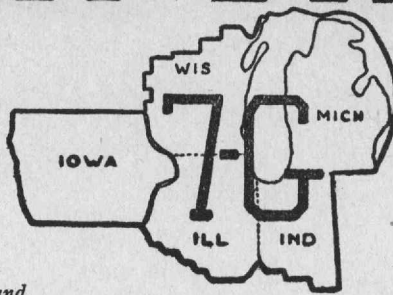


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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General Summary

UNUSUALLY favorable conditions prevailed in the Seventh district during July when normally business is experiencing midsummer dullness. Several major manufacturing groups recorded counter-seasonal expansion in activity, wholesale trade was better in general than a month previous, and although retail trade was lighter in accordance with seasonal trend, sales showed the largest increases this year over the corresponding month of 1934. Furthermore, most crops, and notably corn, made good progress especially the latter part of the month.

The July volume of business at steel mills of the Chicago district expanded over the preceding month, with a resulting rise in the rate of operations which continued into August and which was counter to trend for the period. Orders booked by steel and malleable casting foundries rose in July over June; shipments of steel castings likewise were heavier, while those of malleable castings remained about the same. Furniture manufacturers reported the usual sharp gain in orders for July and a small non-seasonal increase in shipments. Total volume of building contracts awarded in the month was the heaviest since January 1934, although demand for building materials was rather slow. Production of automobiles declined during July, in accordance with seasonal trend, but exceeded that of a year ago. Industrial employment recorded a further recession in the month, owing principally to curtailment in the automobile industry.

Production of packing-house commodities increased in July, contrary to trend, though continuing considerably below a year ago and the average for the period, while

sales gained slightly in tonnage over June but were a little smaller in dollar value. Declines in butter production and sales were seasonal in nature; the aggregate of each was above that of last July, and the former item exceeded the July average. Distribution of Wisconsin cheese was below normal, though its manufacture was heavier than average. Wheat and oats receipts at primary markets rose less than seasonally in July, and the trend in reshipments of these grains likewise was unfavorable, with the movement of both continuing much below average. The corn movement was only one-third normal in July. Corn and most crops in the district made good progress during July, although estimates of small grain yields declined.

Gains shown in July over June in the wholesale grocery and electrical supply trades were counter-seasonal, and the recessions in the hardware and drug trades were smaller than usual, sales in all groups recording the heaviest increases over 1934 of any month this year. Department store trade in July also showed the largest gain so far this year over last, and increases in this comparison likewise were substantial in the retail shoe, furniture, and chain store trades, although the sales volume in each of these retail lines declined from the preceding month in accordance with seasonal trend.

A further gain in holdings of United States Government securities between July 17 and August 14 again caused a rise in total loans and investments of reporting member banks in the district; demand deposits in these banks fell off during the period, but time deposits increased slightly. Dealer sales of commercial paper and financing by means of bankers' acceptances expanded more than usual in July, but activity was under that of a year ago and much below average.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	AUGUST 14 1935	JULY 17 1935	AUGUST 15 1934
Total Bills and Securities.....	\$ 358.2	\$ -0.1	\$ -71.1
Bills Discounted.....	0	-0.1	-0.2
Bills Bought.....	0.6	0	-0.1
U. S. Government Securities.....	355.7	0	-72.7
Total Reserves.....	1,292.8	-80.1	+190.6
Total Deposits.....	814.2	-84.9	+82.2
Federal Reserve Notes in Circulation.....	799.0	+3.6	+29.4
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined..	80.1	-0.9*	+6.7*

*Number of points.

Credit Conditions and Money Rates

During the four-week period ended August 14, member bank reserve balances declined almost 46½ million dollars. This decrease resulted from a reduction in local banking reserves effected by a further excess of United States Treasury collections over disbursements and a net outflow of 3½ millions from the Seventh Federal Reserve district through commercial and financial transactions.

Changes in all sources and uses of Seventh district banking reserves are shown in detail in the accompanying tabulation.

Changes between July 17 and August 14 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).....	-170
Commercial operations through inter-district settlements.....	-3,502
Treasury and National bank currency.....	-4,052
Total supply.....	-7,724
Demand for currency.....	-188
Member bank reserve balances.....	-46,489
Treasury cash and deposits at Federal Reserve Bank of Chicago.....	+37,985
Special and "all other" deposits.....	+847
Other Federal Reserve accounts.....	+121
Total demand.....	-7,724

Customers' commercial loans, according to reports from down-town Chicago banks, carried a prevailing rate of 1½ to 5 per cent during the week ended August 15, unchanged from the range given for the corresponding week in July. The average rate earned by down-town Chicago banks on loans and discounts during the calendar month of July was 3.04 per cent, as compared with 3.01 in June and with 3.19 per cent in July 1934. A range of 3½ to 5 per cent was reported by down-town Detroit banks as the prevailing rate on customers' commercial loans for the week ended August 15, as against 3½ to 6 per cent for the week ended July 15.

Dealer sales of commercial paper in the Middle West, after declining steadily since January, increased 38½ per cent in July over June as compared with an average seasonal gain of about 20 per cent. However, sales aggregated 24½ per cent smaller than in July 1934 and were 55 per cent below the 1925-34 average for the month. Borrowings by means of commercial paper expanded somewhat during July and were absorbed by a stronger investment demand from city and country banks. Selling quotations in July were unchanged from the preceding month, ranging from ¾ per cent for prime short-term paper to 1 per cent for the less well-known obligations, with the bulk of sales moving at ¾ per cent. Outstandings declined 2 per cent on July 31 from June 29 and were slightly below the level at the end of May, but totaled greater than on the corresponding reporting dates for the first four months of this year. A further expansion of 56½ per cent in sales was recorded in the first half of August over the corresponding weeks of July, and rates continued within a range of ¾ to 1 per cent.

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	AUGUST 14 1935	JULY 17 1935	AUGUST 15 1934
Total loans and investments.....	\$2,133	\$ +40	\$ +284
Total loans on securities.....	226	-2	-96
To brokers and dealers			
In New York.....	1	0	-21
Outside New York.....	30	0	-8
To others.....	195	-2	-67
Acceptances and commercial paper bought.....	31	+3
Loans on real estate.....	31	+1
Other loans.....	308	-13	-44*
U. S. Government direct obligations.....	1,127	+42	+359
Obligations fully guaranteed by U. S.			
Government.....	93	+1
Other securities.....	317	+8	+65**
Net demand deposits.....	1,951	-30	+291
Time deposits.....	565	+2	+78
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.

The supply of acceptances in the Chicago bill market during the period July 11 to August 14 registered a considerable increase over recent months and was in the largest volume since January 17 to February 13 of this year. As local purchases were still negligible, this increase in supply was accounted for almost entirely by a heavy gain in receipts from Eastern cities. Bills moved rapidly out of dealers' hands into investment channels, as demand from local and out-of-town banks showed a marked increase over the preceding period. Sales to Eastern markets were almost nil. Rates remained unchanged during the period, ranging from ⅛ to ⅓ per cent.

In the Seventh Federal Reserve district, new financing by means of bankers' acceptances increased more than seasonally in July over June but was 58½ per cent under the 1925-34 average for the month. The direct discounting of these bills at the originating banks expanded to almost twice the volume of the preceding period but declined 51 per cent in comparison with a year ago; also, the buying of other banks' acceptances increased heavily over the preceding period, and the volume totaled greater than in any of the past three months, though declining 45 per cent from a year ago. Total purchases, therefore, aggregated 138 per cent larger than during June, but showed a recession of 49 per cent from July 1934 and of 62½ per cent from the 1925-34 July average. Sales remained nil during July and maturities in portfolios were slightly below the level of current purchases; as a consequence of these trends, acceptance holdings on July 31 were 2 per cent above those at the end of June. The liability for outstanding acceptances at the end of July was slightly greater than a month earlier. In the first half of August, the use of bankers' acceptance credits for new financing increased 65 per cent over the corresponding weeks in the preceding month, for the most part owing to heavier borrowing by the iron and steel industry.

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

	PER CENT CHANGE IN JULY 1935 FROM	
	JUNE 1935	JULY 1934
Total value of bills accepted.....	+76.9	-45.5
Purchases (including own bills discounted).....	+137.9	-49.2
Sales.....	0	-100.0
Holdings*.....	+2.1	-48.6
Liability for outstandings*.....	+4.5	-37.6

*At end of month.

SECURITY MARKETS

Considerable activity, especially among the high grade issues, characterized the Chicago bond market during July. Price advances registered in recent preceding months for the most part held, although a slight easing tendency was noticeable in the early part of August. New financing during July, which included a rather heavy amount of refundings, totaled greater than in June or the corresponding month of 1934. New issues were reported well received, particularly the utility offerings. There continues to be some indication of a broadening market for bonds, though buying is still largely confined to institu-

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM		
	JULY 1935	JUNE 1935	JULY 1934
Chicago.....	\$2,759	+6.7	+23.7
Detroit, Milwaukee, and Indianapolis.....	1,092	-0.5	+15.3
Total four larger cities.....	\$3,851	+4.5	+21.2
36 smaller centers.....	619	+1.0	+21.9
Total 40 centers.....	\$4,470	+4.0	+21.3

tional investors. The upward trend of prices prevalent on the Chicago Stock Exchange during the past several months continued throughout July and the first half of August. The average price of twenty leading stocks* amounted to \$39.59 on August 16, as compared with \$36.13 on the corresponding date in July.

*Chicago Journal of Commerce.

Agricultural Products

Corn made excellent progress in the Seventh Federal Reserve district during the last half of July and early August, as the subsoil in most areas still retained sufficient moisture from last spring to protect the crop during the critical period of extreme heat. Some of the earliest varieties had reached the milk or roasting ear stage by August 20, a large portion of the total crop had tasseled and silked, and much of the late corn had begun to form ears. Condition generally ranged from fair to very good, though in some areas it was poor and numerous fields were rather weedy. In western Iowa and in a few Seventh district counties lying farthest south in Illinois and Indiana, deterioration took place between the end of July and mid-August, because precipitation in those sections was inadequate to prevent blistering of tassels and other damage during the silking stage. Heavy rainfall in the week ended August 20 relieved conditions in these dry areas, and a moderation in temperature likewise was beneficial to the crop.

Wheat threshing was practically finished in the southern part of the district by August 20 and was approaching completion in central areas, but in the northern portions work continued to be delayed by rain and humidity which also caused deterioration in the shocks. Some of the Iowa wheat remained unthreshed on that date, owing to tangled condition of the straw, which necessitated utilization of the heaviest type of threshing machinery. Yield and quality of this grain continued under early expectations. The oats harvest was practically completed by August 20. Threshing of this grain progressed somewhat slowly in the north of the district, was fairly well under way in the central sections, but was practically finished in the southern portion. Threshing returns for oats averaged fair to good, but the weight of kernels was rather disappointing.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of August 1 condition

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		
	FORECAST	FINAL	FORECAST	FINAL	1928-32 AVERAGE
Corn	776,264	482,658	2,272,147	1,377,126	2,562,147
Oats	467,031	183,361	1,187,000	525,889	1,217,646
Winter Wheat	55,468	49,293	431,709	405,552	618,186
Spring Wheat	2,546	1,632	175,969	91,377	242,385
Barley	50,684(a)	28,880(a)	286,653	118,348	282,841
Rye	11,638(a)	5,560(a)	52,236	16,045	38,655
Buckwheat	1,084(a)	1,267(a)	7,821	9,042	8,277
Flaxseed	234(b)	151(b)	14,483	5,213	15,961
Potatoes (white)	57,480	66,027	376,957	385,421	363,367
Potatoes (sweet)	1,375(c)	1,180(c)	69,158	67,400	63,841
Sugar Beets ¹	1,012(d)	999(d)	8,885	7,481	8,118
Apples (total)	23,552(a)	12,085(a)	169,403	120,670	161,333
Peaches	6,548(e)	1,290(e)	52,196	45,665	56,451
Pears	1,616(e)	1,638(e)	21,212	23,490	23,146
Cherries ¹	32(f)	31(f)	117	114	108
Grapes ¹	82(a)	75(a)	2,288	1,931	2,200
Dry Beans ²	3,796(f)	3,400(f)	13,631	10,369	11,858
Tobacco ³	16,749	12,764	1,221,630	1,045,660	1,432,845
Broom Corn ¹	14(g)	12(g)	67	31	47
All Time Hay ¹	17,079	9,856	75,212	52,269	69,591
Wild Hay ¹	634(a)	498(a)	11,570	4,759	10,793

¹In thousands of tons. ²In thousands of 100-lb. bags. ³In thousands of pounds. (a) Five states including Seventh Federal Reserve district. (b) Iowa and Wisconsin. (c) Illinois, Indiana, and Iowa. (d) Michigan. (e) Illinois, Michigan, Indiana, and Iowa. (f) Michigan and Wisconsin. (g) Illinois.

Conditions of barley, rye, and other small grains were similar to those obtaining for wheat and oats. A good second crop of alfalfa was being cut by mid-August and soy beans were in good condition at that time. Though not quite up to early expectations, yields of timothy seed ranged from good to excellent. Pastures remained better than a year ago, although they had begun to fail in western Iowa. Early potatoes were of fair yield and the later varieties were showing good growth on August 20. Beans, tobacco, and sugar beets made good progress. Despite deterioration from heat, tomato production will be heavy this year. Early apples were of fair quality; some codling moth infestation in the Michigan crop was reported. After having been hampered by a baked condition of the topsoil until past mid-month, plowing for winter wheat had begun to make progress by the third week of August; rain had been badly needed in western Iowa and in some sections of Indiana and Illinois, but precipitation had been fairly ample in other sections and had relieved dryness in the northern portion of the Michigan lower peninsula.

On the basis of August 1 condition, the United States Department of Agriculture estimated that the Seventh district production of corn, oats, spring wheat, barley, flaxseed, and tobacco would fall below the 1928-32 average, but that output of most other crops would exceed this average. Small grains and hay decreased from the July 1 forecast, while corn and most other crops showed a marked gain.

GRAIN MARKETING

Wheat receipts at interior primary markets in the United States showed a sharp though less than seasonal rise in July over June to a level above any previous month since last July, but were 38½ per cent under a year ago and 57 per cent below the 1925-34 average volume for the period. Reshipments of the grain expanded only 6 per cent over a month earlier—as compared with a seasonal gain of 76½ per cent—and were 65 per cent under this ten-year average. Visible supplies in the United States increased less than usual on August 10 over the corresponding date of July and were approximately 60 per cent smaller than a year ago. Despite indications of a larger world production of wheat and other cereals in 1935 than in 1934 and coincident with confirmation of extensive black rust damage in the spring wheat crop of North America, wheat prices at Chicago advanced in July over June. However, quotations tended to ease after the beginning of August. Exports of wheat and of other grain from the United States remained negligible in July.

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, July 1935	182	355	248	82
Federally Inspected Slaughter, United States				
July 1935	745	1,712	1,546	464
June 1935	669	1,828	1,421	439
July 1934	1,199	3,323	1,294	774

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	AUGUST 17 1935	JULY 1935	JUNE 1935	JULY 1934
Native Beef Steers (average)	\$10.60	\$9.80	\$10.40	\$7.25
Fat Cows and Heifers	7.95	7.50	7.75	4.50
Calves	8.85	7.85	8.20	5.15
Hogs (bulk of sales)	11.25	9.40	9.35	4.50
Lambs	8.80	8.45	8.70	7.05

Corn receipts and shipments at these primary centers of accumulation in the United States declined in July from June—in contrast to a customary expansion—and were but one-third normal for the month. Visible stocks of corn fell off more than seasonally on August 10 from a month previous and were only one-seventh those of a year earlier. Receipts of oats at these markets expanded less than is usual in July over June, and showed a decline of 35 per cent from a year ago and of 75 per cent from the 1925-34 July average. Reshipments of the grain decreased sharply in all three comparisons and were below those of any corresponding period subsequent to February 1932. Prices of oats at Chicago declined in July and early August from levels which obtained in June.

MOVEMENT OF LIVE STOCK

Hog receipts at public stock yards in the United States increased in July over June—contrary to usual tendency—and the marketing of other animals expanded more than seasonally. The volume of cattle, calves, and hogs was sharply less than a year ago and below the 1925-34 July average, but that of lambs increased. Movement to inspected slaughter differed from these trends in three instances: the supply of hogs fell off 6½ per cent from June, the month-to-month gain in lambs was counter-seasonal, and the number of calves increased 10½ per cent over the ten-year average. By August 14, hog prices were above any month subsequent to July 1929 and 250 per cent higher than in early June 1934.

July reshipments of cattle and lambs to feed lots were below the 1930-34 seasonal average, and both showed a marked decrease from a year ago as did those of calves. The feeder lamb movement expanded over June but that of other live stock declined.

MEAT PACKING

July production of packing-house commodities at inspected slaughtering establishments in the United States showed a counter-seasonal rise of 6½ per cent over June but, owing to the sharp decline in live-stock supply in 1935 as a consequence of the slaughter of drought cattle in 1934 and of the reduction in potential breeding stock of pigs in 1933, was 34½ per cent less than a year ago and 26½ per cent below the 1925-34 average for the month. Sales tonnage increased slightly over June and was in excess of current production but decreased 11 per cent from last July and 17 per cent from this ten-year average. A slight decline took place in the general price level of packing-house commodities during July, despite an advance in pork products; quotations were approximately 40 per cent higher than a year ago. The total value of sales billed to domestic and foreign customers was only one per cent less than in June, 20½ per cent greater than last July, and within 10½ per cent of the 1925-34 seasonal average. Though imports of animal products into the United States were nearly equal to half the volume of exports of these commodities, commercial inventories of packing-house products in the United States decreased more than a customary amount on August 1 from a month earlier to a level 431,827,000 pounds below the 1930-34 average for that date. Payrolls for the last week of July reflected a decline from the June period of 1½ per cent each in employment, hours worked, and wage payments, and were approximately 25 per cent less than a year ago.

Shipments for export decreased further in July to an exceptionally low level. Though greater than a month

earlier, trade in United States lard continued relatively light in the United Kingdom; demand for hams was good. Continental trade remained negligible. British quotations for United States lard and hams were below Chicago parity during July but improved early in August. Inventories of United States packing-house commodities in foreign markets—inclusive of stocks in transit—decreased on August 1 from the beginning of July.

DAIRY PRODUCTS

The manufacture of creamery butter in the Seventh Federal Reserve district decreased 11 per cent in July from June, but was 3 per cent heavier than a year ago and 6 per cent in excess of the 1925-34 average for the month. The sales tonnage declined less than seasonally, being 5 per cent lighter than in June, 1½ per cent above last July, and on a level with the ten-year average, though below current production. United States production reflected trends similar to those of the Seventh district, except that the decline from June was less than is customary. Inventories of creamery butter in the United States rose more than normally on August 1 over the beginning of July to a level 40,716,000 pounds above a year ago and 23,442,000 higher than the 1930-34 average for that date. July prices were slightly above those of a month earlier.

American cheese production in Wisconsin declined 6½ per cent in the five weeks ended August 3 from the preceding period, but was 7 per cent greater than a year ago and 9½ per cent heavier than the 1930-34 seasonal average. Distribution of the commodity from primary centers of that state recorded more than the usual deficiency as compared with current manufacture, being 2½ per cent less than in the five weeks ended June 29 and approximately 3 per cent under a year earlier and the 1930-34 average. Total inventories of cheese in the United States showed a greater accumulation on August 1 over the beginning of July than customary, but were 3,311,000 pounds smaller than the 1930-34 average for that date. Prices advanced 3 per cent in July over June.

Industrial Employment Conditions

Seventh district industrial employment experienced the usual seasonal contraction in July, the number of men employed aggregating 2 per cent and payrolls 4½ per cent lower than a month earlier. Manufacturing was

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF JULY 15, 1935			CHANGE FROM JUNE 15, 1935	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	1,183	243,863	5,458	-0.6	-2.1
Vehicles.....	218	259,120	6,321	-6.9	-14.2
Textiles and Products.....	263	44,370	744	-3.4	-0.6
Food and Products.....	539	90,332	1,959	+9.7	+7.8
Stone, Clay, and Glass.....	150	9,600	192	-2.6	-3.4
Wood Products.....	346	30,733	513	+0.6	+1.7
Chemical Products.....	163	19,914	473	-2.9	-4.1
Leather Products.....	108	20,099	394	-0.4	+2.2
Rubber Products.....	23	7,961	148	-14.9	-18.5
Paper and Printing.....	509	59,447	1,439	+1.5	+1.6
Total Mfg., 10 Groups....	3,502	785,439	17,641	-2.0	-5.6
Merchandising ²	1,441	87,046	1,777	-2.8	-1.7
Public Utilities.....	77	79,859	2,521	-1.2	+2.7
Coal Mining.....	17	2,619	47	-23.8	-35.1
Construction.....	278	14,759	265	+4.2	+6.9
Total Non-Mfg., 4 Groups.	1,813	184,283	4,610	-2.0	+0.6
Total, 14 Groups.....	5,315	969,722	22,251	-2.0	-4.4

¹ Other than Vehicles. ² Illinois and Wisconsin.

affected by the customary lay-offs for vacations and inventories, and payrolls in these groups declined 5½ per cent as against a 2 per cent loss in employment. Non-manufacturing industries, on the other hand, registered a slight gain of one-half per cent in wage payments, although employment followed a trend similar to that of the manufacturing groups. While a majority of the reporting groups shared in the July decline, by far the greatest portion was contributed by vehicles. Decreases of 7 per cent in employment and 14 per cent in payrolls in this group approximated those reported in the preceding month, and the current levels are the lowest so far this year but are still above any prevailing during the latter half of 1934. Metals and metal products contributed moderately to the July recession with a loss of one-half per cent in number of workers and 2 per cent in wage payments. The stone-clay-and-glass products industries showed the first curtailment since January. Increases in both employment and payrolls were recorded in three of the manufacturing groups—food, wood products, and the paper and printing industries. A sharp seasonal rise in the canning and preserving industry as well as in other food industries brought employment in this group 10 per cent above that of the preceding month. Under the non-manufacturing groups, the construction industries reported a gain in both employment and payrolls, while public utilities showed a rise in the latter but a small decline in the former item.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

New passenger automobiles produced in July by United States manufacturers numbered 276,084, or only 7 per cent less than in the preceding month and 24 per cent in excess of output last July; the 1925-34 average decline from June to July is 13 per cent. The number of trucks manufactured amounted to 60,965 in July, representing a decrease of but 6 per cent from the June volume and an increase of 46 per cent over a year ago; the seasonal recession for July in truck production averages 10 per cent.

Sales of new automobiles in the Seventh district likewise fell off in July, as is usual for the month, although they continued to be much greater than in the corresponding period a year ago. Used car sales, on the other hand, showed a small expansion during the month and a larger increase over last July than did new car sales at retail. Furthermore, stocks of new cars at the end of July rose somewhat over the end of June, while those of used cars decreased noticeably in number, though continuing to be

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in July 1935 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JUNE 1935	JULY 1934	
New Cars			
Wholesale—			
Number Sold.....	-6.8	+62.7	26
Value.....	-7.3	+61.0	26
Retail—			
Number Sold.....	-15.0	+25.3	49
Value.....	-14.0	+24.6	49
On Hand July 31—			
Number.....	+5.6	-4.6	49
Value.....	+1.8	-7.5	49
Used Cars			
Number Sold.....	+1.4	+41.6	49
Salable on Hand—			
Number.....	-11.0	+45.7	49
Value.....	-6.3	+40.2	49

considerably heavier than those of last year. The ratio for July of deferred payment sales to total sales of dealers reporting the item amounted to 48 per cent, as compared with 47 per cent for June and 53 per cent for July 1934.

IRON AND STEEL PRODUCTS

With a steadily expanding demand from primary and miscellaneous sources, excepting the railroads, the July volume of business in the steel industry of the Chicago district rose moderately in the aggregate over that for June and was substantially greater than in the month last year, the improvement continuing into August at an increasing rate. As a consequence, steel ingot output in the district had risen counter-seasonally to 57 per cent of capacity by the second week of August, this rate being higher than for the corresponding week of any year since 1929 and comparing with less than 29 per cent a year ago at the same time. Pig iron production in the Illinois and Indiana district declined in July from a month previous but exceeded that of last July. Finished steel and pig iron prices remain steady, while scrap iron and steel prices have advanced sharply in recent weeks.

Orders booked during July by reporting steel casting foundries of the Seventh district showed a 28 per cent rise over the preceding month and a 74 per cent increase over July a year ago. Shipments also increased in the month, the gain over June amounting to 23 per cent, but continued below last year's volume by 23 per cent. Production followed the trend of shipments, increasing 6 per cent over a month earlier though showing a lag of 15 per cent in the yearly comparison. At malleable casting foundries, orders booked were 12 per cent heavier than in the preceding month and totaled more than twice the volume reported for July 1934. Shipments and production of this type of castings also were considerably heavier than a year ago, but showed practically no change from a month earlier.

Activity in the manufacture of stoves and furnaces recorded a continued seasonal decline during July, molding-room operations falling off 19 per cent, shipments 15 per cent, and orders accepted 5 per cent. Operations, however, were more than twice as large as in the same month last year, and shipments and orders were greater by 56 and 54 per cent, respectively, in this comparison. Inventories at the close of July were 6 per cent in excess of those a month earlier and 7 per cent above the corresponding figure of a year ago.

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	JULY 1935: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	JUNE 1935	JULY 1934	
Wholesale Lumber:			
Sales in Dollars.....	-10.6	+29.1	9
Sales in Board Feet.....	+0.5	+35.1	7
Accounts Outstanding ¹	-1.8	-3.6	9
Retail Building Materials:			
Total Sales in Dollars.....	+9.8	+51.3	177
Lumber Sales in Dollars.....	-6.7	+56.9	61
Lumber Sales in Board Feet.....	-19.0	+55.4	70
Accounts Outstanding ¹	+1.6	+5.3	173
	Ratio of Accounts Outstanding ¹ to Total Dollar Sales during Month		
	JULY 1935	JUNE 1935	JULY 1934
Wholesale Trade.....	153.5	139.8	230.5
Retail Trade.....	282.0	303.4	395.5

¹End of Month.

FURNITURE

The result of the July furniture marts was reflected in orders booked during the month by reporting Seventh district manufacturers, the dollar volume of these rising 63½ per cent over the preceding month, as compared with an increase in the 1927-34 average for the period of 58 per cent. Furthermore, shipments expanded counter-seasonally by 2½ per cent. Despite this trend in shipments and a sizable volume of cancellations in the month, unfilled orders at the close of July exceeded those of a month previous by 68 per cent, and their ratio to current orders booked stood at 89 per cent compared with 87 per cent in June. Comparisons with last year continued to be most favorable, orders gaining 51 per cent, shipments 46 per cent, and unfilled orders 76 per cent over last July. Operations, which averaged 53 per cent of capacity in the current period, showed little change from June but compared with a rate of only 45 per cent in the month a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Preliminary reports for July indicate a counter-seasonal rise over the rate of activity prevailing in the shoe industry during the preceding month when production in the Seventh district registered a decrease of 7½ per cent from May and was also slightly lower than in the corresponding month a year ago, the difference in this latter comparison amounting to about 3 per cent. Output in the first half of 1935, however, was approximately 6 per cent heavier than in the same period of 1934. In the tanning industry, production in July was maintained at the level of a month earlier, but sales showed a continued moderate decline of 7½ per cent. Prices remained unchanged. The movement of green hides in the Chicago market during July was in smaller volume than in June, while prices showed an advance of one-half cent early in the month, since which time they have continued steady.

Building Materials, Construction Work

Manufacturers and wholesale dealers of lumber in the district reported a 10½ per cent decline in dollar sales for July with a continued favorable margin of about 30 per cent in comparison with the same month a year ago. Total dollar sales at retail yards increased over the preceding month, but sales of lumber alone at these yards showed a decline; both continued considerably larger than in the same month of 1934. Outstanding accounts decreased slightly during the month for wholesale concerns, but the ratio of such accounts to dollar sales was heavier than a month earlier, while at retail, the opposite trend prevailed; in both phases of distribution, the ratios remained smaller than in the corresponding month a year ago. Demand for other building materials also continued slow during July, available reports indicating a decline in the shipments of

cement in comparison with the preceding month and with the same month a year earlier. Brick deliveries were still much below normal but compared favorably with July last year.

BUILDING CONSTRUCTION

Contract awards during July in the Seventh Federal Reserve district, totaling over 26 million dollars, were in the largest volume since January 1934. Residential contracts, after having increased steadily for the past four months, declined approximately 2 million dollars in July from June and amounted to only 22 per cent of total awards.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
July 1935.....	\$26,227,344	\$5,766,833
Change from June 1935.....	+13.7%	-25.1%
Change from July 1934.....	+38.6%	+182.4%
First seven months of 1935.....	\$143,741,962	\$29,141,209
Change from same period 1934.....	-7.4%	+73.4%

*Data furnished by F. W. Dodge Corporation.

The valuation of permits issued in 101 cities of the district during July was 34 per cent greater than in June and 91 per cent higher than in July last year. The number of permits, though dropping slightly from the June total, was 63 per cent above the corresponding month in 1934. Chicago, with a decline of 7 per cent in the yearly comparison of estimated cost, furnished the only exception to the group trend among the larger cities of the district.

Merchandising

Considerable improvement took place during July in wholesale trade conditions of the Seventh district, following a rather unfavorable June. Gains over June of 5 and 6 per cent in electrical supply and grocery sales, respectively, were contrary to trend for July, while the declines of 7½ per cent in the hardware trade (in which line alone business had been good in June) and less than one-half per cent in drugs compared with recessions of 12 and 6 per cent in the 1925-34 average for the month. Furthermore, the increases over last July in all groups were the heaviest shown so far in 1935, that of 16 per cent in the grocery trade following two successive months of declines. Sales in the first seven months of 1935 exceeded those of the same period of 1934 by 3 per cent in groceries, 9 per cent in drugs, and 16 per cent each in hardware and electrical supplies. Collection conditions remain better than

DEPARTMENT STORE TRADE IN JULY 1935

LOCALITY	PER CENT CHANGE JULY 1935 FROM JULY 1934		PER CENT CHANGE FIRST SEVEN MONTHS 1935 FROM SAME PERIOD 1934	RATIO OF JULY COLLECTIONS TO ACCOUNTS OUTSTANDING END OF JUNE	
	NET SALES	STOCKS END OF MONTH	NET SALES	1935	1934
Chicago.....	+6.3	-0.9	+5.7	30.3	28.7
Detroit.....	+17.0	-3.6	+5.7	43.1	39.6
Indianapolis.....	+25.0	-18.1	+12.4	39.4	38.1
Milwaukee.....	+13.3	-5.7	+5.7	39.0	36.4
Other Cities.....	+17.9	+1.2	+6.6	32.5	28.8
7th District.....	+12.5	-3.4	+6.3	36.4	33.7

WHOLESALE TRADE IN JULY 1935

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTANDING	COLLECTIONS	
Groceries.....	+15.7	+3.8	-8.5	+8.1	81.8
Hardware.....	+28.0	-6.1	-3.6	+28.1	189.2
Drugs.....	+20.8	+2.8	+1.0	+26.7	158.3
Electrical Supplies.....	+35.4	-2.3	+6.0	+10.4	142.5

a year ago, as evidenced by continued lower ratios of accounts to sales than at that time, and with the exception of hardware, all groups showed smaller ratios for July than a month previous.

The recession of 26 per cent in July from June in Seventh district department store trade was normal for the period, and sales exceeded those of last July by 12½ per cent, which is the largest gain to be shown in the yearly comparison so far in 1935. However, with one more trading day in the month this year, average daily sales totaled only 8 per cent heavier than a year ago. In the monthly comparison, Indianapolis trade recorded a decline of only 18 per cent and Milwaukee sales one of but 21 per cent, while sales of Detroit stores dropped 26 per cent and those of Chicago firms 29 per cent, with the aggregate for stores in smaller cities 26 per cent less. It will be noted in the table that Chicago department store sales showed by far the smallest gain compared with last July and Indianapolis sales much the largest, the latter city recording a noticeably greater increase for the year to date over the same period of 1934 than did other cities. Stocks, which again declined seasonally in July, remained lighter than a year ago, and stock turnover continued to exceed that of last year.

A somewhat greater than seasonal decline was recorded

during July in the retail shoe trade, aggregate sales of reporting dealers and department stores falling 39 per cent below those of the preceding month, as compared with a recession of 34 per cent in the 1926-34 July average. However, sales totaled 17 per cent above a year ago and in the first seven months of 1935 were almost 6 per cent heavier than in the same period of 1934. A further decline of 9 per cent in stocks during July brought them to 2 per cent under those held at the close of July last year.

Sales of furniture and house furnishings by dealers and department stores showed a 21 per cent increase in July over the month last year—the heaviest for the current year—though declining seasonally 21½ per cent from a month previous. Although stocks expanded fractionally over the close of June, they were 2 per cent under those of a year ago.

Aggregate July sales of twelve chains operating 2,731 stores in the month exceeded those of the same month last year by 5 per cent, although with the number of units 2½ per cent greater in this comparison, average sales per store totaled only 2½ per cent heavier. As compared with a month previous, both aggregate and average sales were 6 per cent smaller in July. Included in the data are five-and-ten-cent store, grocery, drug, cigar, men's clothing, and musical instrument chains.

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	July 1935	June 1935	May 1935	Apr. 1935	Mar. 1935	Feb. 1935	July 1934	June 1934	May 1934	Apr. 1934	Mar. 1934	Feb. 1934
Meat Packing—(U. S.)—													
Sales (in dollars).....	47	81	82	85	82	77	80	68	69	68	62	63	63
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	12	33	27	34	38	35	31	40	41	44	31	28	22
In Tons.....	12	32	25	31	38	33	29	44	44	47	31	28	21
Malleable—In Dollars.....	21	38	39	43	48	45	37	25	32	41	38	36	28
In Tons.....	21	55	57	65	72	69	57	36	48	62	58	58	44
Stoves and Furnaces—													
Shipments (in dollars).....	10	100	117	120	114	108	85	64	84	102	78	82	63
Furniture—													
Orders (in dollars).....	13	63	39	46	40	46	43	42	20	29	25	31	28
Shipments (in dollars).....	13	39	37	43	51	47	35	27	25	33	23	24	29
Flour—													
Production (in bbls.).....	19	85	87	100	85	89	90	82	94	96	87	101	104
Output of Butter by Creameries—													
Production.....	59	154	173	143	98	83	81	150	152	143	102	95	85
Sales.....	61	134	141	130	94	87	79	132	136	138	108	110	111
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	28	78	74	74	70	67	64	67	83	76	64	68	62
Hardware.....	11	70	76	76	72	64	43	54	62	71	63	54	39
Drugs.....	12	70	70	75	73	73	69	59	63	68	66	73	66
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	27	55	76	72	75	68	59	52	72	73	65	68	56
Detroit.....	5	58	78	92	96	92	76	50	76	93	91	92	67
Indianapolis.....	4	64	79	88	88	89	65	51	71	81	78	84	56
Milwaukee.....	5	59	75	76	85	77	58	52	68	74	82	71	58
Other Cities.....	40	53	72	77	76	71	56	45	64	76	65	74	54
Seventh District—Unadjusted.....	81	56	76	78	81	75	62	51	71	78	72	75	58
Adjusted.....	81	78	78	76	76	83	79	70	73	76	73	76	73
Automobile Production—(U. S.)—													
Passenger Cars.....		94	101	105	137	124	94	76	89	94	98	95	64
Trucks.....		162	172	152	202	181	159	111	120	150	172	157	115
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		20	26	18	16	9	4	7	9	13	10	8	6
Total.....		38	34	33	36	32	17	28	30	32	36	37	24
Iron and Steel—													
Pig Iron Production*:													
Illinois and Indiana.....		53	59	67	65	63	63	45	66	68	54	49	39
United States.....		50	53	57	57	58	59	40	66	67	59	53	46
Steel Ingot Production—(U. S.)*.....		66	67	73	76	83	87	45	88	95	88	78	69

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

FACTORY employment and output were maintained in July at the June level, though usually there is a considerable decline at this season. Activity at mines showed a substantial decrease, reflecting a sharp reduction in output of coal.

PRODUCTION AND EMPLOYMENT

The Federal Reserve Board's seasonally adjusted index of manufactures showed an increase in July, while the index of mineral production showed a marked decline, with the consequence that the index of industrial production remained unchanged at 86 per cent of the 1923-25 average. For the first seven months of the year industrial output was 6 per cent larger than a year ago. Activity at steel mills, which had declined during June, advanced considerably during July and the first three weeks of August, and there was also a substantial increase in the output of lumber. Automobile production showed a decrease from the high level prevailing earlier in the year, reflecting in part seasonal developments. Output of textiles increased somewhat in July, owing chiefly to increased activity at silk mills. In the woolen industry the recent high rate of activity continued, while at cotton mills daily average output declined by about the usual seasonal amount. Meat packing remained at an unusually low level. At mines, output of bituminous coal decreased sharply in July, following an advance in the preceding month, and there was also a sharp reduction in output of anthracite.

Factory employment, which usually declines at this season, showed little change from the middle of June to the middle of July. Employment increased somewhat in the machinery, lumber, furniture, and silk industries, and there was a large seasonal increase in the canning industry. Decreases of a seasonal character were reported for establishments producing cotton goods and women's clothing, while in the automobile industry employment declined by more than the usual seasonal amount. At coal mines employment showed a marked decrease in July.

The total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in July and the first half of August, reflecting an increase in non-residential projects. Residential building continued in considerably larger volume than a year ago, with increases from last year reported for most sections of the country. Department of Agriculture estimates as of August 1 indicate a cotton crop of 11,800,000 bales, about 2,200,000 bales larger than the unusually small crop last year. The indicated wheat crop, while larger than a year ago, is considerably smaller than the five-year average for 1928-32. Crops of corn and other feed stuffs are substantially larger than last season.

DISTRIBUTION

Daily average volume of freight-car loadings declined in July, reflecting a marked decrease in shipments of coal. Department store sales showed a seasonal decline, and the Board's adjusted index remained unchanged at 80 per cent of the 1923-25 average.

PRICES

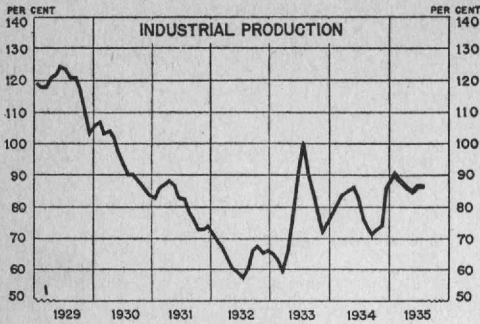
The general level of wholesale commodity prices showed little change during July and advanced slightly in the first three weeks of August. For the seven-week period as a whole, there were substantial increases in the prices of hogs, lard, silk, and scrap steel, while cotton declined. Wheat, after advancing considerably during the latter part of July, declined somewhat in the early part of August.

BANK CREDIT

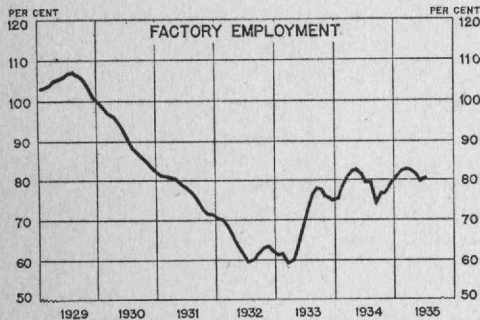
Excess reserves of member banks increased by \$340,000,000 in the five-week period ended August 21, as a consequence principally of a reduction in the balances held by the Treasury with Federal Reserve banks. There were also moderate imports of gold from abroad.

Total loans and investments of reporting member banks in leading cities showed a net decline of \$290,000,000 during the four weeks ended August 14. Holdings of direct obligations of the United States Government decreased by \$220,000,000 following a substantial increase in the middle of July. Loans declined by \$180,000,000 in the latter part of July but subsequently advanced by \$40,000,000, while holdings of Government guaranteed and other securities increased by \$70,000,000 in the four-week period.

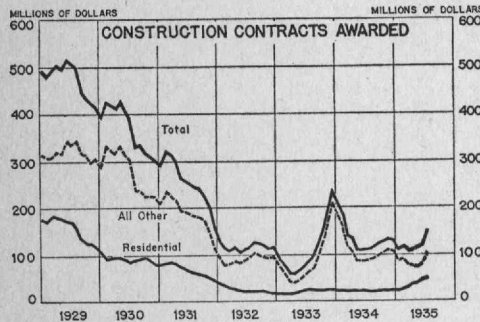
Yields on Government securities rose slightly during this period, while other short-term open-market money rates remained at low levels.



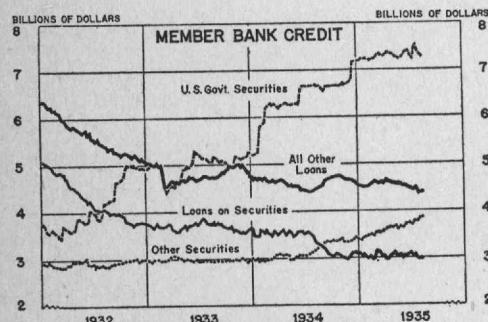
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.)



Index of factory employment, adjusted for seasonal variation. (1923-1925 average=100.)



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



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for August 14, 1935.