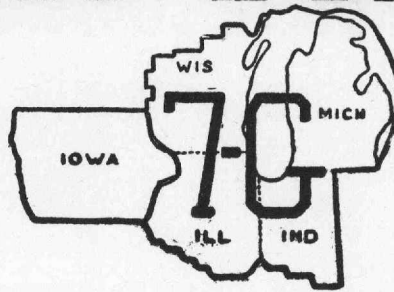


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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GENERAL SUMMARY

A RISING trend, greater than seasonal in degree in some instances, featured Seventh district business activity during March, and first-quarter data with few exceptions showed volumes produced and sold in excess of those for the first three months of 1935.

Practically all reporting manufacturing groups recorded improvement in March over the preceding month. These groups include the automobile, iron and steel, malleable and steel casting foundry, stove and furnace, building construction, building materials, and furniture industries. The automobile and building construction industries experienced exceptionally sharp rises in March, while steel mills had a satisfactory month owing to increased demand from the railroads and from automobile plants. Employment followed the general trend of business in expanding over a month earlier.

Although production of foodstuffs, such as packing-house commodities and dairy products, increased in March over February, distribution of the latter group declined, while that of the former gained in tonnage but was less in value due to lower prices prevailing. However, both production and sales of these products were heavier than a year ago. Grain marketings rose sharply in March to the highest level since last autumn. Farm work in mid-April was a week to ten days behind normal schedule in this district because of the frozen and damp condition of the soil in March and early April; mid-April prospects for fruit likewise were unfavorable.

Field work made fair to good progress after the middle of April.

Sales gains were recorded in March over February in all reporting wholesale trade groups, which include groceries, hardware, drugs, and electrical supplies, although the increase in the grocery trade was less than seasonal. All showed increases over a year ago that were higher than in similar comparisons for January and February. Groceries were the only group to experience a decline in first-quarter business from the same period last year. Retail trade data recorded favorable trends in March, the increase in sales of department stores being seasonal in extent and the gain in the retail shoe and furniture trades better than average. Chain store sales showed some increase in March but totaled slightly under the year-ago volume.

Total loans and investments of reporting member banks in the Seventh district were more than 100 million dollars smaller on April 15 than four weeks previous, due to a decline in the banks' holdings of Government securities (direct), as loans and holdings of other securities increased in the period. Demand deposits in these banks showed some decline and time deposits a substantial increase between the two dates. Sales of commercial paper in the Middle West increased in March over February and new financing by means of bankers' acceptances decreased, following opposite trends to those which had obtained in the preceding month.

Credit Conditions and Money Rates

Member bank reserve balances at this bank increased more than 115½ million dollars during the four-week period March 18 to April 15, reflecting almost entirely an excess of U. S. Treasury disbursements over collections in the period amounting to approximately 127 million dollars, offset only in small part by a seasonal increase in demand for currency of about 8 millions. Detailed changes in factors affecting the use of Seventh district banking reserves are given in the accompanying table.

Changes between March 18 and April 15 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).....	-327
Commercial operations through inter-district settlements.....	-1,243
Treasury and National bank currency.....	+2,106
Total supply.....	+536
Demand for currency.....	+8,094
Member bank reserve balances.....	+115,735
Treasury cash and deposits at Federal Reserve Bank of Chicago.....	-124,934
Special and "all other" deposits.....	+2,007
Other Federal Reserve accounts.....	-366
Total demand.....	+536

Money rates continue at low levels. Down-town Chicago banks reported 1½ to 5 per cent as the range prevailing on customers' commercial loans during the week ended April 15, unchanged from quotations during the corresponding week in March. In Detroit a range of 1½ to 5½ per cent was reported for this class of loan in that week. The average rate earned on loans and discounts during the calendar month of March by down-town Chicago banks was 2.81 per cent, compared with 2.73 per cent in February and with 2.93 per cent in March 1935.

An increase of 65 per cent took place during March as compared with February in dealer sales of commercial paper in the Middle West. The March aggregate, while representing a gain over February of greater than seasonal proportions, was 9 per cent below the total a year ago and 53 per cent less than the ten-year average for the month. Borrowings showed a moderate increase during March, and demand from both city and country banks likewise was heavier than in February. Commercial paper outstanding at the end of March exceeded the volume of a month earlier by 10 per cent and that of March 1935 by 3½ per cent, but was 44½ per cent below the 1926-1935 March average. Selling rates recorded no changes in March, prime short-term paper carrying ½ to ¾ per cent, and less well known paper selling at ¾ to 1 per cent. The bulk of sales ranged from ⅛ to ¼ per cent. During the first half of April, sales of commercial paper declined somewhat as compared with the corresponding period of March; rates were unchanged.

Chicago bill dealers reported operations during the five-week period March 12 to April 15 in lesser volume than during the preceding four-week period—February 13 to March 11. Purchases from local acceptors as well as receipts from Eastern cities showed recessions in the current period, effecting a reduction of slightly less than 50 per cent in total supply. Sales to local banks again recorded a decline, though of lesser extent than in the preceding period, and sales to out-of-town banks showed a downward trend. Distribution equaled the supply, so that holdings on April 15 were nil. Rates again ranged from ⅛ to ⅜ per cent.

During the calendar month of March, contrary to the usual movement in that month, new financing by means of bankers' acceptances in this district declined 22 per cent from February, was 3 per cent below the aggregate shown in March of last year, and fell short of the ten-year average for the month by 66 per cent. Direct discounting of acceptances at originating banks likewise declined from February, which trend was slightly offset by a small gain in purchases of bills of other banks; total purchases in March were 23 per cent under the February volume, 28½ per cent less

than in March 1935, and 78 per cent below the 1926-1935 March average for this item. As had been the case in the preceding month, sales in March were nil, and maturities from portfolios again exceeded purchases, resulting in a decrease of 2 per cent in holdings at the end of the month as compared with the close of February. Liability for outstandings at the end of March was less than at the end of the preceding month by 2 per cent and 16 per cent below March of last year. In the first half of April, financing by means of acceptance credits was 33½ per cent less than in the first half of March.

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

	PER CENT CHANGE IN MARCH 1936 FROM	
	FEBRUARY 1936	MARCH 1935
Total value of bills accepted.....	-22.3	-2.7
Purchases (including own bills discounted)....	-22.9	-28.5
Sales.....	0	-100.0
Holdings*.....	-1.9	-41.8
Liability for outstandings*.....	-2.2	-15.7

*At end of month.

SECURITY MARKETS

Conditions in the Chicago bond market in March continued to reflect the improvement evident for several months. New issues, the bulk of them for refunding purposes, were in relatively large volume and generally well received. Institutional investors continued to predominate, showing preference in the main for high-grade issues, although the problem of replacing called issues as well as of finding investments for an increasing volume of available funds, is reported as tending to extend demand to bonds of slightly less than the highest grade. The trend of bond prices during March was downward. Prices on the Chicago Stock Exchange as measured by the average of twenty leading stocks* declined the first half of March, subsequently recovering much of the loss, the upward trend continuing until April 8, since which date a downward movement has been operative. On April 17 the average stood at \$53.21 as compared with \$53.44 on March 17.

*Chicago Journal of Commerce.

Agricultural Products

Frozen and damp condition of the soil in March and early April resulted in farm work of the Seventh Federal Reserve district being a week to ten days behind normal schedule by mid-April. The seeding and germination of oats made slow progress, and plowing for corn was similarly delayed. After having gone

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	CHANGE FROM		
	APRIL 15, 1936	MARCH 18, 1936	APRIL 17, 1935
Total Bills and Securities.....	\$ 323.9	\$ -5.1	\$ -68.8
Bills Discounted.....	0.0	-0.0	+0.0
Bills Bought.....	0.6	0	-0.0
U. S. Government Securities.....	321.2	-5.0	-68.7
Total Reserves.....	1,449.1	+24.2	+269.7
Total Deposits.....	868.5	+11.4	+127.2
Federal Reserve Notes in Circulation.....	867.5	+7.9	+75.0
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	83.4	+0.4*	+6.6*

*Number of Points.

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	APRIL 18, 1936	MARCH 18, 1936	APRIL 17, 1935
Total loans and investments.....	\$2,835	\$-105	\$+466
Total loans on securities.....	256	+7	-30
To brokers and dealers:			
In New York.....	4	+2	-15
Outside New York.....	43	+4	+10
To others (except banks).....	209	+1	-25
Acceptances and commercial paper bought.....	33	+3	-18
Loans on real estate.....	66	0	-2
Loans to banks.....	10	+1	-3
Other loans.....	411	+16	+69
U. S. Government direct obligations.....	1,524	-150	+374
Obligations fully guaranteed by U. S. Government.....	146	+2	+11
Other securities.....	389	+16	+65
Demand deposits—adjusted.....	1,980	-27	+297
Time deposits.....	810	+45	+84
Borrowings.....	1	+1	0

through the early winter in good condition, winter wheat was damaged to some extent by the ice crust which obtained in February, and growth was subsequently retarded by abnormally cold weather to such an extent that condition of the crop fell below a year earlier. Mid-April prospects for fruit were unfavorable; many peach trees had been winter-killed, and the outlook was further reduced in the first week of April by frost damage to peaches, apples, and cherries. Tests in early April showed an unusually low germination ratio for seed corn from the 1935 crop. Field work made fair to good progress after the middle of April, but abundant sunshine, seasonable temperatures, and warm rains were needed to promote germination and plant growth. Losses of early pigs, lambs, and calves were indicated as somewhat greater this spring than normal, a development generally ascribed to lack of exercise during the excessively cold winter months and the consequent somewhat lower vitality of dams.

On the basis of April 1 condition, the United States Department of Agriculture forecasts the 1936 production of winter wheat in the five states including the Seventh district at 80,104,000 bushels, as compared with a harvest of 78,972,000 bushels in 1935 and the 1928-32 average of 78,999,000 bushels. It also estimated United States production of this grain at 493,166,000 bushels, as against 433,447,000 bushels harvested a year ago and the 1928-32 average of 618,186,000 bushels.

GRAIN MARKETING

After totaling unusually light in February, grain marketings in the United States rose sharply in March to a higher level than at any time since last autumn. Receipts of wheat at interior primary markets increased counter-seasonally and reshipments, though falling below current receipts, showed more than an average gain over a month earlier. Imports were greater than a year ago but were practically unchanged from the preceding period. Prices of wheat declined in March and the first half of April from February. Stocks of wheat on farms and at principal points of accumulation in the United States aggregated 1½ per cent greater on April 1 than a year earlier but were 48 per cent under the 1928-32 average level for the date.

Corn receipts at primary centers expanded in March, contrary to the usual seasonal tendency, while reshipments gained less than normally. Prices declined. April 1 farm stocks and supplies of corn at accumulation points in the United States totaled 71½ per cent heavier than on the corresponding date of 1935 and were about on a level with the 1928-32 April 1 average.

Receipts and reshipments of oats showed more than an average gain in March 1936 over February. Aggregate stocks of this grain on farms and at interior mar-

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAR. 1936	PER CENT OF INCREASE OR DECREASE FROM	
		FEB. 1936	MAR. 1935
Chicago.....	\$3,282	+28.7	+20.6
Detroit.....	893	+18.2	+18.1
Milwaukee.....	281	+16.4	+14.5
Indianapolis.....	159	+9.4	+11.3
Total four larger cities.....	\$4,615	+25.0	+19.4
37 smaller cities.....	686	+14.8	+16.4
Total 41 centers.....	\$5,301	+23.6	+19.0

keting centers of the United States were 141½ per cent larger on April 1 than at the beginning of April 1935 and exceeded the 1928-32 average for the date by 31½ per cent. Prices trended downward in March and early April from February.

MOVEMENT OF GRAIN AT INTERIOR PRIMARY MARKETS IN THE UNITED STATES

	PER CENT FEBRUARY 1936	CHANGE 1936 FROM MARCH 1935	IN MARCH 1926-35 Av.
Wheat:			
Receipts.....	+82.0	+117.0	-42.3
Shipments.....	+30.3	+42.0	-24.9
Corn:			
Receipts.....	+31.9	+138.7	+0.2
Shipments.....	+3.0	-17.1	-28.4
Oats:			
Receipts.....	+98.1	+295.7	+17.1
Shipments.....	+110.7	+88.3	-3.6

MOVEMENT OF LIVESTOCK

An increased movement of livestock took place in March, following the greater than normal contraction a month earlier. At public stockyards in the United States, hog receipts increased contrary to trend, those of cattle expanded more than seasonally, and the marketing of lambs and calves gained to a smaller than usual extent over February. Receipts of cattle and hogs considerably exceeded those of a year ago, and calves recorded a slight gain in this comparison, but the marketing of lambs decreased. The movement to inspected slaughter—inclusive of animals that did not pass through public stockyards—showed trends similar to those of market receipts, except that the supply of cattle gained less than seasonally over February and that of lambs remained above the 1926-35 average for the month.

Subsequent to the curtailment in February, reshipments of cattle and calves to feed lots rose sharply in March to a level considerably above the 1931-35 average for the month; those of cattle, however, were under last March. The movement of feeder lambs increased counter-seasonally but was decidedly below this five-year average and only half as great as a year ago.

MEAT PACKING

The production of packing-house commodities at inspected slaughtering establishments in the United States rose counter-seasonally by 12 per cent in March over February to a level 21 per cent above a year ago and within 11 per cent of the 1926-35 average for the month. The sales tonnage expanded over the preceding period, totaled 13 per cent greater than in March 1935, and was 10 per cent lighter than the average. Despite little change in lamb quotations, an advance in those

LIVESTOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP CALVES	
			LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
March 1936.....	216	415	290	106
Federally Inspected Slaughter, United States:				
March 1936.....	763	2,617	1,374	483
February 1936.....	742	2,319	1,314	405
March 1935.....	691	2,158	1,374	473

AVERAGE PRICES OF LIVESTOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	APRIL 18, 1936	MARCH 1936	FEBRUARY 1936	MARCH 1935
Native Beef Steers (average).....	\$ 8.65	\$8.70	\$8.45	\$10.80
Fats Cows and Heifers.....	7.10	6.85	6.75	7.60
Calves.....	8.00	8.00	9.15	7.90
Hogs (bulk of sales).....	10.60	10.25	10.40	9.15
Lambs.....	11.15	9.95	10.10	8.10

of hams, picnics, cured bellies, and smoked hog-meats, and some closing strength in lard, the general price level of packing-house commodities was somewhat lower in March than a month earlier.

The total value of sales billed to domestic and foreign customers decreased 2 per cent from February and 4½ per cent from the 1926-35 March average but was 4½ per cent larger than a year ago. Payrolls at the close of the period showed an increase over February of 4 per cent each in hours and wage payments and little change in number of employes. Hours worked and wage payments slightly exceeded those of March 1935, and a 5½ per cent decline in employment was smaller than had been evidenced in either January or February. Though recording less than a seasonal decrease from March 1, total inventories of these commodities on April 1 in the United States were 261,964,000 pounds under the 1931-35 average for that date and 236,600,000 pounds lighter than on April 1, 1935.

Shipments for export increased in March over February, largely reflecting a tendency to enlarge consignment stocks of United States lard in the United Kingdom. A reduction in offerings by South American and Continental producers was reported as one of the causes contributing to an improvement in British demand which brought quotations for United States lard up to Chicago parity. Following a recent advance in prices, however, sales of the product have slackened a little. British trade in United States meats gained in March and prices rose to a level approaching replacement costs. Furthermore, some tonnage was booked for future shipment. Demand for fats and meats from the United States remained negligible in continental Europe and showed little change in Cuba or Porto Rico. Inventories of United States packing-house commodities in foreign markets—inclusive of stocks in transit—were reported as slightly heavier on April 1 than at the beginning of March.

Imports of animal products into the United States expanded in March over February and were in excess of a year ago.

DAIRY PRODUCTS

March 1936 production of dairy products in the Seventh Federal Reserve district exceeded that of any month since last October. The district manufacture of creamery butter expanded 6½ per cent over February and totaled 4½ per cent above a year ago but was 9½ per cent under the 1926-35 March average. On the other hand, the sales tonnage declined 1 per cent from February to a level 14½ per cent below the 1926-35 average for the month and only 1½ per cent above the relatively low volume of the corresponding period of 1935. Manufacture of the commodity in the United States increased over both a month and a year earlier and was about average for the month. Though showing less than a normal reduction from March 1, inventories of creamery butter in the United States aggregated 50,000 pounds smaller on April 1 than a year ago and were only half as great as the 1931-35 average for that date. Prices trended upward in the first half of April, after having declined 12½ per cent in March from February.

The production of American cheese in Wisconsin rose 17 per cent in March over February and totaled

23 per cent above the corresponding month of 1935, but was 4½ per cent under the 1926-35 average for the period. In contrast, distribution of the commodity from primary markets of that State exceeded this ten-year average by 8 per cent and the year-ago volume by 32 per cent, though showing a non-seasonal decline of 9 per cent from February. Prices were reduced about 2 per cent in March from a month earlier. Total inventories of cheese in the United States, however, fell off less than an average amount on April 1 from the beginning of March and were 16,797,000 pounds above the 1931-35 average for that date.

Industrial Employment Conditions

Expanding activity was recorded for March by practically all reporting Seventh district industries, an aggregate rise of one per cent in employment and 6 per cent in payrolls more than offsetting the non-seasonal contraction experienced a month earlier. All reporting groups except the manufacture of leather and its products and coal mining contributed to the gain in payrolls and the two most important industries, metals and vehicles, showed increases of 6 and 13 per cent, respectively. Seasonal activity in stone-clay-and-glass industries and in construction work brought payrolls in these groups to levels 11 and 27 per cent above those reported a month earlier. These two industries also furnished the most substantial of the gains recorded in employment, 6½ and 4½ per cent more men, respectively, being added to their working forces during the month. Merchandising concerns added slightly more than 3 per cent to their employment volume, while in most of the groups for which increases were recorded the gains ranged from 1 to 1½ per cent. Decreases in employment recorded for the month ranged from less than one-half per cent in vehicles and rubber products to one per cent in paper and printing and in leather goods. Employment this March in all of the reporting industries, as computed from the month-to-month percentage changes, was ½ per cent higher than in March 1935, while payrolls were about 7½ per cent higher.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	WEEK OF MAR. 15, 1936			CHANGE FROM FEB. 15, 1936	
	REPORTING FIRMS	WAGE EARNERS	EARNINGS (000 OMITTED)	WAGE EARNERS	EARNINGS
	No.	No.	\$	%	%
Metals and Products ¹	1,443	354,994	8,972	+1.6	+6.2
Vehicles.....	272	325,110	9,169	-0.2	+13.0
Textiles and Products.....	308	59,518	1,083	+1.6	+3.2
Food and Products.....	708	89,670	2,060	+1.2	+3.5
Stone, Clay, and Glass.....	250	18,923	395	+6.7	+11.4
Wood Products.....	432	39,779	738	+0.3	+0.9
Chemical Products.....	220	27,681	713	+1.2	+2.5
Leather Products.....	132	26,840	501	-1.1	-2.2
Rubber Products.....	34	13,116	304	-0.5	+1.4
Paper and Printing.....	601	67,336	1,749	-1.0	+0.1
Total Mfg., 10 Groups.....	4,400	1,022,967	25,684	+0.8	+7.3
Merchandising ²	2,502	107,251	2,229	+3.3	+1.6
Public Utilities.....	154	86,166	2,780	+0.2	+2.6
Coal Mining.....	25	5,289	125	+1.1	-21.5
Construction.....	315	10,877	222	+4.6	+27.0
Total Non-Mfg., 4 Groups.....	2,996	209,583	5,356	+2.0	+2.2
Total, 14 Groups.....	7,396	1,232,550	31,040	+1.0	+6.4

¹Other than Vehicles.

²Illinois, Indiana, and Wisconsin.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Although factory schedules of automobile manufacturers were advanced more than normally in March, output of new cars totaled a little under the volume of March last year when manufacturers were busy producing new models. However, total production—passenger cars and trucks—in the first quarter of 1936 slightly exceeded that of the same period in 1935. Passenger cars produced in the United States during March numbered 345,167, or 52 per cent greater than a month previous and 5 per cent under a year ago, while truck output of 79,404 expanded 23 per cent over February and was 17 per cent above that of last March. Data covering the first three months of 1936 show passenger car production of 871,545 vehicles and truck output of 211,242, as compared with 866,672 and 191,573, respectively, in the first quarter of 1935.

Distribution of new automobiles in the Middle West rose notably in March over February, although sales at wholesale were somewhat smaller in number than last March. The number of cars sold to consumers, however, was greater than a year ago. Stocks of new cars dropped off slightly in March, and though remaining considerably larger than a year earlier, did not record the heavy excess in the comparison that they have since last November. Trends in used car sales were rather similar to those in new cars at retail, except that a noticeably greater gain was shown over last March and stocks rose further between the end of February and the close of March. Following a noticeable increase in February, the proportion of deferred payment sales to total retail sales declined in March, a ratio of 45 per cent in the current period comparing with one of 50 per cent for identical dealers a month previous; the year-ago ratio was 43 per cent.

IRON AND STEEL PRODUCTS

An exceptionally good month was experienced during March by steel mills of the Chicago district. Sales and shipments continued to rise, and both showed a substantial increase over the corresponding volumes of a year earlier. Railroad purchases improved notably in the period, and demand from the automobile industry expanded, but buying by other lines of industry likewise was active. In the middle of April, steel ingot operations averaged 68 per cent of capacity, which compares with 63 per cent a month previous, 50 per cent a year ago, and 54 per cent at the same time in 1934. Pig iron production in the Illinois and Indiana

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in March 1936 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	FEB. 1936	MAR. 1935	
New Cars:			
Wholesale—			
Number Sold.....	+145.1	-3.5	19
Value.....	+149.4	+4.9	19
Retail—			
Number Sold.....	+116.4	+7.0	36
Value.....	+114.8	+22.0	36
On Hand March 31—			
Number.....	-2.0	+56.0	36
Value.....	-5.7	+52.7	36
Used Cars:			
Number Sold.....	+72.2	+30.5	36
Salable on Hand—			
Number.....	+4.3	+29.9	36
Value.....	+5.2	+20.7	36

district rose 7 per cent in the daily average for March over February and was 30 per cent above the average for last March. Finished steel prices are firmer; those of scrap iron and steel weakened somewhat in the early part of April but strengthened again toward the middle of the month.

Orders booked during March by Seventh district foundries exceeded those of a month earlier by a substantial tonnage—94 per cent in steel and 33 per cent in malleable castings. Production and shipments also were rather sharply accelerated, the former 18 and 14 per cent and the latter 10 and 20 per cent, in the respective types of castings. Current activity was considerably in excess of that prevailing at the same time a year ago, especially at steel casting foundries where orders totaled higher by 267 per cent, shipments by 60 per cent, and production by 58 per cent. At malleable casting foundries, the gains in these items were, respectively, 43, 28, and 23 per cent.

Seasonal activity in the manufacture of stoves and furnaces continued to rise in March, operations increasing 22 per cent, orders 29 per cent, and shipments 32 per cent over the preceding month. Current orders were 25 per cent in excess of those reported for March 1935, shipments 41, and production 10 per cent larger. Stocks showed a cumulation of 19 per cent during the month and were 28 per cent larger than a year ago.

FURNITURE

Following a larger than seasonal decline in February, orders booked during March by Seventh district furniture manufacturers increased to a much greater extent than usual. The aggregate dollar volume booked rose 39 per cent over the preceding month, as against an increase of but 9 per cent in the 1927-35 average for March. The gain of 15 per cent over February in shipments was seasonal for the period. As a result of a heavier amount of shipments than new orders and a moderate volume of cancellations, unfilled orders at the close of March totaled 7 per cent smaller than a month previous and their ratio to orders booked not only dropped from 117 per cent for February to 78 per cent but compared with 94 per cent a year ago. Comparisons with last March show gains in the current period of 28, 26½, and 6½ per cent in orders, shipments, and unfilled orders, respectively. Operations averaged 70 per cent of capacity in March, the same as a month previous and about 5 points higher than in March 1935.

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	MARCH 1936: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	FEBRUARY 1936	MARCH 1935	
Wholesale Lumber:			
Sales in Dollars.....	+31.7	+26.3	11
Sales in Board Feet.....	+33.7	+20.9	9
Accounts Outstanding ¹	+14.0	+21.7	11
Retail Building Materials:			
Total Sales in Dollars.....	-3.0	+16.3	167
Lumber Sales in Dollars....	+58.1	+13.3	60
Lumber Sales in Board Feet	+80.0	+36.8	73
Accounts Outstanding ¹	+2.8	+9.8	164
RATIO OF ACCOUNTS OUTSTANDING ¹ TO TOTAL DOLLAR SALES DURING MONTH			
	MARCH 1936	FEBRUARY 1936	MARCH 1935
Wholesale Trade.....	134.0	154.8	139.0
Retail Trade.....	299.3	281.0	317.3

¹End of Month.

SHOE MANUFACTURING, TANNING, AND HIDES

Preliminary figures on March shoe production in the Seventh district indicate an absence of the expansion customary in this month, following the slight gain recorded in the preceding month. This latter, according to final reports, totaled only one per cent as against an average January to February rise of close to 10 per cent. In the tanning industry, demand for leather was affected by the closing of a number of eastern shoe factories during the prevailing flood conditions, and dollar sales of reporting Seventh district firms were 19 per cent below those of a month earlier and 14 per cent under the March 1935 volume. Production of leather showed little change in the month and prices remained steady. In the packer hide market, prices on most items advanced about a quarter of a cent during March from those quoted at the close of February, but were generally below the prevailing range throughout that month; the volume sold was substantially larger than in the preceding month.

Building Materials, Construction Work

Building materials moved in considerably larger volume in March than in February, partly as a result of the inactivity prevailing a month earlier. Shipments of cement and brick during the month greatly exceeded those of February, and sales of lumber showed a greater than average seasonal increase at both wholesale and retail. A slight decline in total dollar sales at reporting retail yards, contrary to the normal trend at this season, was caused by a sharp drop in sales of coal which had been unusually heavy during the preceding month. Collections were good during March and outstanding accounts increased less than did sales of lumber at wholesale; at retail, however, they showed an increase of 3 per cent as against a 3 per cent loss in total dollar sales. Comparisons with year-ago volumes continue to show substantial gains: wholesale lumber sales in board-foot volume were 21 per cent larger than in March last year, and retail sales in this comparison were 37 per cent heavier.

BUILDING CONSTRUCTION

Residential building in the Seventh Federal Reserve district recorded an unusually sharp rise in March, according to data on contracts awarded, expanding 145 per cent over the February volume and being almost three times that of March last year. Other building showed somewhat smaller though likewise substantial increases in the two comparisons. Residential contracts comprised 19 per cent of total contracts in March, as against only 13 per cent in the preceding month and 12 per cent a year ago.

The estimated cost of building permits issued during March in 101 cities of the Seventh district amounted to almost four times that of the preceding month and

was more than double the figure for March 1935, the gains aggregating 290 and 123 per cent, respectively, in the two comparisons. The number of permits issued was 240 per cent greater than in February and exceeded that of a year ago by 51 per cent. Exceptions to these rising trends were a 28 per cent decline from a month previous in the total estimated cost of proposed construction in thirteen smaller cities of Wisconsin and a decrease from last March of 60 per cent in the value of permits issued in Des Moines.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
March 1936.....	\$38,323,326	\$7,389,368
Change from February 1936.....	+63%	+145%
Change from March 1935.....	+75%	+187%
First three months of 1936.....	\$102,178,394	\$14,558,095
Change from same period 1935.....	+117%	+161%

*Data furnished by F. W. Dodge Corporation.

Merchandising

Data covering March sales of reporting wholesale trade groups show much heavier than seasonal gains in hardware and in electrical supplies, a slightly greater than usual expansion in drug sales, and a less than average increase in the grocery trade. The dollar volume sold during the month by hardware firms exceeded that of the preceding month by 70 per cent, that sold by electrical supply firms rose 26 per cent, drug sales increased 14½ per cent and grocery sales 5 per cent, as compared with average March gains of 36, 9, 12, and 12 per cent, respectively. Increases over a year ago, shown in the table, were higher in all groups than in similar comparisons for either January or February, the gain in drug sales contrasting with declines in the two preceding months. The aggregate volume sold in the first quarter of 1936 exceeded that of the same period in 1935 by 17½ per cent in hardware, 17 per cent in electrical supplies, and by only one per cent in drugs, while the grocery trade recorded a decline of one per cent. All groups had lower ratios of accounts outstanding to sales during March than a month previous, but groceries and hardware had higher ratios than a year ago.

A seasonal increase took place during March in Seventh district department store trade, sales of reporting stores expanding 21 per cent in the aggregate over the preceding month. Sales of Indianapolis stores gained 41 per cent in the comparison, those of Milwaukee firms 28 per cent, of Detroit stores 17 and

DEPARTMENT STORE TRADE IN MARCH 1936

LOCALITY	PER CENT CHANGE MARCH 1936 FROM MARCH 1935		PER CENT CHANGE FIRST THREE MONTHS 1936 FROM SAME PERIOD 1935	RATIO OF MARCH COLLECTIONS TO ACCOUNTS OUTSTANDING END OF FEBRUARY	
	NET SALES	STOCKS END OF MONTH		1936	1935
Chicago....	+15.0	+3.6	+11.6	34.3	35.6
Detroit....	-3.4	+2.3	+0.9	45.9	47.1
Indianapolis	+9.1	+4.4	+5.3	45.0	46.3
Milwaukee.	+8.2	+5.3	+8.9	39.4	39.0
Other Cities	+9.4	+6.1	+9.7	34.7	34.5
7th District	+8.6	+3.9	+8.2	39.0	39.8

WHOLESALE TRADE IN MARCH 1936

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTANDING	COLLECTIONS	
Groceries...	+2.2	-3.2	-5.5	+2.7	95.3
Hardware...	+23.0	+16.5	+9.1	+8.7	187.9
Drugs.....	+6.6	-1.3	+2.0	+3.5	187.9
Electrical Supplies..	+25.7	+42.6	+11.1	+1.4	139.4

Chicago stores 17 per cent, while sales by stores in smaller cities were 31 per cent larger. Chicago made by far the best showing over last March with a gain of 15 per cent; Detroit, on the other hand, recorded a small decline from that month. Total sales were 9 per cent heavier in March this year and daily average sales 10 per cent greater, inasmuch as there was one more Saturday in the month last year, although the number of trading days was the same. First-quarter sales totaled 8 per cent larger this year than last. Stocks rose 7 per cent in March and were 4 per cent above a year ago; stock turnover for the year through March recorded little change from the same period in 1935.

The retail shoe trade continued to show a favorable trend in March, sales of reporting dealers and department stores expanding 55½ per cent over the preceding month, as compared with a gain in the 1926-35 average for the period of but 48 per cent. Sales totaled 6 per cent heavier than in March last year, and in the first quarter of 1936 were 8½ per cent above those in the same period of 1935. An 8 per cent increase took place in stocks between the close of February and

March 31, and they were 11½ per cent larger than on the corresponding date last year.

The 11 per cent gain recorded for March over February in sales of furniture and house furnishings by reporting dealers and department stores was better than average for the period, and a like increase over March 1935 was the heaviest shown in the yearly comparison so far in 1936. Sales by dealers rose 38 per cent in March over the preceding month and exceeded those of last March by 24 per cent, sales by department stores increasing less than 5 per cent in the monthly and only 8 per cent in the yearly comparison. Gains in stocks over a month and a year previous amounted to 7 and 6 per cent, respectively.

Although sales of 12 reporting chains operating 2,729 stores in the period, expanded 4 per cent in the aggregate for March over February, they totaled one per cent smaller than a year ago, the result of declines in sales of grocery, men's clothing, and five-and-ten-cent store chains. Drug, cigar, and musical instrument chains recorded gains over last March. In the comparison with the preceding month, all but musical instrument and men's clothing chains showed increases.

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. 1936	Feb. 1936	Jan. 1936	Dec. 1935	Nov. 1935	Oct. 1935	Mar. 1935	Feb. 1935	Jan. 1935	Dec. 1934	Nov. 1934	Oct. 1934
Meat Packing—(U. S.)—													
Sales (in dollars).....	47	81	83	85	83	88	94	77	80	81	73	71	79
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	12	51	46	42	41	42	47	35	31	31	20	24	27
In Tons.....	12	50	46	42	41	41	47	33	29	30	19	25	26
Malleable—In Dollars.....	21	59	49	52	49	42	45	45	37	37	28	29	26
In Tons.....	21	88	73	78	73	62	66	69	57	59	42	43	38
Stoves and Furnaces—													
Shipments (in dollars).....	10	152	115	94	172	205	258	108	85	59	101	144	192
Furniture—													
Orders (in dollars).....	12	63	45	73	43	56	62	48	44	52	26	35	41
Shipments (in dollars).....	12	65	57	41	53	54	68	51	37	27	31	38	43
Flour—													
Production (in bbls.).....	19	88	90	102	77	86	122	89	90	103	93	101	117
Output of Butter by Creameries—													
Production.....	59	87	82	82	79	74	94	83	81	86	88	98	125
Sales.....	61	88	89	94	102	98	121	87	79	107	116	130	127
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	28	63	60	64	60	65	77	62	60	69	65	69	73
Hardware.....	11	80	49	48	65	75	86	64	43	41	52	57	65
Drugs.....	12	78	67	73	74	72	81	73	69	74	67	69	77
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	27	78	69	64	133	85	81	69	60	60	123	77	79
Detroit.....	5	89	78	72	153	101	92	92	76	69	139	81	76
Indianapolis.....	4	96	66	67	143	93	101	89	65	70	140	83	85
Milwaukee.....	5	83	67	63	135	94	95	77	58	58	125	83	89
Other Cities.....	40	79	64	59	127	88	85	71	56	54	116	74	75
Seventh District—Unadjusted.....	81	82	69	65	137	90	86	76	62	61	126	78	79
Adjusted.....	81	90	88	81	81	81	78	83	79	77	75	71	72
Automobile Production—(U. S.)—													
Passenger Cars.....		118	77	102	118	116	73	124	94	78	38	17	29
Trucks.....		211	171	179	168	158	160	180	159	169	113	92	127
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....		25	10	14	21	17	22	9	4	6	5	6	8
Total.....		56	34	59	78	43	53	32	17	20	26	22	34
Iron and Steel—													
Pig Iron Production*:													
Illinois and Indiana.....		81	75	77	79	79	71	63	63	51	38	34	33
United States.....		67	64	67	69	70	65	58	59	49	34	33	31
Steel Ingot Production—(U. S.)*.....		97	89	85	93	91	87	83	87	80	59	47	41

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Board of Governors of the Federal Reserve System)

PRODUCTION and employment at factories increased from February to March, while output of minerals declined. There was considerable expansion in retail trade.

PRODUCTION AND EMPLOYMENT

The Board's combined index of industrial production, which includes both manufacturing and mining and makes allowance for seasonal changes, remained unchanged in March at the February figure of 94 per cent of the 1923-1925 average. Production of automobiles rose sharply in March to a total of 425,000 passenger cars and trucks and continued to increase during April. There was a seasonal increase in output of steel in March, followed in the first three weeks of April by a rapid rise in activity. Estimates of the rate of production in that period averaged around 67 per cent of capacity as compared with the rate of 59 per cent reported for March. Production of cement and lumber increased more than seasonally from February to March, and activity at meat-packing establishments and at silk mills also increased, although a decline is usual in these industries at this time of the year. There was little change in output at cotton textile mills, while at woolen mills activity decreased by more than the usual amount. Production of anthracite and bituminous coal showed a substantial reduction from the relatively high level of February and this decrease accounted for the decline in total output at mines.

Factory employment increased by more than the usual seasonal amount from the middle of February to the middle of March, and payrolls showed a larger increase. Employment increased in the machinery industries, at saw mills, and at establishments producing wearing apparel. There was a decrease in the number of workers at plants producing rubber tires and tubes, where a strike was in progress in the middle of March. At automobile factories the number employed declined slightly, while payrolls showed a considerable increase.

The value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, showed a seasonal increase from February to March. Awards for residential building increased seasonally and contracts for other private construction advanced to the highest point since 1931. Value of awards for publicly-owned projects continued considerably smaller than in December and January, when the dollar volume of such contracts was relatively high.

DISTRIBUTION

Retail trade, which had been reduced in January and February by unusually severe weather, increased considerably in March. Sales at department and variety stores and by mail order houses serving rural areas showed a more than seasonal increase. The number of new automobiles sold was also larger than in February.

Freight-car loadings of most classes of commodities increased from February to March by more than the usual seasonal amount. Total loadings declined somewhat from the relatively high level of the three preceding months, however, reflecting a sharp reduction in shipments of coal.

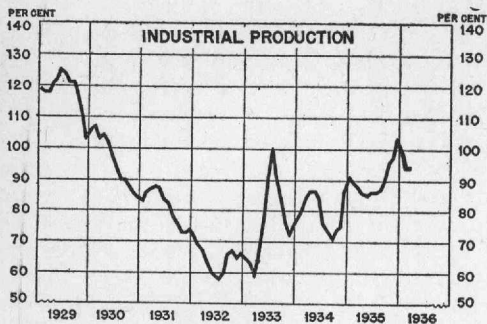
COMMODITY PRICES

The general level of wholesale commodity prices, which had declined somewhat between the third week of February and the middle of March, showed relatively little change in the following four weeks. Retail prices of foods declined during March.

BANK CREDIT

Excess reserves of member banks, after declining sharply in the last half of March, increased by about \$300,000,000 in the first three weeks of April to a total of \$2,640,000,000. This increase, like the preceding decline, was due chiefly to operations of the Treasury. After the middle of March, Treasury balances at the Federal Reserve banks were built up through the collection of taxes and receipts from the sale of new securities, and in April these balances were drawn upon to meet expenditures.

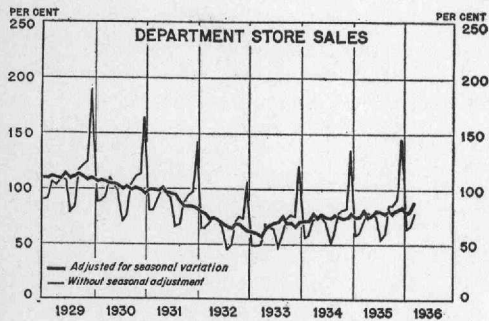
Partly as a result of these expenditures, deposits at reporting member banks in leading cities, which had declined in March, increased in the first half of April, when total loans and investments of these banks also increased. From February 26 to April 15, total loans and investments of reporting member banks showed an increase of about \$800,000,000, reflecting increases of \$380,000,000 in investments, of \$180,000,000 in loans to brokers and dealers in securities, and of \$240,000,000 in so-called "other" loans, which include loans for commercial, industrial, and agricultural purposes.



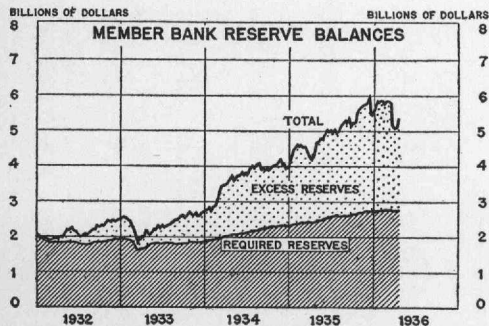
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1929 to March 1936.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January 1929 to March 1936. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes of value of sales, 1923-1925 average = 100. By months, January 1929 to March 1936.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 6, 1932, to April 15, 1936.