCH 1934

Commodity	Per Cent Change From Same Month Last Year				Ratio of Accts. Outstanding to Net Sales
	Net Sales	Stocks	Accts. Outstand.	Collections	
Groceries	+17.5	+33.8	−4.9	+17.7	101.4
Hardware	+97.9	+23.8	+14.5	+115.3	207.4
Dry Goods	+81.6	+48.1	+5.1	+59.3	210.2
Drugs	+42.6	+7.7	−9.5	+20.6	180.5
Electrical Supplies	+84.2	+7.7	+19.8	+70.9	173.2

BUILDING CONTRACTS AWARDED*
SEVENTH FEDERAL RESERVE DISTRICT

Period	Total Contracts	Residential Contracts
March 1934	$25,241,164	$2,466,258
Change from February 1934	+57%	+45%
Change from March 1933	+219%	+80%
First three months of 1934	$69,005,332	$5,475,572
Change from same period 1933	+244%	+96%

*Data furnished by F. W. Dodge Corporation.

In 100 cities of the Seventh district, aggregate permits issued reflected an increase in the number of projects contemplated and heavy gains in valuation amounting to 154 per cent in the monthly and 152 per cent in the yearly comparison. Among the five larger cities of the district—Chicago, Detroit, Milwaukee, Des Moines, and Indianapolis—only the last differed from the group trend in the estimated cost of proposed construction, a decline of 64 per cent being registered in both the monthly and year-ago comparisons. The dollar volume of all permits issued in the district during March totaled 3¾ millions, as compared with slightly less than 1½ million dollars in the preceding month.

Merchandising

The general expansion shown during March in the wholesale distribution of commodities was largely seasonal in extent, although certain groups experienced heavier than usual increases in sales for the period. The wholesale hardware trade gained 38 per cent over the preceding month, the dry goods trade 22 per cent, and electrical supply sales 20 per cent, as against increases in the 1924-33 average for March of only 33, 14, and 7 per cent, respectively. The gains of 10 per cent each in wholesale grocery sales and in the drug trade compared with increases of 12 and 14 per cent in the average. As will be noted in the table, gains over March last year were exceptionally large, except in groceries, the disturbed conditions prevailing a year ago being to a great extent responsible for the favorable comparison shown in March this year. First-quarter sales in 1934 exceeded those of the corresponding period of 1933 by 21 per cent in groceries, 31 per cent in drugs, 64 per cent in dry goods, 72 per cent in electrical supplies, and 87 per cent in hardware. Slight increases over a month previous were recorded by all lines in stocks held

DEPARTMENT STORE TRADE IN MARCH 1934

Locality	Per Cent Change March 1934 From March 1933		Per Cent Change First Three Months 1934 From Same Period 1933	Ratio of Mar. Collections to Accounts Outstanding End of February	
	Net Sales	Stocks End of Month	Net Sales	1934	1933
Chicago	+25.4	+29.6	+23.8	33.3	22.7
Detroit	+109.3	+7.9	+63.9	46.6	21.6
Indianapolis	+61.9	+47.4	+32.2	42.7	30.9
Milwaukee	+39.9	+38.6	+30.0	35.7	27.2
Other Cities	+67.5	+15.1	+45.5	34.0	24.8
7th District	+49.0	+26.1	+35.2	38.0	23.9

at the end of the month. Accounts-sales ratios were smaller in all reporting groups for March as compared with February and continued to be considerably below those of a year ago when collection conditions were extremely unfavorable. Price trends generally held steady to upward in March.

A 31 per cent gain in Seventh district department store sales for March over February was greater than in the same month of any of the ten preceding years and compared with an expansion of only 18 per cent in the average for these years. Chicago stores showed the smallest increase in the monthly comparison, sales exceeding those of the preceding month by 22 per cent, whereas Milwaukee trade gained 24 per cent, Detroit 42 per cent, Indianapolis 49 per cent, and the total for stores in smaller cities 38 per cent over February. An unusually large increase—49 per cent—was recorded in district sales over March 1933, the size of the gain being partly accounted for by the fact that Easter trade came in March this year, whereas last year it was carried over into April, and partly due to the low level of business activity prevailing a year ago, especially in cities such as Detroit. Collection conditions, as reflected in the ratios of collections to accounts, likewise showed wide differences this year from the unfavorable trends of last March. Stocks continued to rise seasonally in March and at the end of the month totaled over one-fourth heavier than last March. First-quarter stock turnover in 1934 was somewhat more rapid than in the same month of 1933.

The retail shoe trade in March, according to aggregate sales of reporting dealers and department stores, exceeded that of the preceding month by 74 per cent, as against an increase of 43 per cent in the 1926-33 average for the month. With the exception of March 1929 when a gain of 102 per cent was recorded over a month previous, the current expansion was by far the heaviest of any of the years included in the average. Sales totaled 55 per cent greater than in March last year and in the first three months of 1934 were 37 per cent above those of the first quarter of 1933. A 7 per cent expansion took place in stocks on hand between the close of February and the end of March, and they totaled 13 per cent heavier than a year ago at the same time.

As in other lines of retail trade, sales of furniture and house furnishings expanded more than usual in March over February. Reporting dealers and department stores had sales aggregating 8½ per cent more than in the preceding month, which compares with a gain of but 7 per cent in the 1927-33 March average. Sales exceeded those of a year ago by 50 per cent. Stocks increased 2 per cent in the month, totaling 30 per cent heavier than at the end of March last year.

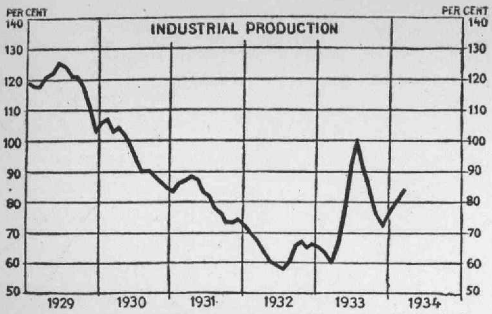
Aggregate sales of fourteen reporting chains in March were 24 per cent in excess of the February volume and 31 per cent heavier than in March a year ago. All groups, which include drugs, groceries, five-and-ten-cent stores, shoes, cigars, men's clothing, and musical instruments, shared in the gain over a month previous, and all except groceries in that over last March. The aggregate number of stores operated rose very slightly in March over February, but was 3 per cent less than a year ago.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

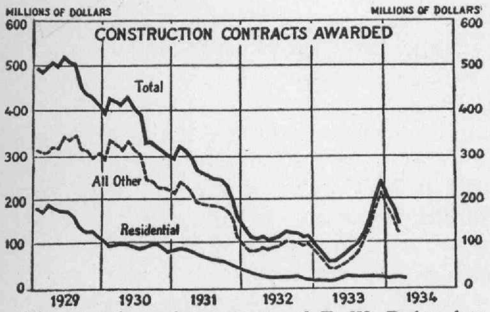
(Index numbers express a comparison of unit or dollar volume for the months indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following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

	No. of Firms	Mar. 1934	Feb. 1934	Jan. 1934	Dec. 1933	Nov. 1933	Oct. 1933	Mar. 1933	Feb. 1933	Jan. 1933	Dec. 1932	Nov. 1932	Oct. 1932
Meat Packing—(U. S.)—													
Sales (in dollars)	62	63	63	60	54	56	67	45	44	46	46	49	58
Casting Foundries—													
Shipments:													
Steel—In Dollars	13	28	22	21	18	21	23	11	10	12	10	11	11
In Tons	13	28	21	21	20	22	25	12	11	12	10	11	10
Malleable—In Dollars	21	36	28	23	23	23	25	10	11	11	11	10	9
In Tons	21	58	44	38	36	36	39	16	20	20	18	16	16
Stoves and Furnaces—													
Shipments (in dollars)	10	76	62	43	78	111	128	38	35	22	45	70	100
Furniture—													
Orders (in dollars)	14	36	28	35	18	21	24	19	24	25	16	20	30
Shipments (in dollars)	14	33	29	21	23	28	38	20	20	19	18	25	33
Flour—													
Production (in bbls.)	21	106	107	121	104	109	107	110	91	103	108	112	119
Output of Butter by Creameries—													
Production	67	80	72	78	80	80	93	93	85	93	86	77	92
Sales	69	92	93	93	101	95	92	96	91	89	89	97	87
Wholesale Trade—													
Net Sales (in dollars):													
Groceries	28	67	61	63	62	63	65	58	51	52	65	64	65
Hardware	11	52	39	38	46	46	51	28	22	22	30	36	44
Dry Goods	9	42	34	37	28	33	38	23	21	25	25	32	35
Drugs	13	70	64	70	67	57	61	49	49	58	60	56	58
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago	25	66	54	54	105	65	73	56	44	45	92	62	66
Detroit	5	92	67	58	114	67	67	45	40	48	108	70	73
Indianapolis	4	84	56	62	119	70	83	52	47	54	106	68	79
Milwaukee	5	71	58	58	111	77	83	51	46	47	101	74	78
Other Cities	43	73	53	52	102	64	64	44	38	40	84	57	60
Seventh District	82	73	57	55	108	66	72	51	43	46	95	64	68
Automobile Production—(U. S.)—													
Passenger Cars		95	65	40	18	15	37	34	31	37	29	16	12
Trucks		154	120	119	80	52	81	48	41	58	56	32	36
Building Construction—													
Contracts Awarded (in dollars):													
Residential		8	6	4	3	5	5	5	2	3	3	5	7
Total		37	24	40	48	34	31	12	6	12	14	20	17
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana		49	39	34	31	34	45	18	21	19	19	19	20
United States		53	46	40	39	37	45	18	20	19	18	21	21
Steel Ingot Production—(U. S.)*		78	69	56	55	45	61	25	34	30	25	30	31

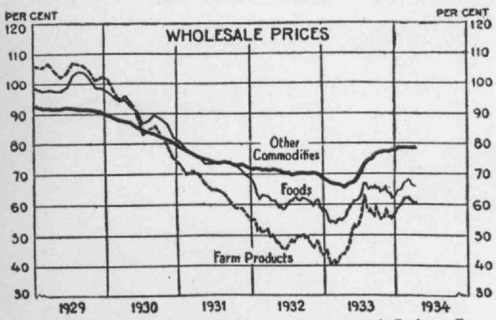
*Average daily production.



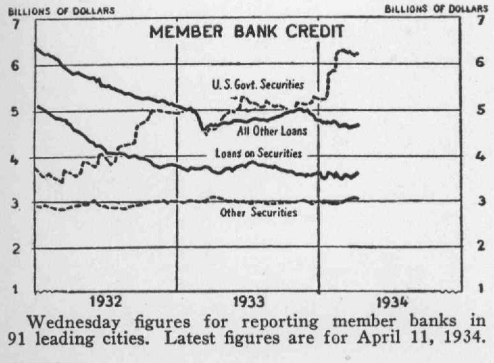
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



Three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variation. Latest figures based on data for February, March, and estimate for April 1934.



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



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for April 11, 1934.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of industrial production increased further in March, and there was considerable growth in factory employment and payrolls. The general level of commodity prices showed little change between the middle of March and the middle of April, but in the third week of April there was a sharp decline in grain prices.

Production and Employment

Output of manufactures and minerals, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, advanced from 81 per cent of the 1923-1925 average in February to 84 per cent in March. This advance reflected chiefly increases of more than the usual seasonal amount in the output of steel, automobiles, and lumber, and an increase contrary to seasonal tendency in the output of coal. Production of textiles showed little change in volume on a daily average basis. In the early part of April, activity at steel mills and automobile factories increased further, according to trade reports, while coal production declined by a more than seasonal amount. Volume of employment at factories increased further between the middle of February and the middle of March by about 4 per cent, an amount larger than is usual at this season. Employment on the railroads and at mines also showed an increase. The number on the payrolls of the Civil Works Administration was reduced from about 3,700,000 in the middle of February to about 2,400,000 in the middle of March and 1,900,000 at the end of the month.

The value of construction contracts awarded in March, as reported by the F. W. Dodge Corporation, showed a considerable increase from the low level of February, followed, in the first half of April, by a decline. For the first quarter as a whole, the value of contracts was somewhat smaller than in the last quarter of 1933; publicly-financed projects continued to make up about three-fourths of the total.

Distribution

Volume of freight carloadings showed a further increase in March, reflecting chiefly seasonal increases in shipments of merchandise and miscellaneous freight and a continued large volume of coal shipments, which usually decline in March. In the early part of April, total carloadings showed a decline, reflecting a sharp reduction in coal shipments. Dollar volume of trade at department stores increased in March by considerably more than the estimated seasonal amount, after allowance for the early date of Easter this year.

Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, was 73.3 per cent of the 1926 average in the week ending April 14, as compared with 73.8 per cent in the week ending March 10. During this period, prices of steel, copper, and automobiles advanced, while prices of farm products decreased somewhat. In the third week of April, wheat prices declined sharply, and there were also declines in the prices of other grains, cotton, and silver.

Bank Credit

During the four weeks ending April 18, member bank reserve balances increased by $220,000,000, raising the volume of reserves in excess of legal requirements to $1,600,000,000. This increase reflected a growth of $105,000,000 in the monetary gold stock and further disbursements by the Treasury of funds from its cash holdings and its deposits with the reserve banks.

At reporting member banks in leading cities an increase of $400,000,000 in net demand and time deposits for the four-week period ending April 11, reflected chiefly the deposit by the public of funds disbursed by the Treasury, as well as a growth in bankers' balances. Government deposits were reduced by about $200,000,000. Holdings by these banks of securities, other than United States Government obligations, increased by $64,000,000, and their loans both on securities and "all other" also increased slightly, with the consequence that total loans and investments showed a growth of $100,000,000 for the period.

Money rates in the open market declined further in April. Rates on prime 4-6 month commercial paper were reduced from a range of 1-1¼ per cent to 1 per cent, and rates on 90-day acceptances were reduced from ¼ per cent to a range of ⅛-¼ per cent. Yields on Government securities also declined.