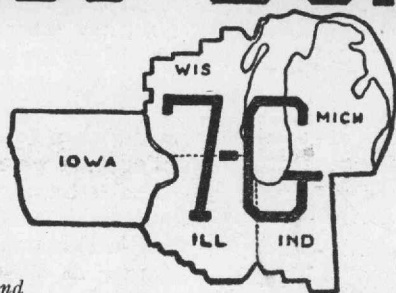


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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General Summary

INDUSTRIAL output in the Seventh district continued in substantial volume during April, with certain phases showing further expansion over a month earlier, but the merchandising of commodities recorded recession in the period, following the greater activity occasioned in March by the Easter trade.

Employment trends in April again were outstanding, both the number of men employed and aggregate payrolls increasing materially over the preceding month, whereas in the average for this period little change is normally shown. As in recent months, the metals and vehicles industries were to a great extent responsible for the gains. Automobile production for April totaled the heaviest since May 1930, and the rate of steel ingot output in the early part of May exceeded that of any corresponding period since 1930. Steel and malleable casting shipments in April gained over those of the preceding month, though orders declined; output of stoves and furnaces was greater; and shoe production continued at a rate higher than normal. Orders and shipments of furniture manufacturers decreased in the month, in line with seasonal trend. Building construction aggregated slightly less, but the movement of materials increased in most sections of the district. In all these reporting groups, activity remained at levels above those of a year ago, although last April had shown considerable improvement.

Production of meat-packing products expanded in April, counter to seasonal trend, but sales were smaller than in March, though the aggregate value thereof was much larger than for last April. Also, the production of butter totaled heavier and sales smaller than a month previous, with the former item under the year-ago volume and the latter exceeding it. Although both the manufacture and distribution of Wisconsin cheese gained over March and

the former was greater than in the corresponding period last year, sales were less than production and below the level of 1933. The primary movement of wheat was restricted in April; receipts of corn and oats declined, while shipments thereof increased and exceeded receipts. The spring pig crop in the Seventh district totaled much smaller than in 1933, but the lamb crop showed some increase. Effects of drouth in this district, as in many other sections of the country, have become serious in recent weeks.

In the wholesale grocery and drug trades, declines in April from the preceding month were more than seasonal, but gains in the hardware and electrical supply trades showed a better than usual expansion; the recession in dry goods was average for the period. Department store sales declined slightly in April, contrary to seasonal trend, as did the retail shoe trade, while sales of furniture and house furnishings expanded though less than usual. The chain store trade also totaled less than in the preceding month. All groups, however, had heavier sales than last April despite the favorable trends shown at that time. Further moderate gains were recorded in automobile distribution during April.

Between April 18 and May 16, aggregate loans and investments, and net demand and time deposits of reporting member banks in the district increased. The volume of reserve bank credit extended to the district declined in the period. Commercial paper sales by dealers again expanded in April, while new financing by means of bankers' acceptances declined further. Activity in the Chicago bond market continued at about the March level.

Credit Conditions and Money Rates

A decrease of over 3 million dollars in reserve bank credit extended within the Seventh district together with a drop of 5 millions in holdings of United States Government securities resulted in a decline in total credit extended by the Federal Reserve Bank of Chicago from \$440,727,000 on April 18 to \$431,558,000 on May 16. The decrease in Seventh district credit represented almost entirely a decline in "float," which contrasted with an increase in that item in the preceding period (March 14 to April 18) — a change in "float" results from the difference in time between the receipt by the Reserve bank of payment for collection items and the crediting of banks with the proceeds. Continued heavy transfers of funds to other districts for commercial transactions reduced local banking reserves by almost 20 millions. A gain of funds

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	MAY 16 1934	APRIL 18 1934	MAY 17 1933
Total Bills and Securities.....	\$434.1	\$-6.2	\$+143.9
Bills Discounted.....	1.1	-0.0	-14.7
Bills Bought.....	0.6	-1.1	-17.1
U. S. Government Securities.....	432.3	-5.0	+175.8
Total Reserves.....	995.3	+1.8	+46.1
Total Deposits.....	623.5	-11.5	+305.2
Federal Reserve Notes in Circulation.....	776.7	+4.9	-82.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	71.0%	+0.4*	-9.6*

*Number of Points.

through an excess of United States Treasury disbursements over collections and a decrease in demand for currency partially offset the outflow of funds resulting from inter-district commercial transactions. Reserve deposits of Seventh district member banks declined over 3 million dollars in the period, and special and "all other" deposits fell off approximately 5 millions.

Changes Between April 18 and May 16 in Factors Affecting Use of Federal Reserve Bank Funds Seventh District

(Amounts in thousands of dollars)

Reserve bank credit extended.....	-3,063
Commercial operations through inter-district settlements.....	-19,699
Treasury and National bank currency.....	-2,267
Total supply.....	-25,029
Demand for currency.....	-2,886
Member bank reserve balances.....	-3,399
Treasury cash and deposits at Federal Reserve Bank of Chicago.....	-13,844
Special and "all other" deposits.....	-4,971
Other Federal Reserve accounts.....	+71
Total demand.....	-25,029

MEMBER BANK CREDIT

Licensed reporting member banks in the Seventh district recorded a gain on May 16 of 44 million dollars in total loans and investments over the aggregate on April 18, an expansion somewhat greater than that shown on the latter date as compared with March 14. The increase on May 16 reflects almost entirely, as shown on the accompanying table, a heavier volume of investment holdings, "all other" (commercial) loans rising only 4 millions, whereas loans on securities declined 7 millions. Net demand deposits were in greater volume on May 16 than on April 18, though the increase of 24 million dollars in this comparison was substantially less than the 86-million rise on April 18 as against March 14. Time deposits, on the other hand, rose 17 millions in the current period, as compared with a decline of 7 millions in the April 8-March 14 period. The loans and investments aggregate as well as deposit totals continued to show considerable increases over the corresponding reporting dates in 1933.

The prevailing rate on customers' commercial loans, as reported by down-town Chicago banks for the week ended May 15, was 1½ to 5 per cent, whereas for the week ended April 15 a range of 2½ to 5 was given. The average rate earned on loans and discounts by down-town Chicago banks during the calendar month of April declined to 3.18 per cent, as compared with 3.43 in March and with 4.34 in April 1933. In Detroit, a range of 4 to 5 per cent was reported as the rate on customers' commercial loans for the week ended May 15, as compared with 5 to 6 per cent the preceding month.

Instead of recording the customary decline, dealer sales of commercial paper in the Middle West increased during April though at a slower rate than had been evidenced in previous months of 1934, the volume being 1½ per cent larger than in March, 120 per cent greater than a year ago, and 50 per cent smaller than the 1924-33 average for the month. Borrowing by means of commercial paper expanded slightly during the period, but demand from city and country banks for this class of investment proved sufficiently strong to absorb current offerings at some-

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAY 16 1934	CHANGE FROM APRIL 18 1934	FROM MAY 17 1933
Total Loans and Investments.....	\$1,799	\$+44	\$+369
Loans on Securities.....	337	-7	-63
All Other Loans.....	414	+4	+2
Investments.....	1,048	+47	+430
Net Demand Deposits.....	1,523	+24	+505
Time Deposits.....	490	+17	+22
Borrowings from Federal Reserve Bank.....	0	0	0

what lower rates of interest than obtained a month earlier. As a consequence thereof, selling quotations ranged from ½ 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 per cent. Outstandings rose 8½ per cent over March 31 to a level above any other reporting date since October 1931, but were 66 per cent under the 1924-33 average for April 30. Due to light borrowing and to some recession in demand, sales for the first half of May aggregated 27 per cent smaller than for the corresponding weeks of April, and selling rates were within a range of ½ to 1¼ per cent.

Dealer transactions in the Chicago bill market totaled considerably smaller during the five weeks ended May 16 than in either the preceding period or a year ago. Supplies fell off 39 per cent from those of March 15 to April 11, the heavy decline in receipts from Eastern markets more than offsetting a gain in the small volume of bills purchased locally. Shipments to other markets registered expansion during the period, but the volume was exceedingly small and more than counterbalanced by declines in sales to Chicago and out-of-town banks. Total distribution, as a consequence, recorded a decrease equal to that shown in supply. Dealer holdings were nil on May 16. Selling rates ranged from 3/16 and ¼ per cent to ½ per cent during the period.

New financing by means of bankers' acceptances declined more than seasonally in the Seventh Federal Reserve district in April from March to a level lower than for any month since June 1927, and was 33½ per cent below the 1924-33 April average. A decrease from the preceding month, a year ago, and the 1924-33 average for the month, in the direct discounting of these bills at the originating banks was only partially offset by a marked gain over March in the buying of other banks' acceptances. Total purchases, therefore, aggregated 11 per cent in excess of the preceding month but were 9 per cent under the ten-year average for April. With sales remaining almost negligible and with maturities from portfolios falling below current purchases, holdings increased 7½ per cent over the close of March. On the other hand, total maturities exceeded new financing by a considerable margin, so that the liability for outstandings was smaller on April 30 than for any reporting date since October 1928. In the first half of May, new financing by means of acceptance credits increased more than 100 per cent over the corresponding weeks of April, largely reflecting a greater use of funds for grain, iron and steel, and coal and coke.

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

	PER CENT CHANGE IN APRIL 1934 FROM MARCH 1934	APRIL 1933
Total value of bills accepted.....	-24.7	-25.4
Purchases (including own bills discounted).....	+10.8	-13.1
Sales.....	+13.7	-54.2
Holdings*.....	+7.4	+22.9
Liability for outstandings*.....	-12.5	-17.0

*At end of month.

SECURITY MARKETS

The Chicago bond market during April moved at about the levels of March. Demand continued to favor high-grade municipal and corporation bonds and resulted in slightly higher prices among certain of these issues. The comparative absence of new offerings remained practically unchanged during the month. In the first two weeks of May, United States Government securities rose to new high prices in a heavy volume of trading and overshadowed other developments on the listed bond market; demand appeared from both institutions and private in-

vestors. Some unsettlement in stocks at that time brought declines in second grade issues. The average price of twenty leading stocks* amounted to \$29.63 on May 16 as compared with \$31.50 on the corresponding day in April.

* Chicago Journal of Commerce.

Agricultural Products

The 1934 spring crop of pigs in the Seventh district was between 15 and 20 per cent smaller than a year ago, according to reports received by this bank from agricultural agents in 182 counties. The reduction was due almost wholly to fewer sows farrowing, as the size of litters and mortality were about the same as in 1933. On the other hand, the lamb crop increased moderately, probably by not over 4 per cent, as indicated by the same reports.

The effects of drouth prevailing over large areas of the country have become more serious in this district since May 1, at which time the condition of winter grain was below average, but better than a year ago, while hay and pastures were the poorest in recent years. The Government estimate of winter wheat production in the five states including this district was raised on May 1 over a month earlier, but was lowered for the country as a whole. Rye production was forecast at above average, due to larger acreage in this district. Planting and other field work is ahead of the usual schedule in all states except Michigan, but germination is slow, as in some sections seeds were planted in dust. Corn planting is well under way in Iowa, Illinois, and Indiana, but little is up as yet. Clover, alfalfa, and pastures are badly damaged by lack of rain, together with some winter-killing, and are being replaced by emergency hay crops in some sections. Soy bean acreage is being expanded somewhat. Stocks of hay on farms, May 1, are reported as about 50 per cent of last year and 60 per cent of average in this district. Truck crops and gardens are backward. Tree fruits are in good condition, pollination being benefited by dry weather, but strawberries and other small fruits are likely to yield a small crop.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of May 1 condition.
(In thousands of bushels)

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1927-31 AVERAGE
	FORECAST	FINAL	FORECAST	FINAL	
1934		1933	1934	1933	
Winter Wheat.....	74,625	66,319	461,471	351,030	632,061
Rye.....	7,993	5,577	27,906	21,184	40,950

GRAIN MARKETING

Heavy liquidation of wheat futures during April forced prices down sharply, in spite of light marketings. In early May, however, the effects of continued drouth, as revealed in the Government's low estimate for the 1934 crop, caused a strong recovery to the highest level since the middle of February. The primary movement was restricted, as receipts declined seasonally and shipments were one-third less than in March in contrast to a five-year average increase for the month of 16 per cent. Preliminary data on exports show a heavier volume in April than for any month since June 1932, representing further Pacific Coast shipments by the Emergency Export Associa-

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	APR. 1934	PER CENT OF INCREASE OR DECREASE FROM MAR. 1934	
		APR. 1933	APR. 1933
Chicago.....	\$2,442	+6.5	+36.6
Detroit, Milwaukee, and Indianapolis.....	926	-1.2	+96.2
Total four larger cities.....	\$3,368	+4.2	+49.1
33 smaller centers.....	475	-2.2	+38.9
Total 37 centers.....	\$3,843	+3.4	+47.7

tion, which has disposed of over 25 million bushels of wheat and flour in the present season. Visible supplies consequently showed a further reduction to the lowest volume since 1928.

Feed grain prices also weakened under pressure of liquidation, but recovered, as in the case of wheat, in the first half of May. Primary receipts of corn and oats fell off sharply, contrary to the usual March to April trend, while shipments recorded a seasonal expansion and exceeded receipts in the case of both grains. The visible supply of corn showed the first sizable reduction since 1931, amounting to 13 million bushels from March 31 to May 12, as against only a one million decline in the same period of last year.

MOVEMENT OF LIVE STOCK

Live-stock marketings in the United States expanded in April over March. The increase of hog receipts at public stock yards was contrary to trend, and that of cattle and lambs was greater than seasonal. After having reached an exceptionally high level in the preceding month, calf marketings increased less than usual in April. Cattle and calves continued to be marketed in much larger numbers than a year ago, receipts of hogs and lambs remained under 1933, and the marketing of all live stock was below the 1924-33 average for the month. The movement to inspected slaughter (inclusive of animals that did not pass through public stock yards) differed from the trend of market receipts in several instances: the supply of cattle, calves, and lambs declined from March—contrary to the usual tendency—but that of both cattle and calves remained above the seasonal volume.

Reshipments to feed lots fell considerably below the 1929-33 average for this time of year; those of cattle and calves increased less than usual over March and aggregated smaller than a year ago. The movement of feeder lambs, however, expanded seasonally over the preceding month and was in excess of last April.

MEAT PACKING

The volume of production at slaughtering establishments in the United States recorded a counter-to-seasonal rise of 4 per cent in April over March to a level slightly higher than in February and within ½ per cent of the 1924-33 average for the month, but it was 4½ per cent under a year ago. Though falling off slightly from the preceding month, demand proved sufficiently strong to absorb the sales tonnage offered—which was a little less than in March, one per cent under last year and the April average, but one per cent greater than current production—at practically the same general level of prices as obtained in March, the advance in beef and lamb quotations being offset by a decline in those of lard and other pork products. As a result of the foregoing trends and because higher prices prevailed than a year ago, the total value

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE		HOGS		LAMBS AND SHEEP		CALVES
	1934	1933	1934	1933	1934	1933	
Yards in Seventh District,							
April 1934.....	216		716		255		124
Federally Inspected Slaughter, United States							
April 1934.....	749		3,411		1,164		526
March 1934.....	771		3,039		1,242		534
April 1933.....	616		3,847		1,409		426

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MAY 19 1934	APRIL 1934	MARCH 1934	APRIL 1933
Native Beef Steers (average)...	\$6.85	\$6.40	\$5.95	\$4.95
Fat Cows and Heifers.....	4.85	4.65	4.50	4.00
Calves.....	5.00	5.25	5.75	4.85
Hogs (bulk of sales).....	3.55	3.90	4.35	3.80
Yearling Sheep.....	7.15	8.25	8.50	4.25
Lambs.....	8.65	9.35	9.25	5.35

of sales billed to domestic and foreign customers decreased $1\frac{1}{2}$ per cent from March but was $30\frac{1}{2}$ per cent in excess of last April. Inventories of packing-house commodities in the United States declined on May 1 from the beginning of April—contrary to the usual tendency—and were 94,579,000 pounds below the 1929-33 average for the date, although they exceeded the relatively small holdings of a year ago by 155,459,000 pounds. At the close of April, the improvement in payrolls over a year ago, though substantial, was not quite so marked as in the preceding period; the number of employes decreased $3\frac{1}{2}$ per cent from March, but gains were recorded in hours worked and in wage payments of 2 per cent and $1\frac{1}{2}$ per cent, respectively.

Shipments for export increased in April over March. Demand for American lard remained exceptionally light on the Continent, but continued fair in the United Kingdom. Moreover, English importers purchased moderate tonnages of the commodity for future delivery. With the exception of a fair demand for hams by the United Kingdom, trade in United States meats remained slow throughout Europe. Import regulations in many of the countries became more stringent during the month. Quotations for American lard ruled below United States parity in the United Kingdom, but were still at a premium on the Continent. Though trending downward during the period, British prices of American hams and bacon remained above Chicago parity. United States holdings of packing-house commodities in foreign countries (inclusive of stocks in transit) were reported slightly smaller on May 1 than at the beginning of April.

DAIRY PRODUCTS

In April this year, the manufacture of creamery butter in the Seventh Federal Reserve district increased only 6 per cent over March—as compared with a seasonal gain of 11 per cent—and was $17\frac{1}{2}$ per cent below the 1924-33 average for the month, although the decline from last year was less marked than in the preceding period. The sales tonnage declined, contrary to trend, being $2\frac{1}{2}$ per cent smaller than in March, and $6\frac{1}{2}$ per cent under the 1924-33 April average, but 3 per cent in excess of a year ago. United States production showed a trend similar to that of the Seventh district. Prices averaged lower than in March, though tending to firm after the middle of April, and consumption of the commodity recorded more than the usual excess over current production. Total inventories of creamery butter in the United States, therefore, decreased more than a seasonal amount on May 1 from

the beginning of April, were 1,325,000 pounds below the 1929-33 average, and only 2,442,000 pounds above a year ago.

The production of American cheese in Wisconsin increased 11 per cent in the four weeks ended April 28 over the preceding period and was 7 per cent greater than in the same weeks of 1933. Though aggregating 14 per cent heavier than a month earlier, distribution of the commodity from Wisconsin primary markets not only totaled $20\frac{1}{2}$ per cent under last year and $12\frac{1}{2}$ per cent below the 1929-33 April average but was $8\frac{1}{2}$ per cent less than current production. That production for the entire country likewise was heavier than current sales is reflected in inventories of cheese in the United States, which showed a non-seasonal increase of 2,994,000 pounds on May 1 over the beginning of April and recorded a greater excess over the 1929-33 average than on any previous reporting date in 1934. Prices continued to decline.

Industrial Employment Conditions

For the fifth consecutive month, employment and payrolls in the Seventh Federal Reserve district experienced a substantial expansion, April employment rising $3\frac{1}{2}$ per cent and payrolls $4\frac{1}{2}$ per cent over the preceding month. While these gains were somewhat less extensive than those reported for earlier months this year, they compared favorably with a decline of one per cent in employment and practically no change in payrolls in the seasonal average for the years 1925-33. Total increases of 53 per cent in employment and 93 per cent in payrolls have been effected during the past year, but while wage payments have shown a more rapid expansion than employment in this period, the index number thereof remains lower, owing to the greater contraction experienced in this item previous to the upturn in activity. The current employment index has attained the level held at the close of 1930, whereas that of payrolls is still below the June 1931 figure.

As in recent months, the metals and vehicles industries contributed largely to the gains reported for April. Increases in the latter group, however, were substantially smaller than in the preceding month, marking a slowing-down in the rate of seasonal expansion. Seasonal activity in the stone, clay, and glass products group was reflected in increases of 11 per cent in employment and 13 per cent in payrolls. The paper and printing industries registered a rise of 3 per cent in working forces and 5 per cent in wage payments, contrary to the usual trend at this time of the year. Moderate gains in both workers and wage payments were also reported by the wood products and chemical industries. Exceptions to the marked upward trend of the manufacturing industries were furnished by the textiles group which showed a decrease in payrolls of $4\frac{1}{2}$ per cent, though slightly increasing employment; by the leather goods group, which had a decline in employment of one per cent and in payrolls of 2 per cent; and by the food products group which reported employment less by one-half per cent, while raising wage payments one per cent. Of the four non-manufacturing groups covered by the survey, coal mining registered a sharp seasonal decline, reflected in a recession of $2\frac{1}{2}$ per cent in employment and of 24 per cent in payrolls. Public utilities showed a slight decline in wage payments, but maintained its volume of workers at the level of the preceding month. Merchandising recorded a moderate increase in both workers and wage payments, while the construction industry had gains of 25 and 34 per cent, respectively—the first substantial rise experienced by this industry since last fall.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF APRIL 15, 1934			CHANGE FROM MAR. 15, 1934	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	1,055	221,931	4,747	+5.5	+7.4
Vehicles.....	205	322,213	8,682	+4.2	+7.1
Textiles and Products.....	225	41,435	661	-0.9	-4.4
Food and Products.....	544	81,125	1,672	-0.5	+1.0
Stone, Clay, and Glass.....	162	10,056	200	+10.7	+13.1
Wood Products.....	395	32,317	462	+0.7	+2.9
Chemical Products.....	142	19,690	431	+1.0	+0.7
Leather Products.....	96	21,042	378	-0.7	-1.8
Rubber Products ²	8	8,538	202	+1.5	+1.0
Paper and Printing.....	534	60,389	1,368	+3.3	+4.9
Total Mfg., 10 Groups.....	3,366	818,736	18,803	+3.5	+5.5
Merchandising ³	1,049	53,328	1,047	+2.7	+1.1
Public Utilities.....	79	81,436	2,278	+0.4	-1.3
Coal Mining.....	17	4,037	61	-2.5	-24.1
Construction.....	296	10,136	200	+24.8	+33.9
Total Non-Mfg., 4 Groups	1,441	148,937	3,586	+2.5	+0.4
Total, 14 Groups.....	4,807	967,673	22,389	+3.4	+4.7

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

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Continued expansion in automobile production was recorded for April. The 5 per cent increase over March represented by output of 292,811 passenger automobiles by United States manufacturers (Department of Commerce data), constituted the fifth consecutive monthly rise, and the aggregate was the heaviest for any month since May 1930. Production increased sharply in April last year, but the current volume exceeded that month by 91½ per cent. Output of trucks numbered 67,808 in April, which is 17 per cent above that of a month previous and 148 per cent greater than a year ago; the number produced was the largest since April 1930.

Sales of automobiles by Midwest distributors and dealers likewise expanded somewhat further in April, although the gain in retail sales was small, and at both wholesale and retail the increases over the corresponding month of 1933 were somewhat smaller than in a similar comparison for March. However, last year in April sales exceeded those of the preceding month by a much wider margin than this year. Continued substantial gains were recorded in stocks of new cars, and the number held at the end of April was almost 75 per cent greater than on April 30, 1933. Used car sales showed an increase in the aggregate corresponding closely to that in new car sales at retail, but the number of salable cars on hand was only moderately larger than a month previous and their value somewhat less. Deferred payment sales recorded little change from the preceding month in their ratio to total sales, standing at 46 per cent of this total in April as against 47 per cent in March; the current ratio compared with one of 44 per cent in April last year.

IRON AND STEEL PRODUCTS

The upward trend of activity which has prevailed in the steel industry of the Chicago district since the middle of January and which gained momentum rapidly in March and April, continued into the early part of May. From a rate of 54 per cent of capacity around the middle of April, steel ingot output in the district rose steadily until by the end of the first week in May it had attained a rate of 64 per cent, remaining steady at that rate through the middle of the month. Last year at the same time, production averaged about 30 per cent, was only around 20 per cent in 1932, and at 50 per cent in 1931. Incoming business during April aggregated about one-fifth heavier than the March volume and exceeded that of the same month a year ago by a wide margin. Furthermore, new orders have been greater than current shipments so that unfilled orders on the books have mounted. With the exception of July last year, the daily average of pig iron production for April in the Illinois and Indiana district was heavier than for any month since June 1931. Quotations on finished steel products were raised in the latter

part of April, as well as those on pig iron, and these advances may have influenced to some extent the expansion in consumers' demands. The scrap market, on the other hand, has been weak during recent weeks.

Orders booked by steel and malleable casting foundries of the Seventh district in April declined by 12 and 5 per cent, respectively, from the preceding month, marking the close of the most active spring season this industry has experienced in the past three years. Shipments showed continued gains, exceeding those of March by 10 per cent in steel and 4 per cent in malleable castings, while production registered an increase of 13 per cent at the former type of foundry but a decline of 10 per cent at the latter. In steel foundries, all items—orders, shipments, and production—were more than three times the volume reported for April 1933; in malleable foundries the increases in this comparison ranged from 128 per cent for orders to 156 per cent for shipments.

FURNITURE

A moderate recession in orders booked by furniture manufacturers reporting to this bank took place in April, the decline from March of 19 per cent comparing with a contraction in the average for the period of 13 per cent, and contrasting with the non-seasonal April-March increase a year ago of 28 per cent. Shipments fell off 6 per cent in the current month, in comparison with a seasonal recession of 12 per cent, and in contrast to a gain in April a year ago of 15 per cent over the preceding month. Both new orders and shipments continued currently in excess of those last year, although the April comparisons show an excess of only 4 per cent in orders and 2 per cent in shipments, as against favorable margins of 64 and 25 per cent, respectively, a month previous. For the fourth consecutive month, orders booked were greater than current shipments—notwithstanding their sharper percentage decline in April—so that despite a sizable increase over March in cancellations, unfilled orders outstanding at the close of April were only 3 per cent under those of March 31, and gained 17 points in their ratio to current orders. The April rate of operations averaged 41 per cent of capacity, 2 points greater than that of March and 6 points in excess of April a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

As in the earlier months of this year, shoe production in the Seventh district during April was maintained at a level considerably higher than normal for the season. Output of footwear in the first quarter of this year totaled 13 per cent more than the 1924-33 average for the quarter and exceeded output for the corresponding period of 1933 by 25 per cent. In the tanning industry, production and sales of leather in April fell slightly below figures for the preceding month, but prices held firm, strengthened by advances on hides and skins which rose a full cent during

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in April 1934 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MARCH 1934	APRIL 1933	
New Cars			
Wholesale—			
Number Sold.....	+16.9	+73.8	17
Value.....	+15.5	+120.0	17
Retail—			
Number Sold.....	+2.8	+49.5	58
Value.....	+7.3	+39.1	58
On Hand April 30—			
Number.....	+31.8	+74.2	58
Value.....	+28.7	+64.5	58
Used Cars			
Number Sold.....	+5.4	+33.6	58
Salable on Hand—			
Number.....	+10.0	+14.8	58
Value.....	-4.4	+3.7	58

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	APRIL 1934: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MARCH 1934	APRIL 1933	
Wholesale Lumber:			
Sales in Dollars.....	+16.9	+84.2	12
Sales in Board Feet.....	+1.1	+23.3	18
Accounts Outstanding ¹	+13.1	+33.7	11
Retail Building Materials:			
Total Sales in Dollars.....	-11.8	+25.4	168
Lumber Sales in Dollars.....	+35.6	+34.9	57
Lumber Sales in Board Feet.....	+12.6	+16.8	67
Accounts Outstanding ¹	+1.1	+0.3	165
	Ratio of Accounts Outstanding ¹ to Dollar Sales during Month		
	APRIL 1934	MARCH 1934	APRIL 1933
Wholesale Trade.....	160.8	166.1	220.8
Retail Trade.....	379.1	327.0	471.4

¹ End of Month.

the early weeks of April. Trading in packer hides in the Chicago district was about as large as during March, while demand for calf and kip skins was somewhat heavier. Advances of one cent on price quotations the first half of April were maintained until the close of the month, since which time prices have again weakened.

Building Materials, Construction Work

Wholesale lumber sales recorded the fourth consecutive monthly increase, amounting to 17 per cent in dollar value and one per cent in board feet during April, as compared with a five-year average increase between March and April of over 5 per cent in each item. A considerable portion of the expansion was accounted for in Chicago, by requirements of A Century of Progress. The firms reporting also maintained a very high level of trade relative to a year ago. The ratio of accounts to dollar sales continued the decline shown monthly since last December.

Retail yards recorded a considerable expansion in lumber sales, continuing the improvement of the preceding month at about the seasonal rate. A majority of firms also showed larger dollar sales of all materials. The 12 per cent decline in the aggregate reflects a reaction of demand in Iowa following the imposition on April 1 of a sales tax, which had produced an abnormal expansion in March operations. Although the accounts-sales ratio increased considerably over March, as a result of the smaller aggregate of dollar sales, it remained below previous months of 1934.

Cement distribution expanded considerably over March, but clay products experienced little change from the preceding month, though improvement over a year earlier was reported for both lines. Federal financing continued to figure heavily in the demand, and new public works projects were reported under way. The weather was generally favorable for construction, but farm demand continued to be restricted, although funds from corn loans and hog processing taxes have created additional purchasing power.

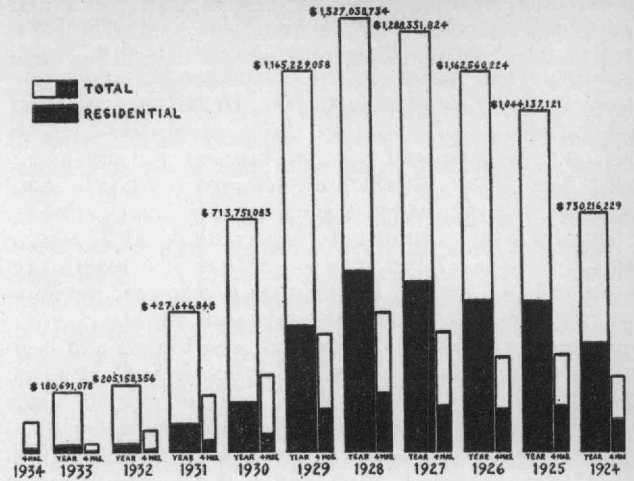
BUILDING CONSTRUCTION

The rate of building activity in the Seventh Federal Reserve district showed little change during April from the March level, according to total contracts awarded, and was still considerably in excess of a year ago. Residential contracts totaled almost 3 million dollars, or 12 per cent of all awards, marking the fourth successive monthly gain in this classification. The accompanying chart presents Seventh district building contracts, both total and residential, by years and for corresponding four-month periods from 1924 to date. Following the peak year in building construction, recorded in 1928, it will be noted that sharp declines were registered in the succeeding years through 1933. The first four months of this year, however, have shown considerable improvement, and the aggregate volume is above that for the corresponding period in the two preceding years.

The estimated cost of proposed construction, according to building permits issued during April in 101 cities of this

BUILDING CONTRACTS AWARDED

SEVENTH FEDERAL RESERVE DISTRICT



Based on data furnished by F. W. Dodge Corporation.

district, gained 2 per cent over March and totaled 114 per cent above April 1933. Gains in the number of permits issued were 79 and 29 per cent, respectively. In the monthly comparison for estimated cost, all of the five larger cities in the district—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—followed the group trend except Des Moines which registered a decline of 67 per cent. As compared with April 1933, Indianapolis showed a drop of 20 per cent, the other large cities all reporting gains.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
April 1934.....	\$24,534,123	\$2,915,267
Change from March 1934.....	-3%	+18%
Change from April 1933.....	+255%	+93%
First four months of 1934.....	\$93,539,455	\$8,390,839
Change from same period 1933.....	+247%	+95%

*Data furnished by F. W. Dodge Corporation.

Merchandising

Wholesale trade during April in general followed seasonal trends, although electrical supplies and hardware showed more than the usual expansion and groceries and drugs experienced somewhat greater than seasonal declines. Grocery sales decreased 6 per cent from March and the drug trade 9 per cent, whereas recessions in the 1924-33 average for the period were but one and 4 per cent, respectively; the decline of 5 per cent in the dry goods trade was about average. The gain of 15 per cent in hardware sales compared with a seasonal expansion of 12 per cent, and that of 10 per cent in the electrical supply trade with an increase of only one per cent in the April average. Although sales continued to exceed considerably those of the corresponding month of 1933, the gains were smaller

DEPARTMENT STORE TRADE IN APRIL 1934

LOCALITY	PER CENT CHANGE APRIL 1934 FROM APRIL 1933		PER CENT CHANGE FIRST FOUR MONTHS 1934 FROM SAME PERIOD 1933		RATIO OF COLLECTIONS TO ACCOUNTS OUTSTANDING END OF MAR.	
	NET SALES	STOCKS END OF MONTH	NET SALES		1934	1933
Chicago.....	+13.8	+25.5	+20.7		30.6	26.1
Detroit.....	+42.4	+23.2	+58.6		45.2	32.7
Indianapolis.....	+11.6	+53.8	+25.5		39.8	37.0
Milwaukee..	+19.0	+28.4	+27.5		36.0	29.0
Other Cities..	+17.4	+21.6	+36.7		31.8	26.7
7th District..	+20.7	+26.8	+31.1		36.1	29.5

WHOLESALE TRADE IN APRIL 1934

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTANDING	COLLECTIONS	
Groceries.....	+16.2	+34.6	-2.6	+8.5	111.1
Hardware.....	+59.4	+30.2	+13.9	+76.5	196.4
Dry Goods.....	+55.1	+57.1	+5.6	+40.9	231.3
Drugs.....	+34.6	+8.2	-10.2	+31.8	192.5
Electrical Supplies.....	+109.4	+17.6	+19.5	+93.2	160.0

than in March when decidedly favorable trends were shown in this comparison. Electrical supplies furnished an exception with the largest increase in April over a year ago so far recorded. In the first four months of 1934, grocery sales totaled 19 per cent heavier than in the same period of 1933, drug sales were 32 per cent more, dry goods 62 per cent, hardware 77 per cent, and electrical supplies 80 per cent greater. Somewhat higher ratios of accounts outstanding to net sales were shown in the majority of lines for April than for March, but for all groups the ratios remained much smaller than a year ago.

Aggregate sales of Seventh district department stores showed a slight decline—one per cent—in April from March, which is contrary to seasonal trend. Daily average sales, however, increased 8 per cent in the comparison, there being 2½ fewer trading days in the current period. Among the larger cities, Milwaukee reported a gain of 16 per cent in total sales over the preceding month, and Detroit trade showed little change, but sales of Chicago stores decreased by 2 per cent, those of Indianapolis firms dropped 5 per cent, while the total for stores in smaller cities registered a recession of 10 per cent. In the year-ago comparison, district sales for April this year were more than 20 per cent heavier, despite the fact that considerable Easter buying was done in the month last year and there was an additional Saturday in that month. For the third successive month, Detroit recorded the heaviest gain over a year ago among the larger cities. Stocks on hand at the end of April exceeded slightly those held a month previous, and for the first time this year, the rate of their turnover during the month failed to equal that of 1933, although the difference was small. Ratios of collections to accounts outstanding continued during April to be much higher than a year ago, as may be noted in the table.

The decline of 11½ per cent in April from March in sales of shoes by reporting dealers and department stores contrasted with a gain of 15 per cent in the 1926-33 average for the period, and with the exception of 1929 represented the only recession for the month in any of those years. Furthermore, sales totaled only 3½ per cent heavier than in April last year when, however, the expansion over the preceding month was greater than in any previous year, beginning with 1926. Sales for the first four months of 1934 aggregated approximately one-fourth heavier than in the same months of 1933. An increase of 5 per cent took place in stocks during April, and they were 20 per cent larger than at the end of the month a year ago.

The retail furniture trade in April, according to reports of dealers and department stores, gained 14½ per cent over a month previous—as compared with an increase of 22 per cent in the April average—and totaled 42 per cent heavier than for April 1933. Installment sales by dealers recorded greater expansion than did total sales, exceeding those of March by 22½ per cent and the year-ago volume by 61 per cent. Little change was shown during the month in stocks which aggregated 23½ per cent above those held at the close of April last year.

All reporting chains had smaller sales in April than a month previous, so that a recession of 13 per cent took place in the total volume sold. Although five-and-ten-cent store, grocery, and men's clothing sales also registered declines from a year ago, gains by drug, shoe, cigar, and musical instrument chains were sufficient to offset these declines and aggregate sales exceeded those of last April by 3 per cent. A 2 per cent increase over March was shown in the number of units operated, which number, however, was slightly less than in the same month of 1933.

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	Apr. 1934	Mar. 1934	Feb. 1934	Jan. 1934	Dec. 1933	Nov. 1933	Apr. 1933	Mar. 1933	Feb. 1933	Jan. 1933	Dec. 1932	Nov. 1932
Meat Packing—(U. S.)—													
Sales (in dollars).....	62	62	63	63	60	54	56	48	45	44	46	46	49
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	13	31	28	22	21	18	21	10	11	10	12	10	11
In Tons.....	13	31	28	21	21	20	22	10	12	11	12	10	11
Malleable—In Dollars.....	21	38	36	28	23	23	23	12	10	11	11	11	10
In Tons.....	21	58	58	44	38	36	36	22	16	20	20	18	16
Stoves and Furnaces—													
Shipments (in dollars).....	10	84	82	63	45	78	108	44	38	35	22	45	70
Furniture—													
Orders (in dollars).....	14	25	31	28	35	18	21	24	19	24	25	16	20
Shipments (in dollars).....	14	23	24	29	21	23	28	23	20	20	19	18	25
Flour—													
Production (in bbls.).....	21	92	106	107	121	104	109	114	110	91	103	108	112
Output of Butter by Creameries—													
Production.....	67	85	80	72	78	80	80	94	93	85	93	86	77
Sales.....	69	90	92	93	93	101	95	87	96	91	89	89	97
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	28	63	67	61	63	62	63	56	58	51	52	65	64
Hardware.....	11	71	52	39	38	46	46	39	28	22	22	30	36
Dry Goods.....	9	40	42	34	37	28	33	26	23	21	25	25	32
Drugs.....	13	64	71	64	70	67	57	49	49	49	58	60	56
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	25	63	66	54	54	105	65	57	56	44	45	92	62
Detroit.....	5	91	92	67	58	114	67	65	45	40	48	108	70
Indianapolis.....	4	78	84	56	62	119	70	70	52	47	54	106	68
Milwaukee.....	5	82	71	58	58	111	77	70	51	46	47	101	74
Other Cities.....	43	65	73	53	52	102	64	57	44	38	40	84	57
Seventh District.....	82	71	73	57	55	108	66	61	51	43	46	95	64
Automobile Production—(U. S.)—													
Passenger Cars.....		100	95	65	40	18	15	52	34	31	37	29	16
Trucks.....		180	154	120	119	80	52	73	48	41	58	56	32
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		10	8	6	4	3	5	5	5	2	3	3	5
Total.....		36	37	24	40	48	34	10	12	6	12	14	20
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		54	49	39	34	31	34	18	18	21	19	19	19
United States.....		59	53	46	40	39	37	21	18	20	19	18	21
Steel Ingot Production—(U. S.)*		88	78	69	56	55	45	41	25	34	30	25	30

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of manufacturing production increased during April, while the output of mines declined. Employment and payrolls continued to increase. The general level of commodity prices remained substantially unchanged during April and the first three weeks in May, although prices of individual commodities showed considerable changes.

PRODUCTION AND EMPLOYMENT

Production of manufactures, which had increased continuously since last November, showed a further advance in April, according to the Board's seasonally adjusted index, while output of mines was smaller in April than in March. The Board's combined index of industrial production remained practically unchanged at 85 per cent of the 1923-1925 average. The growth in manufacturing reflected increases in iron and steel, automobiles, and meat packing. Lumber production declined in April, and activity at wool and silk mills was considerably reduced, while cotton consumption by mills showed little change. Crude petroleum output continued to increase, but there was a more than seasonal decline at the beginning of April in the mining of both anthracite and bituminous coal. During the first two weeks of May, steel operations increased further, but declined somewhat in the third week. Output of automobiles decreased considerably in May.

Volume of employment and wage payments continued to increase in April and employment in factories, according to the new index of the Bureau of Labor Statistics, was larger than at any time since the end of 1930. There was a substantial seasonal increase in the number of workers employed in private construction as well as in those engaged in projects financed by the Public Works Administration. Employment on railroads, in metal mining and quarrying, and in various service activities also increased further, while in coal mining there was a considerable decrease.

Construction contracts awarded during April, as reported by the F. W. Dodge Corporation, were smaller in value than during March. There was a substantial decline in public works contracts, while contracts for privately financed projects showed a slight increase in April.

Following extended drought in important grain areas, the Department of Agriculture forecast of the winter wheat crop was reduced from 492,000,000 bushels on April 1 to 461,000,000 bushels on May 1. This compares with a five-year average for 1927-1931 of 632,000,000 bushels. The condition of rye, hay, and pastures has also been adversely affected by the drought.

DISTRIBUTION

Railroad freight carloadings declined in April as compared with March, and in the first half of May there was a smaller than seasonal increase in total loadings. The April decline was largely the result of a substantial decrease in coal shipments from the relatively large volume of March. Department store sales showed little change from March to April, after allowance is made for differences in the number of business days, for usual seasonal changes, and for changes in the date of Easter. Sales continued larger than a year ago.

COMMODITY PRICES

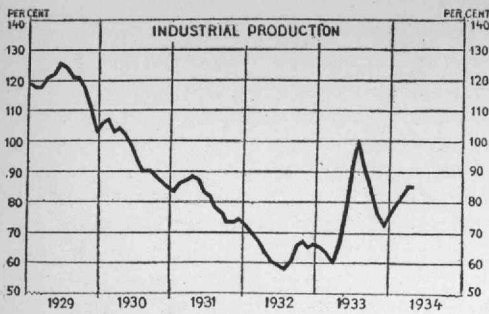
The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics index, has shown little change during the past three months. Prices of grains, cotton, silk, and silver, which declined sharply in April, rose during the first three weeks of May. Rubber prices advanced sharply until early in May, but subsequently declined somewhat, and prices of textile products have declined during recent weeks. Steel scrap has declined since March, while finished steel products, automobiles, nonferrous metals, and building materials have advanced. Cattle and beef prices rose during April and the early part of May, while prices of hogs declined.

BANK CREDIT

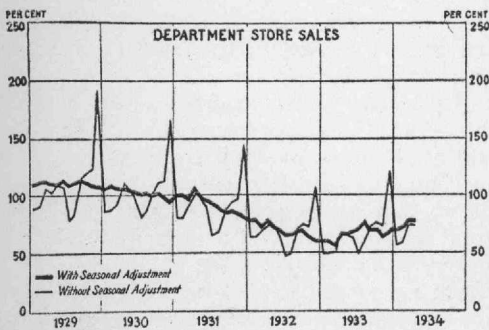
Excess reserves of member banks remained at a level of about \$1,600,000,000 between the middle of April and the middle of May. There were no considerable changes in monetary gold stock or in money in circulation. The total volume of reserve bank credit also showed little change.

At reporting member banks in leading cities, in the five weeks ending May 16, there were decreases of about \$240,000,000 in loans and of \$80,000,000 in investments, the latter reflecting a decrease in holdings of securities other than those of the United States Government. Net demand and time deposits increased by nearly \$200,000,000, while United States Government deposits were reduced by about \$300,000,000.

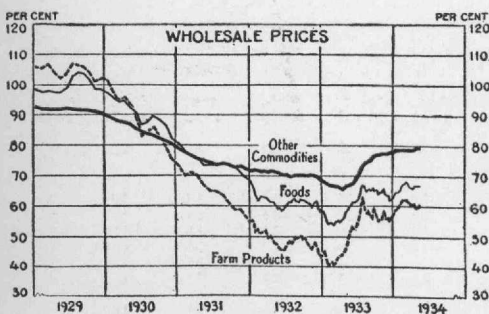
Short-term money rates in the open market continued at low levels during May, and yields on United States Treasury bonds declined further to the lowest levels of the post-war period.



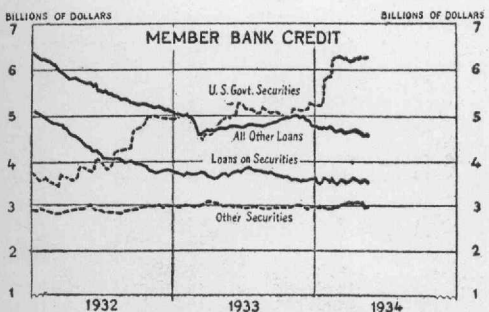
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Indexes of daily average value of sales. (1923-1925 = 100.)



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



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for May 16, 1934.