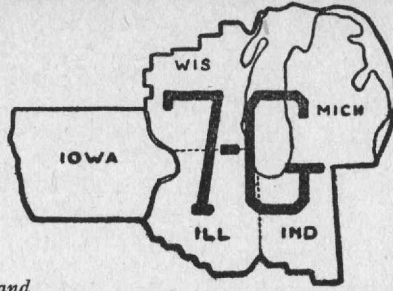


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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General Summary

FURTHER increases during March in employment and payrolls again featured Seventh district industrial activity, and production schedules in general confirmed this trend. Food-producing industries, on the other hand, failed to record any noticeable betterment in the month, and inventories continued to decline. Wholesale and retail trade, though expanding in accordance with seasonal tendency, for the most part showed only small gains over March a year ago, and there were a few instances of declines from that month, the fact that Easter buying fell in March last year being mostly responsible for this trend with respect to retail sales.

The production of automobiles recorded a further substantial expansion during March, with the result that first-quarter output was greater than for any corresponding period since 1929. The volume of incoming business in the steel industry somewhat exceeded that of the preceding month, and at the beginning of April production was increased somewhat. Shipments of malleable and of steel castings, and those of furniture rose over the February volume, and production of shoes continued to gain. Building construction was noticeably heavier in March than a month previous, although the total volume thereof remained smaller than a year ago; and the movement of building materials accelerated sharply in the month.

Total production of packing-house commodities declined only slightly in March from a month previous, but was considerably under a year ago and the March average; the dollar value of sales of these products also was less than in February but continued above that of last year. Although both production and sales of butter expanded in March, the former did so less than seasonally,

and the volume of each was under that of last March. Distribution of Wisconsin cheese exceeded production to a greater than usual extent, but totaled under that of the preceding month. The movement of wheat and feed grains remained much below normal in March. An increased acreage has been devoted to feed and many other Seventh district crops this year. The condition of pastures is considerably better than a year ago.

The majority of reporting groups of wholesale trade showed less than seasonal increases in March over the preceding month; gains over last year were considerably smaller in all groups than a month previous, and the grocery trade recorded a small decline from last March. The expansion over February in Seventh district department store trade was about seasonal for the period, but the increase over March a year ago was small, owing to the earlier date of Easter in 1934. Shoe sales rose more than seasonally over a month earlier, but totaled under those of March last year. Sales of furniture and house furnishings increased as is usual in March, and showed a substantial gain in the yearly comparison. Chain store trade expanded over February, but recorded a decrease in the aggregate from last March.

Between March 13 and April 17, total loans and investments of reporting member banks in the district decreased somewhat, reflecting for the most part lessened holdings of U. S. Government direct obligations; demand deposits in these banks fell off in the period, while time deposits increased. Dealer sales of commercial paper in the Middle West fell off in March from February and were under a year ago, while the total value of acceptances executed by Seventh district banks was exceptionally low.

Credit Conditions and Money Rates

As shown in the accompanying table, movement of funds out of this district through commercial and financial transactions, totaling approximately 10 million dollars, together with a decrease of over a million dollars in reserve bank credit extended locally, more than offset a gain in holdings of Treasury and National bank currency during the period March 13 to April 17. Demand for currency and member bank reserve balances both increased during these five weeks, gains of 12 and 39 millions, respectively, being recorded over March 13. Treasury cash and deposits at the Federal Reserve Bank of Chicago,

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	APR. 17 1935	CHANGE FROM	
		MAR. 13 1935	APR. 18 1934
Total Bills and Securities.....	\$392.7	\$-17.7	\$-47.6
Bills Discounted.....	0.0	-0.0	-1.2
Bills Bought.....	0.6	-0.0	-1.1
U. S. Government Securities.....	389.8	-18.5	-47.5
Total Reserves.....	1,179.4	+69.6	+186.0
Total Deposits.....	741.3	+40.9	+106.3
Federal Reserve Notes in Circulation.....	792.5	+9.2	+20.7
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined....	76.8	+2.1*	+6.2*

*Number of Points.

however, declined slightly more than 62 million dollars. The total volume of credit extended by the Chicago Reserve bank amounted to \$389,234,000 on April 17, as compared with \$408,302,000 on March 13.

Changes between March 13 and April 17 in Factors Affecting Use of Federal Reserve Bank Funds—Seventh District

(Amounts in thousands of dollars)

Reserve bank credit extended (exclusive of amounts to other districts).....	-1,365
Commercial operations through inter-district settlements.....	-9,863
Treasury and National bank currency.....	+1,572
Total supply.....	-9,656
Demand for currency.....	+12,494
Member bank reserve balances.....	+39,038
Treasury cash and deposits at Federal Reserve Bank of Chicago.....	-62,326
Special and "all other" deposits.....	+644
Other Federal Reserve accounts.....	+494
Total demand.....	-9,656

MEMBER BANK CREDIT

From the tabulation below showing condition of licensed reporting member banks in the Seventh district, it will be noted that between March 13 and April 17 total loans and investments decreased 81 million dollars, reflecting for the most part lessened holdings of U. S. Government direct obligations, as well as small decreases in several of the loan items. These declines were offset partially by a gain of 12 millions in "other loans," and of 13 and 22 millions in "obligations fully guaranteed by the U. S. Government" and "Other Securities," respectively. As compared with April 18, 1934, total loans and investments were higher on April 17 of this year by more than 200 million dollars, representing an increase of nearly 260 millions in holdings of U. S. Government direct obligations, combined with a lower volume of loans. With respect to deposit aggregates, on April 17 net demand deposits were about 60 million dollars less than on March 13, while time deposits increased 33 millions. Both classes of deposits were considerably greater in volume than on the corresponding reporting date a year ago.

Down-town banks in Chicago reported a range of 1½ to 5 per cent as the prevailing rate on customers' commercial loans during the week ended April 15, which was unchanged from the week ended March 15. The corresponding item for down-town Detroit banks was 3½ to 6 per cent, unchanged likewise from the preceding month. The average rate earned on loans and discounts by down-town Chicago banks during the calendar month of March was

2.93 per cent, as compared with 2.92 in February and with 3.43 per cent in March 1934.

Dealer sales of commercial paper in the Middle West registered a counter-to-seasonal decline of 4½ per cent in March from February, and totaled 8 per cent below a year ago and 55½ per cent under the 1925-34 average for the month. Financing by means of commercial paper was in only moderate proportions, and demand from both city and country banks remained about the same as in the preceding month. March selling rates ranged from ½ and ¾ per cent for low to 1 and 1¼ for high, with the greater portion of the sales being transacted at ¾ per cent. Outstandings of commercial paper in the Middle West totaled 4 per cent less on March 30 than at the end of February, though aggregating 36 per cent above the corresponding date in 1934. Sales in the first fifteen days of April improved slightly over those in the first half of March; rates remained unchanged.

Market operations of Chicago bill dealers from March 14 to April 10 were extremely limited. A small volume of sales to local and out-of-town banks comprised the only activity, the supply for which sales came from Eastern cities. Purchases locally were almost nil and totaled only about two-thirds the small volume of the preceding period. Total distribution equaled the light supply during the four weeks, so that dealers did not accumulate any holdings in their portfolios. Selling rates ranged from ⅛ to ⅓ per cent, unchanged from recent months.

The lowest volume of bills since September 1926 was executed by Seventh district accepting banks during March. Purchases, following an increase in February, declined 44 per cent as against an average increase for the month amounting to 16 per cent. Sales, all of which were the banks' own bills, were negligible in the month. Portfolios of the accepting institutions on March 30 were at the lowest level in the past two years, and the liability of the banks for outstanding bills was less than for any other reporting date since June 30, 1927. The value of new bills accepted by these banks showed a further decline during the first two weeks in April, in part the result of lessened financing by means of acceptance credits in the grain industry.

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

	PER CENT CHANGE IN MARCH 1935 FROM	
	FEBRUARY 1935	MARCH 1934
Total value of bills accepted.....	-37.0	-51.7
Purchases (including own bills discounted).....	-44.1	-52.9
Sales.....	-92.0	-31.4
Holdings*.....	-10.5	-34.0
Liability for outstandings*.....	-5.0	-40.3

*At end of month.

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	APR. 17 1935	CHANGE FROM	
		MAR. 13 1935	APR. 18 1934
Total loans and investments.....	\$1,959	\$-81	\$+203
Total loans on securities.....	258	-20	-86
To brokers and dealers			
In New York.....	18	-10	-1
Outside New York.....	30	-4	-18
To others.....	210	-6	-67
Acceptances and commercial paper bought.....	42	-8
Loans on real estate.....	31	-1
Other loans.....	326	+13	-12*
U. S. Government direct obligations.....	921	-100	+259
Obligations fully guaranteed by U. S.			
Government.....	103	+13
Other securities.....	278	+22	+42*
Net demand deposits.....	1,740	-59	+241
Time deposits.....	555	+33	+82
Borrowings from Federal Reserve Bank.....	0	0	0

*Represents total acceptances, commercial paper, loans on real estate and other loans. Segregated figures not available.

**Represents obligations fully guaranteed by U. S. Government and other securities. Segregated figures not available.

SECURITY MARKETS

Price declines and a notable increase in corporate refunding obligations featured the Chicago bond market during March. Municipals and high grade corporation bonds continued to be given preference in demand during the month. Most affected by heavy selling were sec-

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAR. 1935	PER CENT OF INCREASE OR DECREASE FROM	
		FEB. 1935	MAR. 1934
Chicago.....	\$2,722	+36.0	+18.7
Detroit, Milwaukee, and Indianapolis.....	1,145	+16.7	+22.2
Total four larger cities.....	\$3,867	+29.6	+19.7
35 smaller centers.....	578	+18.3	+17.2
Total 39 centers.....	\$4,445	+28.0	+19.4

ond grade issues, particularly the railroad classifications, and prices in these groups moved lower especially in the early part of March. Investment houses in the Seventh district continue to report the major part of their current business to be from institutions. An improved tone in the market developed during the early part of April, and prices advanced in most all classes of issues. Beginning with the latter half of March, prices trended upward on the Chicago Stock Exchange. The average price of twenty leading stocks* amounted to \$31.13 on April 16, an increase of almost three dollars over the corresponding date in March.

*Chicago Journal of Commerce.

Agricultural Products

Increased acreage devoted to feed supplies and to many other Seventh district crops is indicated for 1935 over 1934. Planting and other field work, however, were retarded the first part of April by heavy rains which were beneficial in building up a much needed moisture reserve in the subsoil. Moreover, plant growth has been rather slow because of lack of sufficient warmth and sunshine. Pastures are considerably better than a year ago, but have not fully recovered from the severe drought of 1934. On the basis of April 1 condition, the United States Department of Agriculture forecasts the 1935 winter wheat production of the five states including the Seventh district at 88,364,000 bushels, as compared with the harvest of 75,221,000 bushels in 1934 and that of 78,999,000 bushels for the 1928-32 average, which forecast is in line with commercial estimates. On the other hand, this forecast for the United States as a whole is considerably under commercial estimates. The Department of Agriculture estimate of 1935 winter wheat production in the United States is 435,999,000 bushels as compared with 405,034,000 bushels harvested in 1934 and 618,186,000 bushels for the 1928-32 average.

GRAIN MARKETING

Wheat receipts at terminal markets in the United States remained exceptionally light in March, being 75 per cent under seasonal volume and 51½ per cent below a year ago, but totaling 23 per cent heavier than in February. Furthermore, reshipments of the grain not only declined sharply from last March and the 1925-34 average for the month but showed a non-seasonal recession of 7 per cent from February. Exports of wheat remained practically nil, and imports of the grain into the United States have attained important proportions. Visible supplies of wheat in the United States were only half as great on April 13 as a year earlier and 64,000,000 bushels below the 1925-34 average for the date. Moreover, farm stocks of the grain showed a decrease of nearly 20 per cent on April 1 from the corresponding date of 1934. After having declined in March from February, prices of wheat advanced sharply in April.

Both receipts and shipments of corn at terminal markets increased more than 20 per cent in March over February but were considerably below the 1925-34 March average. Imports of this grain into the United States have also shown a marked gain in 1935 over 1934, and exports have been light. A decline of approximately 70 per cent in visible supplies and of 50 per cent in farm stocks of corn was shown at the beginning of April from a year

earlier. Quotations for corn fell off in March from February, but had recovered most of the loss by the middle of April.

Receipts and shipments of oats at these markets increased in March over February, but were less than a year ago and much below the 1925-34 average for the month. Imports of this grain into the United States also show a marked expansion in 1935 over 1934, and exports have remained almost nil. Visible and farm supplies of oats were decidedly less on April 1 than a year earlier. Prices of the grain declined in March from February, though recording some recovery early in the following month.

MOVEMENT OF LIVE STOCK

Cattle and calf receipts at public stock yards in the United States increased less than is customary in March over February and were approximately 5 per cent under the 1925-34 average for the month, but those of cattle slightly exceeded the volume of a year ago. Hog marketings continued to show a greater than seasonal decline during March and were only half the ten-year average. On the other hand, lamb marketings increased more sharply than usual over a month earlier and were somewhat larger than seasonal.

The movement to inspected slaughter—inclusive of animals that did not pass through public yards—diverged from the trend of market receipts in three major instances: the supply of cattle decreased 10½ per cent from last year, but that of both cattle and calves exceeded the 1925-34 average for the month. Reshipments to feed lots remained considerably in excess of last year and the normal volume for the season.

MEAT PACKING

Total production of packing-house commodities at slaughtering establishments in the United States decreased only ½ per cent in March 1935 from February,* but was 21½ per cent under a year ago and 27 per cent below the 1925-34 March average. The sales tonnage exceeded current production by more than a seasonal amount, although it was 22½ per cent lighter than last March and 21 per cent smaller than the ten-year average for the month. Despite weakness after the middle of March, the general price level of packing-house commodities for the month as a whole fully equaled that of February and remained considerably above a year ago. The total value of sales billed to domestic and foreign customers fell off 3½ per cent from a month earlier, but was 23 per cent greater than last March and within 11½ per cent of the 1925-34

*February figures included approximately 20,000,000 pounds processed for the Government, whereas March 1935 included little if any Government products and March 1934 data included none.

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
March 1935	177	376	334	97
Federally Inspected Slaughter,				
United States				
March 1935	691	2,158	1,374	473
February 1935	659	2,409	1,137	390
March 1934	771	3,039	1,242	534

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	APR. 20 1935	MAR. 1935	FEB. 1935	MAR. 1934
Native Beef Steers (average)	\$11.15	\$10.80	\$10.45	\$5.95
Fat Cows and Heifers	8.10	7.60	7.00	4.50
Calves	7.75	7.90	7.20	5.75
Hogs (bulk of sales)	8.90	9.15	8.55	4.35
Lambs	8.20	8.10	8.40	9.25

average for the month. Inventories of these commodities in the United States decreased more than usual on April 1 from the beginning of March and were 51,115,000 pounds below the 1930-34 average for that date. Payrolls for the last week in March remained under the corresponding period of 1934, and showed a recession from February of 1½ per cent in number of employes, 3 per cent in hours worked, and of 2 per cent in wage payments.

Shipments for export declined in March from February, partly as a result of lessened production in the United States in 1935 and partly as a consequence of light demand for lard in the United Kingdom coincident with the expanding use of lard substitutes in that country and also with increased competition from South American and Continental producers. On the other hand, the usual expansion in ham exports to meet Easter trade in the United Kingdom took place during the month. British demand for American meats fluctuated in March, but was sufficient to absorb current quotas. Continental trade in packing-house commodities from the United States remained practically nil. Quotations for United States lard in British markets moved still further below United States parity. After evidencing considerable weakness during early March, prices of American hams in the United Kingdom returned at the close of the period to a level above Chicago parity. Inventories of United States packing-house products in foreign markets—inclusive of stocks in transit—declined on April 1 from the beginning of March.

DAIRY PRODUCTS

Creamery butter manufacturing operations in the Seventh Federal Reserve district increased less than seasonally in March to a level 3 per cent higher than in February, and were not only 12 per cent under a year ago but 14 per cent below the 1925-34 average for the month. However, the sales tonnage expanded as is customary over a month earlier, being 9 per cent heavier than in February but 21½ per cent less than last March and 25 per cent under the ten-year average. United States production of the commodity showed a normal gain over February, although it remained much below seasonal volume and considerably under the corresponding period of 1934. There has been a marked decline in consumption of domestic butter in 1935 as compared with 1934, coincident with a heavy increase in the use of oleomargarine, reflecting in large measure the relatively high prices which have obtained for butter as compared with the substitute. Increased importations of foreign butter into the United States also have been a factor in lessening the effect of the decline in domestic output. Inventories of creamery butter in the United States decreased less than usual on April 1 from the beginning of March but were 11,115,000 pounds below the 1930-34 average for that date. Butter prices fell off approximately 12 per cent in March from February.

The production of American cheese in Wisconsin recorded a further expansion of 16 per cent in the four weeks ended March 30 over the preceding period, but declined 20½ per cent from a year ago and 17½ per cent from the 1930-34 seasonal average. Though showing slightly more than the normal excess over current manufacture and totaling ½ per cent above last year, distribution of the commodity from primary markets of that state was 4 per cent lighter than in February and 15 per cent under this five-year average. Total inventories of cheese in the United States decreased seasonally on April 1 from the be-

ginning of March but continued to exceed the 1930-34 average for that date by more than 6,000,000 pounds. Prices declined approximately 7 per cent in March from February.

Industrial Employment Conditions

Further increases in employment and payrolls continue to feature the current industrial situation, Seventh district establishments reporting 2 per cent more workers and 3 per cent larger wage payments for March than in the corresponding period a month earlier. The continuous gains of the past four months have brought aggregate employment in reporting industries of the district to a level 16 per cent above that of last November, the low point for 1934, and 8 per cent higher than the volume of March a year ago, while for payrolls the increases in these same comparisons were 30 and 14 per cent, respectively. Although the seasonal activity of February is often carried over into March, effecting an upward trend in employment and payroll figures, the increases are generally small and for the ten years, 1925-34, have averaged less than one per cent.

The metals and vehicles industries were again important contributors to the advance, although the gains in these groups, especially in the latter, were moderate in comparison with those shown in recent months. Textiles, stone-clay-and-glass, and the wood products industries continued to make substantial gains at approximately the same rate as in the preceding month; chemicals showed a more rapid rate of expansion, and the leather goods industries a somewhat slower one. The paper and printing industries recorded decreases in both employment and payrolls, the former declining 2 and the latter 3 per cent. Food products continued to show a slight recession in number of employes but maintained wage payments at the level of the preceding month. Two of the reporting non-manufacturing groups—coal mining and public utilities—also showed losses in employment volume but a rise in payrolls. Of the other two groups in this classification, merchandising registered a moderate expansion, reversing the seasonal downward trend of the two preceding months, while the construction industries continued the rising trend started in February.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF MAR. 15, 1935			CHANGE FROM FEB. 15, 1935	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS (000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	1,167	245,172	5,682	+3.6	+2.6
Vehicles.....	206	309,917	9,895	+3.1	+4.5
Textiles and Products.....	285	47,791	917	+4.1	+10.5
Food and Products.....	569	83,318	1,800	-1.6	+0.4
Stone, Clay, and Glass.....	148	8,125	158	+8.1	+12.0
Wood Products.....	355	30,034	497	+3.8	+8.9
Chemical Products.....	156	22,350	504	+6.6	+2.5
Leather Products.....	99	22,348	425	+1.3	+3.3
Rubber Products ²	8	7,979	193	+4.4	-0.2
Paper and Printing.....	494	60,736	1,466	-2.0	-2.9
Total Mfg., 10 Groups.....	3,487	837,770	21,537	+2.5	+3.4
Merchandising ³	1,750	93,770	1,940	+0.7	+1.8
Public Utilities.....	76	79,475	2,437	-0.8	+1.0
Coal Mining.....	13	3,963	98	-3.1	+6.4
Construction.....	319	8,539	176	+3.9	+7.5
Total Non-Mfg., 4 Groups.....	2,158	185,747	4,651	+0.1	+1.7
Total, 14 Groups.....	5,645	1,023,517	26,188	+2.1	+3.1

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

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

A further substantial rise took place in production of automobiles during March, with the result that aggregate first-quarter output (passenger cars and trucks) exceeded that of the corresponding period in any year since 1929. Passenger automobiles produced in March numbered 361,813, which volume represented an increase of 30 per cent over February and a similar one over the month last year. The average expansion for March over the preceding month is 24 per cent. Truck output of 68,017 vehicles in March was 9 per cent greater than in February and 15 per cent above that of last March.

The gain of 67 per cent over February in wholesale distribution of new automobiles in the Middle West was sharply greater than that shown in the preceding month over January or in a similar comparison for March last year. Sales to users likewise increased more than they did in February over the first month of the year or than in March 1934 over a month earlier. Both wholesale and retail trade in March were much heavier than a year ago. Sales of used cars were considerably larger than a month previous but only moderately greater than in the same period of 1934. Furthermore, stocks of used cars at the end of March were about half again as large in number as they were a year ago, whereas new car stocks were less than 6 per cent heavier. The ratio of deferred payment sales to total retail sales of dealers reporting the item was the same in March as a month previous—44 per cent—but was somewhat smaller than the 48 per cent reported for March last year.

IRON AND STEEL PRODUCTS

The incoming volume of business during March in the steel industry of the Chicago district somewhat exceeded that of the preceding month, with the automotive industry continuing to be the most important source of demand. Steel ingot production which had averaged around 47 per cent of capacity in the last half of March, was increased to about 50 per cent at the beginning of April, where it was maintained through the middle of the month; last year in mid-April ingot output averaged 54 per cent of capacity. Average daily pig iron production in the Illinois and Indiana district declined slightly in March from the preceding month, but aggregate production was heavier. The iron and steel scrap market has been dull in recent weeks, and there has been some further drop in prices.

Orders for steel castings booked by Seventh district foundries in March totaled 10 per cent less than in February and were 60 per cent below those reported for

March a year ago. Shipments and production, however, showed increases of 13 and 14 per cent, respectively, over a month earlier and continued heavier than last year, gains in the latter comparison amounting to 7 per cent in tonnage produced and 18 per cent in tonnage shipped. At malleable casting foundries, activity resumed an upward trend in March after the moderate recession of the preceding month, orders booked expanding 17 per cent, shipments 21 per cent, and production 4 per cent. Increases over a year ago in these items were practically the same as in the monthly comparison.

Manufacturers of stoves and furnaces reported a continuation during March of the expansion noted a month earlier, shipments increasing 30 per cent, orders accepted 36 per cent, and molding-room operations 18 per cent. As compared with the corresponding month a year earlier, production showed an increase of 9 per cent, orders one of 34 per cent, and shipments a gain of 43 per cent.

FURNITURE

The total of new orders booked during March by Seventh district furniture manufacturers reporting to this bank, registered an increase of 7½ per cent over the preceding month, which was in line with a seasonal average gain of 8 per cent and followed, moreover, upon an unusually small decrease in February from the January peak. Shipments were greatly accelerated: the aggregate of the current month exceeded the expanded volume of February by 33 per cent, in comparison with a gain in the eight-year average for March of 13 per cent, and was greater than in any month since May 1931. As compared with year-ago aggregates, both new orders and shipments continued for the sixth successive month to register marked gains, increases in March amounting to 48 per cent in orders and 98 per cent in shipments. The volume of unfilled orders on hand continued relatively high, falling off only 14 points during the month in the ratio to current orders, which ratio stood at 88 per cent at the close of March. The rate of operations averaged 57 per cent of capacity, 4 points higher than in February and 19 points above the March 1934 ratio.

SHOE MANUFACTURING, TANNING, AND HIDES

The seasonal expansion in the shoe manufacturing industry of the Seventh district noted during the first two months of this year continued through March, preliminary reports indicating a further rise of 5 per cent in output for this month. February shoe production, according to the latest available data, registered an increase of 6½ per cent over the preceding month and was 21 per cent larger than in the corresponding month of 1934. On the basis of

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in March 1935 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	FEB. 1935	MAR. 1934	
New Cars			
Wholesale—			
Number Sold.....	+66.8	+35.0	20
Value.....	+65.6	+25.8	20
Retail—			
Number Sold.....	+70.3	+39.4	50
Value.....	+70.9	+35.4	50
On Hand March 30—			
Number.....	+26.2	+5.7	50
Value.....	+21.5	+19.9	50
Used Cars			
Number Sold.....	+52.8	+15.1	50
Salable on Hand—			
Number.....	+11.5	+49.3	50
Value.....	+10.7	+60.9	50

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	MARCH 1935: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	FEB. 1935	MAR. 1934	
Wholesale Lumber:			
Sales in Dollars.....	+25.4	+15.1	12
Sales in Board Feet.....	+20.6	+6.6	10
Accounts Outstanding ¹	+12.4	+2.0	12
Retail Building Materials:			
Total Sales in Dollars.....	+22.3	-11.7	175
Lumber Sales in Dollars.....	+55.2	+12.1	59
Lumber Sales in Board Feet.....	+60.7	-7.5	69
Accounts Outstanding ¹	+2.5	-14.9	167
	Ratio of Accounts Outstanding ¹ to Dollar Sales during Month		
	March 1935	Feb. 1935	March 1934
Wholesale Trade.....	142.7	159.2	160.9
Retail Trade.....	324.0	385.6	325.4

¹End of Month.

early reports for March, production in the first quarter of this year exceeded that of the same period last year by 11 per cent. The tanning industry reported production and sales of leather in March as slightly below the February volumes, with practically no change in prices. The movement of packer green hides in the Chicago district was in larger volume during March than in February, but sales of calf and kip skins showed a decline. Price quotations ranged from one-half to one cent lower at the close of March than in the opening week of the month, but advanced sharply during the first half of April to the level of early March.

Building Materials, Construction Work

Demand for building materials both at wholesale and at retail was greatly accelerated in March, in many lines exceeding seasonal expansion. Shipments of finished cement in five midwest states were more than twice as heavy as in February and 32 per cent greater than in March a year ago; and those of brick and tile were reported somewhat in excess of a month previous, though improvement relative to a year ago varied in the different sections of the district.

Sales of lumber at wholesale continued to gain in March, as measured both in dollars and in board feet—dollar sales increasing markedly. Furthermore, the expansion in lumber sales at retail yards was considerably greater than average. Total dollar sales at retail, however, though increasing substantially in March, nevertheless expanded to a less than usual extent, following, moreover, upon a much greater than average recession in February from January. As shown in the accompanying table, accounts outstanding were moderately higher as compared with a month previous in the wholesale trade and slightly greater in the retail business, but in the ratio to dollar sales both wholesale and retail accounts showed declines from February as well as a year ago.

BUILDING CONSTRUCTION

The heavy gains usual for March in Seventh district contract awards took place in the current month, total awards expanding 93 per cent in estimated value as compared with February, and residential 108 per cent. The value of residential awards, furthermore, was higher in March than for any month since May last year. As compared with the first quarter of 1934, however, the total valuation of residential awards in the first three months of this year was but 2 per cent greater, while that of total contracts was 32 per cent smaller.

The estimated cost of permits issued in March in 98 cities of the district was 145 per cent in excess of a month previous and 71 per cent higher than in March 1934; the cost of industrial building, moreover, was only fractionally greater than a year ago, with prices of building materials at wholesale slightly lower in the average. The number

of permits issued in the current month aggregated 4,004—97 per cent higher than in February and 64 per cent greater than in March a year ago. All of the larger cities shared in the increases in valuation, but the smaller cities in Iowa and Michigan showed declines in the yearly comparison.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
March 1935.....	\$21,870,988	\$2,576,151
Change from February 1935.....	+92.7%	+108.3%
Change from March 1934.....	-13.4%	+4.5%
First three months of 1935.....	\$47,204,049	\$5,572,858
Change from same period 1934.....	-31.6%	+1.8%

*Data furnished by F. W. Dodge Corporation.

Merchandising

The majority of reporting groups of wholesale trade experienced a less than seasonal increase in sales volume for March over February: the grocery trade gained only 4½ per cent, drugs 6 per cent, and dry goods 11½ per cent, as against an average expansion for the period of 13, 14, and 17 per cent, respectively. Hardware sales, on the other hand, increased 49 per cent over the preceding month, whereas the 1925-34 average for March shows an increase of but 35 per cent, and the gain of 9 per cent in electrical supplies approximated the average increase. The decline of one per cent in the grocery trade from last March was the first to be recorded in the yearly comparison in fifteen months, and the increases in all groups except hardware were noticeably smaller than a month previous; in the dry goods trade, the majority of firms reported declines from a year ago. Cumulative sales for the first quarter of 1935 showed gains over the corresponding period of 1934 of 2½ per cent in drugs, 5 per cent in groceries, 8 per cent in dry goods, 12 per cent in hardware, and 19 per cent in electrical supplies. General declines took place between February and March in the ratios of accounts outstanding to net sales during the period, and in all groups except dry goods they continued below those of last year.

The expansion of 22 per cent over February recorded for March this year in Seventh district department store trade was close to seasonal in extent, the 1925-34 March average showing a 20½ per cent increase for the period. Of the larger cities in the district, Indianapolis with a gain of 37 per cent over the preceding month had the largest increase; sales by Milwaukee firms expanded 33 per cent, those of Detroit stores gained 25 per cent, and Chicago trade was heavier by 16 per cent; total sales of stores in smaller cities rose 28 per cent over the February

WHOLESALE TRADE IN MARCH 1935

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTAND.	COLLECTIONS	
Groceries.....	-1.1	+12.7	-13.0	+4.6	89.1
Hardware.....	+17.2	+11.4	-0.8	+1.3	175.5
Dry Goods.....	+0.9	+1.1	-0.7	+9.3	211.0
Drugs.....	+0.3	+1.4	-8.6	+6.4	160.0
Electrical Supplies.....	+15.6	-1.9	+1.4	+20.7	144.4

DEPARTMENT STORE TRADE IN MARCH 1935

LOCALITY	PER CENT CHANGE MARCH 1935 FROM MARCH 1934		PER CENT CHANGE THREE MONTHS 1935 FROM SAME PERIOD 1934	RATIO OF MARCH COLLECTIONS TO ACCOUNTS OUTSTANDING END OF FEBRUARY	
	NET SALES	STOCKS END OF MONTH		1935	1934
Chicago.....	+1.1	-1.3	+4.7	36.4	32.6
Detroit.....	+1.7	+5.8	+10.8	47.1	46.6
Indianapolis.....	+7.0	-13.2	+10.8	43.4	42.7
Milwaukee.....	+10.0	-3.5	+4.7	38.9	35.7
Other Cities.....	-2.4	+3.1	+1.8	34.7	33.4
7th District.....	+1.9	-0.9	+6.0	39.6	37.5

volume. Only a small increase—2 per cent—was shown for the district over last March, this being the smallest gain in the year-ago comparison since the beginning of the expansion in June 1933. However, the preponderance of Easter trade took place in March last year; furthermore, with one less trading day in the month this year, daily average sales totaled 6 per cent larger in the comparison. It will be noted in the table that sales for the first quarter of 1935 exceeded those of the same period last year by 6 per cent. Stocks, which aggregated 8 per cent heavier at the close of March than a month previous, increased somewhat more than seasonally, but were slightly lower than a year ago at the same time.

Following a contrary to seasonal gain in February, sales of shoes by reporting dealers and department stores rose 58 per cent in March over that month, the 1926-34 average for the period showing an increase of but 47 per cent. Despite this favorable trend, sales in the month this year totaled 4 per cent less than in March 1934, the volume sold at that time having expanded 74 per cent over the preceding month. Although this decline represents the first one in the year-ago comparison since November 1933, it should be taken into account that, as in the case of department store trade, Easter buying was a major factor in

the sharply expanded volume of trade last year. For the year through March, sales aggregated 3 per cent heavier than in the first three months of 1934. An 11 per cent expansion was recorded in stocks at the close of March over the end of February and one of 8 per cent over the corresponding date last year.

In the retail furniture trade, an expansion of 6½ per cent was shown in the dollar sales volume for March from the preceding month, which is about average for the period. Dealer sales totaled slightly less than in March last year, whereas department store sales were larger, the latter effecting a gain of 16½ per cent in the aggregate over a year ago. Stocks increased 8 per cent in the month but were 2 per cent smaller than at the close of March 1934.

Sales of thirteen reporting chains, operating over 2,800 units in March, totaled 9 per cent larger than a month previous, the result of gains in the drug, five-and-ten-cent store, cigar, men's clothing, and musical instrument groups, grocery and shoe chains experiencing a decline in the month. Owing principally to declines from a year ago in five-and-ten-cent store and shoe sales, aggregate sales were 6 per cent smaller in the comparison, the other major groups—groceries and drugs—having larger sales than in March last year.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

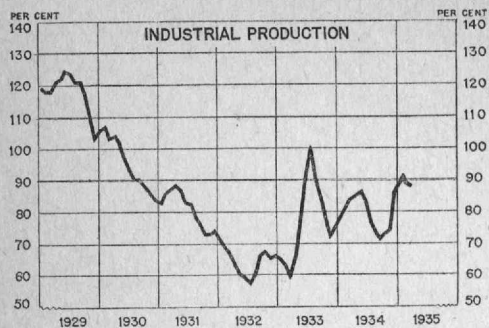
(Index numbers express a comparison of unit or dollar volume for the months indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following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

	No. of Firms	Mar. 1935	Feb. 1935	Jan. 1935	Dec. 1934	Nov. 1934	Oct. 1934	Mar. 1934	Feb. 1934	Jan. 1934	Dec. 1933	Nov. 1933	Oct. 1933
Meat Packing—(U. S.)—													
Sales (in dollars).....	47	77	80	81	73	71	79	63	63	60	54	56	67
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	12	35	31	31	20	24	27	28	22	21	18	21	23
In Tons.....	12	33	29	30	19	25	26	28	21	21	20	22	25
Malleable—In Dollars.....	21	45	37	37	28	29	26	36	28	23	23	23	25
In Tons.....	21	69	57	59	42	43	38	58	44	38	36	36	39
Stoves and Furnaces—													
Shipments (in dollars).....	10	114	85	59	101	144	192	82	63	45	78	109	128
Furniture—													
Orders (in dollars).....	14	46	43	49	25	34	40	31	28	35	18	21	24
Shipments (in dollars).....	14	49	36	25	30	36	42	24	29	21	23	28	38
Flour—													
Production (in bbls.).....	19	89	90	103	93	101	117	101	104	117	100	106	104
Output of Butter by Creameries—													
Production.....	59	83	81	86	88	98	125	95	85	92	94	93	109
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	28	67	64	72	70	73	77	68	62	64	63	64	66
Hardware.....	11	63	43	41	52	57	65	54	39	38	46	46	51
Dry Goods.....	9	43	38	42	35	42	43	42	34	37	28	33	38
Drugs.....	13	71	65	70	64	66	73	71	64	70	67	57	61
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	27	69	59	59	124	77	78	68	56	56	108	67	74
Detroit.....	5	92	76	69	139	81	76	92	67	58	114	67	67
Indianapolis.....	4	89	65	70	140	83	85	84	56	62	119	70	83
Milwaukee.....	5	77	58	58	125	83	89	71	58	58	111	77	83
Other Cities.....	40	71	56	54	116	74	75	74	54	52	104	65	65
Seventh District—Unadjusted.....	81	75	62	60	126	78	79	74	58	56	109	68	73
Adjusted.....	81	83	79	76	75	71	72	76	73	70	65	61	66
Automobile Production—(U. S.)—													
Passenger Cars.....		124	95	78	44	16	29	95	64	39	17	15	36
Trucks.....		181	166	169	146	87	127	157	115	114	79	49	79
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		9	4	6	5	6	8	8	6	4	3	5	5
Total.....		32	17	20	26	22	34	37	24	40	48	34	31
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....		63	63	51	38	34	33	49	39	34	31	34	45
United States.....		58	59	49	34	33	31	53	46	40	39	37	45
Steel Ingot Production—(U. S.)*.....		82	86	79	58	50	41	77	68	55	54	44	60

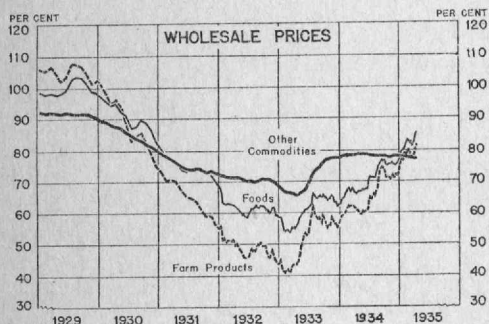
*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

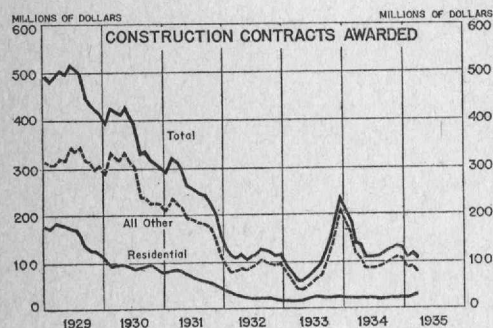
(By the Federal Reserve Board)



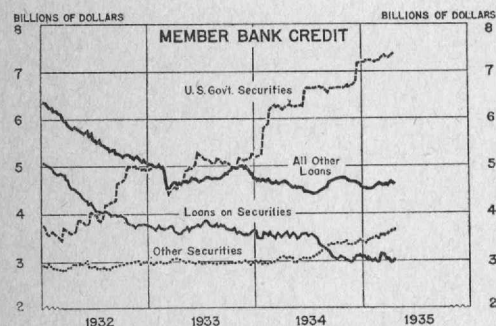
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



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



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for February, March, and estimate for April 1935.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for April 17, 1935.

VOLUME of industrial production, which usually increases somewhat at this season, showed little change in March. Building activity in the residential field increased in March and the first half of April, reflecting in part seasonal factors. Wholesale prices of farm products and foods, after declining in March, showed a considerable increase in the first three weeks of April.

PRODUCTION AND EMPLOYMENT

The Federal Reserve Board's adjusted index of industrial production, which makes allowance for changes in the number of working days and for usual seasonal variations, was 88 per cent of the 1923-1925 average in March as compared with 89 per cent in February and 90 in January. Steel production, after declining in the latter part of February, showed little change during March and the first three weeks of April. Output of automobiles increased further and was larger than in the corresponding period of any other year since 1929. In the cotton textile industry daily average output declined in March and, according to trade reports, showed a further considerable decrease in the early part of April. Activity at woolen mills also decreased somewhat in March, while shoe production showed little change. Activity in the meat-packing industry in March, as in other recent months, was at a lower level than a year ago. Output of bituminous coal declined sharply in the early part of April, following an increase earlier in the year.

Factory employment and payrolls increased between the middle of February and the middle of March by somewhat more than the usual seasonal amount. The most marked increases were in industries producing machinery, furniture, and clothing, while employment in industries producing textile fabrics and foods showed a decline.

Value of construction contracts awarded for residential building increased in March and the first half of April, according to reports by the F. W. Dodge Corporation, while contracts for public projects continued at a lower level than a year ago.

DISTRIBUTION

Distribution of commodities by rail showed little change in March; in the early part of April, however, shipments declined, reflecting a sharp reduction in loadings of coal. Department store sales increased from February to March by more than the estimated seasonal amount.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 78.8 per cent of the 1926 average in the week ending March 23 to 80.3 per cent in the week ending April 20, reflecting chiefly advances in the prices of farm products and foods. The increase in the general index followed a decline from a level of 79.6 per cent in the early part of March.

BANK CREDIT

During the four weeks ended April 17, member bank balances with the Federal Reserve banks increased by \$140,000,000, and excess reserves rose to \$2,100,000,000. This increase reflected gold imports of \$120,000,000 and disbursement of \$105,000,000 by the Treasury from the balance with the reserve banks, offset in part by an increase of \$60,000,000 in the demand for currency.

Total loans and investments of weekly reporting member banks in leading cities increased by \$150,000,000 in the four weeks ended April 17. Loans on securities declined somewhat during this period, while other loans and holdings of investments increased. Net demand deposits of these banks increased by \$380,000,000.

The rate for call money on the New York Stock Exchange was reduced in April to $\frac{1}{4}$ per cent from the 1 per cent level that had been in effect for more than a year. Quotations for 90-day time money were also lowered to $\frac{1}{4}$ per cent and there was a reduction in rates on acceptances of the longer maturities.