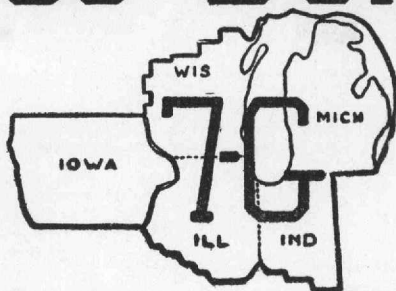


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

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## GENERAL SUMMARY

THE level of manufacturing activity in the Seventh Federal Reserve district was well maintained through April, several industries recording further gains in output; food-producing industries showed a rising trend; and the merchandising of commodities expanded over March—for the most part in accordance with seasonal trend. With almost no exceptions, the volumes produced and sold exceeded those of April last year.

Production of automobiles was accelerated further in April, as was output of steel castings. The production of steel was maintained at a steady rate from the middle of April through the first half of May. Orders booked by furniture manufacturers about equaled those of a month previous, while shipments showed a less than seasonal recession. Shipments and orders for malleable castings were smaller than in March. Although building construction totaled slightly under that of a month earlier, it was substantially heavier than last April, and residential building was larger than for any month in five years. Demand for building materials increased substantially in April. Industrial employment and payrolls rose noticeably in the month.

Packing-house commodities and dairy products showed heavier production and sales in April than

a month previous, and with the exception of some decline in the manufacture of butter, activity in these industries was greater than last April. The April movement of grain, though light, exceeded that of a year ago. The 1936 crop of spring pigs in the district was much larger than in 1935 and that of lambs was somewhat heavier. With more favorable weather in the first half of May, grain crops and vegetation progressed rapidly.

April sales in most reporting groups of wholesale trade exceeded those of March, and the department store, retail shoe, and retail furniture trades expanded in accordance with seasonal trend. Chain store sales also were larger than a month earlier.

A small decline took place between the middle of April and May 20 in total loans and investments of reporting member banks in the district; although loans gained slightly and there was some increase in certain types of investments, the gains were more than counteracted by a decline in the amount of U. S. Government obligations held. Both demand and time deposits in these banks rose during the period. April sales of commercial paper by dealers totaled smaller than those of March, while new financing by means of bankers' acceptances expanded in April over a month earlier.

## Credit Conditions and Money Rates

Member bank reserve balances at this bank recorded a rise of approximately 105½ million dollars during the period April 15 to May 20, inclusive, compared with a gain of more than 115½ millions in the preceding four-week period—March 18 to April 15. The accompanying table sets forth in detail the factors affecting the use of Seventh district banking reserves. It will be noted in this tabulation that Treasury disbursements in the period indicated, exceeded collections by about 173 million dollars; this change, however, was partially offset by a net outflow of funds from the district through commercial and financial transactions of slightly more than 65 millions, and an increase in demand for currency of about 5½ millions. These developments, together with minor changes in

other items, resulted in the gain of 105½ million dollars in member bank reserve balances.

### Changes Between April 15 and May 20 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).....	+368
Commercial operations through inter-district settlements.....	-65,153
Treasury and National bank currency.....	-6,091
Total supply.....	-70,876
Demand for currency.....	+5,408
Member bank reserve balances.....	+105,518
Treasury cash and deposits at Federal Reserve Bank of Chicago.....	-179,324
Special and "all other" deposits.....	-2,194
Other Federal Reserve accounts.....	-284
Total demand.....	-70,876

Banks located in the down-town section of Chicago reported a range of 1½ to 5 per cent, unchanged from the corresponding period in April, as prevailing

on customers' commercial loans during the week ended May 15. Detroit banks, likewise situated in the downtown area, reported 1½ to 5 per cent for this item in that week, compared with 1½ to 5½ for the week ended April 15. The average rate earned on loans and discounts by the larger banks in Chicago during the calendar month of April was given as 2.68 per cent, as against 2.81 per cent in March and 2.95 per cent in April 1935.

Dealer sales of commercial paper in April declined 7½ per cent from March, following a gain in the latter month over February of 65 per cent. April sales, moreover, were 12 per cent under those of the corresponding month a year ago and 51½ per cent less than the 1926-35 average for the month. Demand was reported as active from both city and country banks, and far in excess of supply. Commercial paper outstanding at the end of April recorded a decrease of about 6 per cent from March, and was approximately 46 per cent under the ten-year April average for the item. Rates were unchanged; prime short-term paper ranged from ½ to ¾ of 1 per cent, less well known paper ¾ to 1 per cent, with the bulk of sales at ⅝ to ¾ of 1 per cent. Sales during the first fifteen days of May were slightly under the volume in the first half of April, and rates were unchanged from those reported for that month.

During the four weeks April 16 to May 13, Chicago bill dealers increased their purchases over the preceding period but a lessened volume of receipts from Eastern offices more than offset this development, so that total supply during the period averaged about 29 per cent less than in the five weeks March 12 to April 15. Total sales in the current period showed a decline, although the relatively small volume of sales to out-of-town banks moved upward. Total distribution again equaled supply so that holdings at the close of the period were nil. Rates were unchanged at ⅛ to 3/16 of 1 per cent.

New financing by means of bankers' acceptances in this district, contrary to the usual trend in April, increased 7½ per cent over March; the aggregate was less than in the corresponding month a year ago, however, by 12 per cent and was 55 per cent under the ten-year average for April. A gain of 22½ per cent was recorded over March in direct discounting of acceptances at originating banks, and a somewhat smaller gain was shown in purchases of bills of other banks; total purchases increased 22 per cent, but continued under the ten-year average for April by a considerable margin. Sales were nil during the month and maturities exceeded purchases by a small amount, effecting a decrease of 2½ per cent in holdings at the close of April compared with the preceding month. Liability for outstandings was reported as 5 per cent

less than in March, 13 per cent below April 1935, and nearly 60 per cent under the amount of the 1926-1935 April average for the item. Acceptance financing during the first half of May was greater in volume than in the corresponding period of April.

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

	PER CENT CHANGE IN	
	MARCH 1936	APRIL 1936 FROM APRIL 1935
Total value of bills accepted.....	+7.7	-12.2
Purchases (including own bills discounted).....	+22.2	-13.5
Sales.....	0	0
Holdings*.....	-2.6	-36.2
Liability for outstandings*.....	-5.1	-13.3

\*At end of month.

**SECURITY MARKETS**

The Chicago bond market was active during April, with new issues in comparatively large volume, accompanied, however, by a continuation of the easing price trend evident in March, and, toward the close of the month, by a slight slackening in demand, particularly with respect to issues slightly below the most conservative type. This development, in conjunction with the relatively large volume of new issues, is reported to have resulted in some unsold bonds in dealers' hands. During the first half of May, the volume of new issues was considerably reduced. Prices on the Chicago Stock Exchange as measured by the average of twenty leading stocks\* showed substantial declines in the last half of April, which trend continued into May; the average rose, however, during the week of May 11-16, standing on the latter date at \$50.54 as compared with \$53.31 April 16.

\*Chicago Journal of Commerce.

**Agricultural Products**

Despite rather heavy losses in February and March litters and because of an 18 to 23 per cent increase in farrowings, the crop of spring pigs in the Seventh Federal Reserve district was 13 to 18 per cent greater in 1936 than in 1935, according to reports received at this bank from agricultural agents in 173 counties. Furthermore, the lamb crop exceeded that of last spring by at least 2 per cent.

The reports indicate some shifting in intentions to plant since March 1—the acreage of oats, barley, and other small grains has been reduced from earlier intentions, and a slight decline also appears to have taken place in corn and soybean acreages. On the other hand, the areas devoted to soil-conserving crops, such as alfalfa, clover, hay, and pasturage have been increased. After having been 4 to 5 days behind normal

**CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT**

(Amounts in millions of dollars)

	CHANGE FROM		
	MAY 20, 1936	APRIL 15, 1936	MAY 22, 1935
Total loans and investments.....	\$2,829	\$ -6	\$ +477
Total loans on securities.....	268	+12	+9
To brokers and dealers:			
In New York.....	9	+5	+7
Outside New York.....	50	+7	+22
To others (except banks).....	209	0	-20
Acceptances and commercial paper bought.....	32	-1	-12
Loans on real estate.....	67	+1	0
Loans to banks.....	10	0	-3
Other loans.....	418	+7	+85
U. S. Government direct obligations.....	1,477	-47	+315
Obligations fully guaranteed by U. S. Government.....	156	+10	+25
Other securities.....	401	+12	+53
Demand deposits—adjusted.....	2,109	+129	+260
Time deposits.....	817	+7	+52
Borrowings.....	0	-1	0

**FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION**

(Amounts in millions of dollars)

	CHANGE FROM		
	MAY 20, 1936	APRIL 15, 1936	MAY 22, 1935
Total Bills and Securities.....	\$ 323.8	\$ -0.0	\$ -62.8
Bills Discounted.....	0.0	-0.0	-0.0
Bills Bought.....	0.6	-0.0	+0.0
U. S. Government Securities.....	321.2	0	-62.7
Total Reserves.....	1,564.4	+115.2	+200.8
Total Deposits.....	978.5	+110.0	+49.2
Federal Reserve Notes in Circulation.....	873.2	+5.7	+89.6
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	84.4%	+1.0*	+4.9*

\*Number of Points.



schedule on May 3, farm work progressed rapidly thereafter. The seeding of oats was nearing completion by mid-month, corn planting was more than half finished in the southern portion of the district and beginning in the north, soybean sowing had started, and the planting of potatoes and other garden truck was getting under way.

Subsoil moisture remained ample but general rains again were needed by May 19 in many localities. Following late frosts, temperatures and sunshine became more nearly normal, germination improved, and all vegetation showed rapid growth tending to offset in some degree an earlier backward condition. Winter wheat was in fair condition on May 19; abandonment, however, was greater than a year previous. Oats, barley, and other small grain were up to a good stand and showed fair to good progress. The condition of clover, alfalfa, and pastures had improved; rye had begun to head. The earliest planted corn was up and being cultivated for the first time. Fruit entered the pollination stage under favorable conditions, except that minor frost damage took place on May 14 and prospects of a light crop continued.

Estimates by the United States Department of Agriculture indicate that the Seventh district production of winter wheat will be smaller and that of rye will be greater this year than the 1928-32 average.

#### Crop Production

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

	FIVE STATES INCLUDING SEVENTH DISTRICT			UNITED STATES	
	FORECAST 1936	FINAL 1935	FORECAST 1936	FINAL 1935	1928-32 AVERAGE
Winter wheat.....	75,980	78,972	463,708	433,447	618,186
Rye.....	7,856	12,371	35,253	57,936	38,655

#### GRAIN MARKETING

The movement of grain at interior primary markets in the United States was relatively light in April; however, it exceeded the extremely limited volume of a year ago. Though falling off less than normally from March, wheat receipts were 48½ per cent under the 1926-35 average for April. Furthermore, reshipments of the grain declined counter-seasonally from a month earlier to a level 41½ per cent below this ten-year average. Imports of wheat remained above a year ago. Prices declined approximately 5 per cent in April from March and continued to ease during the first half of May. Visible supplies of wheat at principal points of accumulation in the United States were reduced by less than a seasonal amount on May 9 from a month earlier but fell short of the 1926-35 average for the date by 63½ per cent and the year-ago supply by 1½ per cent.

Corn receipts contracted less than seasonally in April from March and were 24 per cent heavier than the 1926-35 average for the month. In contrast, reshipments of the grain expanded over March but were 33

#### VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	APR. 1936	PER CENT OF INCREASE OR DECREASE FROM	
		MAR. 1936	APR. 1935
Chicago.....	\$2,864	-12.8	+9.2
Detroit.....	862	-3.5	+19.7
Milwaukee.....	276	-1.6	+16.9
Indianapolis.....	169	+6.2	+17.1
Total four larger cities.....	\$4,171	-9.6	+12.0
37 smaller cities.....	715	+4.3	+14.9
Total 41 centers.....	\$4,886	-7.8	+12.4

per cent below the average. Prices rose 3 per cent in April over a month previous but subsequently declined in the first half of May from levels obtaining in the third week of April. Visible supplies of corn in the United States accumulated on May 9 over a month earlier—instead of showing the usual decline—but were 69 per cent lighter than the 1926-35 average for that date and 32½ per cent below the level of a year ago.

Both receipts and reshipments of oats recorded a non-seasonal recession in April from March and were considerably under the 1926-35 April average. Despite an upward trend after the beginning of the month, April prices averaged 3 per cent lower than those of March. On May 9, visible supplies of oats in the United States not only exceeded the 1926-35 average for that date by 79½ per cent and a year earlier by 214½ per cent, but also decreased less than normally from a month earlier.

#### MOVEMENT OF GRAIN AT INTERIOR PRIMARY MARKETS IN THE UNITED STATES

	PER CENT CHANGE IN APRIL 1936 FROM		
	MARCH 1936	APRIL 1935	APRIL 1926-35 Av.
Wheat:			
Receipts.....	-27.4	+10.7	-48.6
Shipments.....	-14.3	-3.6	-41.5
Corn:			
Receipts.....	-2.4	+73.0	+24.0
Shipments.....	+9.1	+3.9	-33.2
Oats:			
Receipts.....	-44.9	+117.5	-39.7
Shipments.....	-35.6	+57.0	-43.0

#### MOVEMENT OF LIVESTOCK

Receipts of cattle and lambs at public stockyards in the United States increased less than seasonally in April over March, those of hogs decreased less than is customary for the month, and those of calves gained to a slightly greater than usual extent. Cattle and hog marketings remained in excess of a year ago, but the volume of both lambs and calves declined. Receipts of cattle and calves continued above the 1926-35 seasonal average and those of hogs and lambs remained below it. The movement to inspected slaughter—inclusive of animals that did not pass through public stockyards—deviated somewhat from the trend of market receipts: the supply of cattle gained more than is usual over a month earlier, and that of lambs fell off contrary to normal trend for the month. Moreover, the quantity of calves for slaughter continued above the corresponding period of 1935, but that of lambs showed a smaller excess over the 1926-35 average than had been evidenced a month earlier.

Reshipments to feed lots expanded further during April. The movement of feeder cattle and calves ex-

#### LIVESTOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, April 1936.....	215	418	236	108
Federally Inspected Slaughter, United States:				
April 1936.....	812	2,559	1,266	525
March 1936.....	763	2,617	1,374	483
April 1935.....	683	2,177	1,483	511

#### AVERAGE PRICES OF LIVESTOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MAY 16 1936	APRIL 1936	MARCH 1936	APRIL 1935
Native Beef Steers (average).....	\$ 7.70	\$ 8.45	\$ 8.70	\$11.05
Fat Cows and Heifers.....	8.80	7.00	8.85	7.85
Calves.....	9.00	8.35	8.00	8.00
Hogs (bulk of sales).....	9.30	10.55	10.25	9.00
Lambs.....	10.30	10.90	9.95	8.15

ceeded the 1931-35 average for the month but gained less than a usual amount over March and was under April 1935. On the other hand, reshipments of feeder lambs remained under this five-year average, though increasing sharply over March and a year ago.

#### MEAT PACKING

Coincident with increased activity in the beef section offsetting decreased supplies in the pork and mutton departments, the production of packing-house commodities at inspected slaughtering establishments in the United States showed a counter-seasonal rise of 1½ per cent in April over March to a level within 8½ per cent of the 1926-35 average for the month and 19 per cent above a year ago. The sales tonnage expanded slightly and was 7 per cent greater than last April, but fell short of the ten-year average by 9 per cent. Despite some easing in quotations of common to medium veal, good to prime steer beef, dry salt meats, barreled pork, and of cured bellies, the general price level of packing-house commodities was a little higher in April than a month earlier; it was, however, under that of last April. The total value of sales billed to domestic and foreign customers exceeded that of a year earlier by 4 per cent and was within 1½ per cent of the 1926-35 April average, having increased 5 per cent over March. Total inventories of packing-house commodities in the United States decreased slightly less than seasonally on May 1 from the beginning of April but were 145,914,000 pounds below a year ago and 28 per cent under the 1931-35 average for the date.

Payrolls at the close of April reflected little change in hours worked or number of employes as compared with March, but wage payments increased by ½ per cent. The gains of 5 per cent in hours and 3 per cent in wage payments over a year ago were greater than those recorded a month earlier, and the decline of 2½ per cent in employes was less than in any other period of 1936.

Shipments for export decreased in April from March, largely in consequence of reduced forwardings of consignment lard to the United Kingdom. British demand was moderate for United States lard and improved for hams. However, trade in both commodities declined toward the close of the month, the recession in the first mentioned being in anticipation of a possible lowering of prices following a reduction of freight rates on May 1 in the United States and that in hams resulting largely from seasonal influences. Continental European demand for packing-house commodities from the United States remained negligible. A slight improvement in Cuban and Porto Rican trade was reported. Quotations of United States lard in the United Kingdom declined to a point below Chicago parity and those of American meats continued under replacement costs.

Imports of packing-house commodities into the United States increased in April over March and continued to total more than half the value of exports of such products.

#### DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district expanded less than normally in April, being 2½ per cent larger than in March but 9½ per cent under a year ago and 16½ per cent below the 1926-35 average for the month. After having recorded

a non-seasonal decline in March, the sales tonnage rose 13 per cent in April over a month earlier to a level 5½ per cent above last April and within 4½ per cent of the ten-year average. Manufacture of the commodity in the United States increased more sharply over March than in the Seventh district and approximated the 1926-35 seasonal level, though totaling under a year ago. Despite Government buying, prices declined about 5 per cent in April from a month earlier. Inventories of creamery butter in the United States fell off in a smaller than usual degree on May 1 from the beginning of April; they were, however, 54 per cent below the 1931-35 average for the date.

The manufacture of American cheese in Wisconsin increased 7½ per cent in April over March and was 17½ per cent in excess of a year ago, though failing to equal the 1926-35 average for the month by 7½ per cent. Distribution of the commodity from primary centers of that State gained only 6 per cent over March and 9 per cent over last April, but exceeded current production by more than a seasonal amount and was 7 per cent above the ten-year average. Total inventories of cheese in the United States declined more than is customary on May 1 from a month earlier; they were, however, 25 per cent larger than either a year ago or the 1931-35 May 1 average. A reduction of 4½ per cent in prices was shown in April from March.

### Industrial Employment Conditions

Employment and payrolls in Seventh district industries totaled, respectively, 2 and 5 per cent higher in April than a month earlier, the current volumes reaching a level which, except for the holiday peak in employment last December, was above that of any month since August 1930. Increased activity in the automobile industry, reflected in gains of 2½ per cent in employment and 15 per cent in payrolls for the vehicles group as a whole, was the largest single factor in the current rise. Metals and metal products other than vehicles contributed as heavy an aggregate gain in employment as did the vehicles group but only about one-fifth as great an increase in wage payments. Substantial additions in employment and payroll volumes

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	WEEK OF APR. 15, 1936			CHANGE FROM MAR. 15, 1936	
	REPORT- ING FIRMS	WAGE EARN- ERS	EARN- INGS (000 OMITTED) \$	WAGE EARN- ERS %	EARN- INGS %
	No.	No.			
Metals and Products <sup>1</sup> .....	1,474	375,647	9,549	+2.4	+3.3
Vehicles.....	309	346,896	10,954	+2.6	+14.9
Textiles and Products.....	319	61,390	1,067	+0.3	-3.6
Food and Products.....	718	90,436	2,073	+0.5	-0.3
Stone, Clay and Glass.....	252	22,865	485	+8.3	+3.6
Wood Products.....	444	40,040	738	-0.2	-0.0
Chemical Products.....	226	30,158	770	+1.2	+0.0
Leather Products.....	138	26,752	470	-3.6	-2.6
Rubber Products.....	34	13,451	326	+2.6	+7.8
Paper and Printing.....	629	69,363	1,775	+0.0	-1.3
Total Mfg., 10 Groups.....	4,543	1,076,998	28,207	+1.9	+3.3
Merchandising <sup>2</sup> .....	2,477	111,837	2,287	+3.6	+1.8
Public Utilities.....	153	87,320	2,769	+0.5	-1.0
Coal Mining.....	26	4,870	108	-16.4	-3.2
Construction.....	321	11,137	249	-0.1	+1.8
Total Non-Mfg., 4 Groups.....	2,977	215,164	5,413	+1.5	+0.2
Total, 14 Groups.....	7,520	1,292,162	33,620	+1.8	+3.3

<sup>1</sup>Other than Vehicles. <sup>2</sup>Illinois, Indiana, and Wisconsin.



were recorded also by the rubber products and stone-clay-and-glass industries. Exceptions to the upward trend within the manufacturing groups were furnished by leather products where employment decreased 3½ per cent and wage payments 8½ per cent, and by the textiles and paper and printing industries which showed curtailments in payrolls but practically no change in their volume of employment.

Only one of the non-manufacturing groups—merchandising—registered a rise in both number of workers employed and in wage payments. The construction industry showed a substantial increase in payroll amounts, while maintaining employment at the level of the preceding month. Public utilities added a fraction of one per cent to their number of workers but wage payments were less by one per cent. The coal industry recorded a definite recession as is usual at this time of the year. For the combined non-manufacturing groups, increases in both employment and payrolls were considerably below those shown in the manufacturing classification.

## Manufacturing

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Continued expansion took place during April in production of automobiles, output rising more than seasonally to a level above that of any April since 1929. Passenger cars produced in the month numbered 417,133, representing a gain of 21 per cent over the preceding month and one of 4 per cent over April last year. There were 85,642 trucks produced in April, or 8 per cent more than in March and 13 per cent in excess of a year ago.

Sales of new automobiles at wholesale and to consumers gained somewhat further in April over a month previous and increased substantially over the month last year. The trend in used-car sales followed that in new cars. Stocks of both new and used cars rose in the period, although those of the latter showed a smaller excess over a year ago than did the former. Deferred payment sales in April amounted to 48 per cent of the total retail sales of dealers reporting the item, which ratio is about the same as that for identical dealers in March and compares with 38 per cent for April 1935.

### IRON AND STEEL PRODUCTS

Demand for products of steel mills in the Chicago district held steady through April and shipments likewise were in good volume during the month. The automotive and agricultural implement industries, as well as the railroads, were important sources of busi-

ness. After the middle of April, production of steel ingots was adjusted to 67 per cent of capacity, at which rate it remained through the second week in May; last year the rate at that time was 52 per cent and in 1934 was 64 per cent. Daily average production of pig iron in the Illinois and Indiana district showed a further substantial rise in April—16 per cent—and was over 40 per cent greater than that of last April. Prices of finished steel continue steady, but the scrap iron and steel market has been weak.

Orders and shipments of steel castings as reported by Seventh district foundries continued seasonally active throughout April, the former item remaining at the high level of the preceding month and the latter registering a further rise of nearly 20 per cent. Production was 30 per cent heavier than in March and almost twice as large as in April last year. Malleable castings, on the other hand, showed a recession from the seasonal high of March, shipments falling off 3 per cent, and order files 31 per cent, although production rose 5 per cent in the period. As compared with a year ago, these items recorded continued favorable margins ranging from 18 to 24 per cent.

In the manufacture of stoves and furnaces, orders and shipments showed a further slight rise of 5 per cent each during April, while production continued at the level reached in March. Inventories accumulated 17 per cent during April and were 30 per cent in excess of those reported at the close of April a year ago. Shipments were 35 per cent and orders 48 per cent larger in the yearly comparison.

### FURNITURE

The volume of new orders booked during April by reporting furniture manufacturers in the Seventh district about equaled that of March, whereas the 1927-35 average for the month shows a decline of 14 per cent. Furthermore, the current volume exceeded this average by 6 per cent. The recession of 2 per cent in shipments from the preceding month compared with a seasonal decrease of 10 per cent, and the volume this April was only 5 per cent under the nine-year average. Shipments during the month were slightly greater than incoming orders and together with cancellations effected a reduction of 7 per cent in unfilled orders held at the end of April from those on hand at the close of March. As compared with last April, gains of 43½, 18, and 32 per cent were recorded in orders booked, shipments, and unfilled orders, respectively. Operations rose a point during April from 65

### MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in April 1936 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MARCH 1936	APRIL 1935	
<b>New Cars:</b>			
Wholesale—			
Number Sold.....	+4.5	+13.1	16
Value.....	+1.5	+21.5	16
Retail—			
Number Sold.....	+5.5	+25.7	32
Value.....	+7.1	+35.9	32
On Hand April 30—			
Number.....	+7.0	+63.2	32
Value.....	+5.6	+54.7	32
<b>Used Cars:</b>			
Number Sold.....	+3.0	+24.0	32
Sable on Hand—			
Number.....	+2.4	+24.4	32
Value.....	+8.7	+32.1	32

### LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	APRIL 1936: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MARCH 1936	APRIL 1935	
<b>Wholesale Lumber:</b>			
Sales in Dollars.....	+14.0	+28.9	8
Sales in Board Feet.....	+12.7	+24.9	6
Accounts Outstanding <sup>1</sup> .....	+9.6	+27.1	8
<b>Retail Building Materials:</b>			
Total Sales in Dollars.....	+52.9	+28.3	135
Lumber Sales in Dollars.....	+31.0	+27.5	28
Lumber Sales in Board Feet	+35.4	+33.0	62
Accounts Outstanding <sup>1</sup> .....	+15.9	+19.3	132
	RATIO OF ACCOUNTS OUTSTANDING <sup>1</sup> TO TOTAL DOLLAR SALES DURING MONTH		
	APRIL 1936	MARCH 1936	APRIL 1935
Wholesale Trade.....	131.8	137.0	133.6
Retail Trade.....	192.8	255.0	207.6

<sup>1</sup>End of Month.

to 66 per cent of capacity and were five points higher than a year ago.

### SHOE MANUFACTURING, TANNING, AND HIDES

Manufacturing activity in the Seventh district shoe industry was maintained through April at approximately the same level as in the earlier spring months. Final reports for March showed a production volume only one per cent heavier than in January, as against an average rise of about 24 per cent in this two-month interval. Despite this lack of seasonal expansion, operations have been well above normal this year, and production in the first three months totaled 22 per cent in excess of the 1926-35 average for the period. It registered a decline, however, of 5 per cent in comparison with the corresponding volume of a year ago. In the tanning industry, shipments of leather were heavier in April than a month earlier, while there was some decrease in the volume produced. Prices held steady notwithstanding a weakening tendency in quotations on green hides. Sales of hides in the Chicago market during April were smaller, and those of calf and kip skins were in about the same volume as a month previous. Prices of both hides and skins registered a definitely downward trend during the early weeks of May.

### Building Materials, Construction Work

Demand for building materials registered a substantial increase in April, contributing to a spring expansion in this industry which in many phases has been of greater than the usual seasonal proportions. Distribution of lumber by wholesale and manufacturing dealers of the district, after gaining more than seasonally in March, increased 13 per cent further in April, by which month the spring rise has usually come to a close. Retail distribution of lumber showed an upward trend, customary to April, an increase of 35 per cent over March bringing the expansion for the season well above the general average. Total dollar sales at reporting yards, however, though expanding more than seasonally during April, increased only about 50 per cent in the aggregate for March and April as against an average rise of over 60 per cent in these two months. Shipments of cement and brick also were substantially higher in April than in March and have registered more than the usual expansion since February.

Sales at both wholesale and retail were considerably in excess of those reported for April a year ago. In this comparison, wholesale lumber registered increases of 29 per cent in dollar and 25 per cent in board-foot volume, and gains in the retail lumber trade totaled 27 per cent in dollar volume and 33 per cent in board-foot measurement. Brick and cement also were shipped in much larger volumes this April than last. Despite

#### WHOLESALE TRADE IN APRIL 1936

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTANDING	COLLECTIONS	
Groceries...	+0.2	-1.9	-6.6	-0.2	91.8
Hardware...	+21.5	+23.1	+20.2	+15.8	167.2
Drugs.....	+6.3	-2.9	-0.4	+8.3	153.3
Electrical Supplies..	+27.4	+20.6	+9.0	+13.0	123.3

the current gains, however, distribution of building materials generally remains considerably below the 1926-35 average.

### BUILDING CONSTRUCTION

Contracts awarded for residential building in the Seventh district totaled heavier in April than for any month in five years and amounted to 27 per cent of total construction; gains in both the monthly and yearly comparisons continued large. Although total contracts awarded showed some decline in April from March, they were much heavier than those awarded in the month last year.

#### BUILDING CONTRACTS AWARDED\* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
April 1936.....	\$37,402,468	\$10,167,198
Change from March 1936.....	-2%	+38%
Change from April 1935.....	+52%	+111%
First four months of 1936.....	\$139,580,862	\$24,725,293
Change from same period 1935.....	+95%	+138%

\*Data furnished by F. W. Dodge Corporation.

Further substantial gains were recorded during April in building permits issued in the district. Data for 101 cities show an estimated cost of such permits aggregating 18 per cent above a month earlier and 82 per cent greater than a year ago, while the number of permits increased 27 and 25 per cent, respectively, in the two comparisons. Among the larger cities, Indianapolis recorded declines in both number and cost from a month and a year previous, there was a decrease from March in the value of permits in Chicago and a considerable decline from last April in the estimated cost of Milwaukee permits.

### Merchandising

Sales gains were recorded during April in most reporting groups of wholesale trade in the Seventh district. The increase of 5 per cent in groceries was counter to trend for the period, the rise of 18 per cent over March in electrical supply sales compared with a gain of only 3 per cent in the average, while the increase of 14 per cent in the hardware trade was slightly greater than seasonal. The recession of 1½ per cent in the drug trade was below average for April. Smaller gains over last April than in the yearly comparison for March were shown in groceries and drugs. In the first four months of 1936, grocery sales totaled one per cent less than in the same period of 1935, but drug, electrical supply, and hardware sales were larger by 4,

#### DEPARTMENT STORE TRADE IN APRIL 1936

LOCALITY	PER CENT CHANGE APRIL 1936 FROM APRIL 1935		PER CENT CHANGE FIRST FOUR MONTHS 1936 FROM SAME PERIOD 1935	RATIO OF APRIL COLLECTIONS TO ACCOUNTS OUTSTANDING END OF MARCH	
	NET SALES	STOCKS END OF MONTH		1936	1935
Chicago.....	+10.7	+0.8	+10.8	34.9	33.1
Detroit.....	+5.6	+2.6	+2.3	47.9	46.5
Indianapolis.....	+8.3	+1.8	+6.2	45.1	44.8
Milwaukee.....	+8.8	+6.7	+9.0	40.1	38.7
Other Cities.....	+9.3	+6.1	+10.9	35.3	33.2
7th District.....	+9.9	+2.3	+8.9	39.5	37.8



16, and 19 per cent, respectively. Stocks of all but electrical supplies were lower at the close of April than a month previous. Ratios of accounts outstanding to net sales continued to decline in April.

Department store trade in the district expanded seasonally during April, aggregate sales of reporting stores rising 9 per cent over those of March, as compared with a gain in the 1926-35 average for April of 8 per cent. Detroit stores recorded the heaviest increase over the preceding month—16 per cent—sales in Milwaukee were 12 per cent and in Chicago 7 per cent larger, while Indianapolis trade declined 1½ per cent in the period; stores in smaller cities had sales aggregating 7 per cent above those of March. It will be noted in the table that of the larger cities in the district, Chicago again showed the heaviest gain over a year ago. Stocks were little changed between March 31 and the end of April, and totaled only slightly greater than on April 30 last year. The rate of stock turnover for the four months of 1936 of 1.45 times compared with 1.38 times for the same period of 1935.

The rising trend noted during February and March in the retail shoe trade continued through April, sales of shoes by reporting dealers and department stores gaining 14 per cent over those of the preceding month, which increase is a little better than seasonal for April.

However, the gain of 2 per cent over a year ago was the smallest to be recorded in this comparison since the decline of last May. In the first four months of 1936, sales exceeded those of the corresponding period last year by 6½ per cent. A slight increase took place during April in stocks which totaled 8 per cent heavier than on April 30, 1935.

Sales of furniture and house furnishings by dealers and department stores totaled 7 per cent larger in April than a month earlier and 14 per cent above those of last April. The 1927-35 average increase for April is 19 per cent. Dealers recorded a greater percentage gain in the monthly comparison than did department stores, while as compared with a year ago, department stores showed the higher percentage of increase. Stocks rose 3 per cent between March 31 and the end of April and were 6 per cent heavier than on April 30 last year.

Twelve chains operating 2,721 stores in April had sales totaling 8 per cent in excess of those in March and 3 per cent above a year ago. Drug and grocery chains showed a decline from the preceding month, but other groups including five-and-ten-cent store, cigar, men's clothing, and musical instrument chains registered increases. As compared with last April, sales of groceries and men's clothing were smaller this year.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

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

	No. of Firms	Apr. 1936	Mar. 1936	Feb. 1936	Jan. 1936	Dec. 1935	Nov. 1935	Apr. 1935	Mar. 1935	Feb. 1935	Jan. 1935	Dec. 1934	Nov. 1934
<b>Meat Packing—(U. S.)—</b>													
Sales (in dollars).....	47	85	81	83	85	83	88	82	77	80	81	73	71
<b>Casting Foundries—</b>													
Shipments:													
Steel—In Dollars.....	12	59	51	46	42	41	42	38	35	31	31	20	24
In Tons.....	12	60	50	46	42	41	41	38	33	29	30	19	25
Malleable—In Dollars.....	21	59	59	49	52	49	42	48	45	37	37	28	29
In Tons.....	21	86	88	73	78	73	62	72	69	57	59	42	43
<b>Stoves and Furnaces—</b>													
Shipments (in dollars).....	10	157	152	115	94	172	205	114	108	85	59	101	144
<b>Furniture—</b>													
Orders (in dollars).....	12	62	62	45	73	43	56	43	48	44	52	26	35
Shipments (in dollars).....	12	64	65	57	41	53	54	54	51	37	27	31	38
<b>Flour—</b>													
Production (in bbls.).....	19	89	88	90	102	77	86	85	89	90	103	93	101
<b>Output of Butter by Creameries—</b>													
Production.....	59	89	87	82	82	79	74	99	83	81	86	88	98
Sales.....	61	99	88	89	94	102	98	94	87	79	107	116	130
<b>Wholesale Trade—</b>													
Net Sales (in dollars):													
Groceries.....	28	66	63	60	64	60	65	66	62	60	69	65	69
Hardware.....	11	88	77	49	48	65	75	72	64	43	41	52	57
Drugs.....	12	77	78	67	73	74	72	73	73	69	74	67	69
<b>Retail Trade (Dept. Stores)—</b>													
Net Sales (in dollars):													
Chicago.....	27	84	79	68	63	133	85	75	69	60	60	123	77
Detroit.....	5	102	89	78	72	153	101	96	92	76	69	139	81
Indianapolis.....	4	94	96	66	67	143	93	88	80	65	70	140	83
Milwaukee.....	5	93	83	67	63	135	94	85	77	58	58	125	83
Other Cities.....	40	83	77	64	59	127	88	76	71	56	54	116	74
Seventh District—Unadjusted.....	81	89	82	69	64	137	90	81	76	62	61	126	78
Adjusted.....	81	84	90	87	80	81	81	76	83	79	77	75	71
<b>Automobile Production—(U. S.)—</b>													
Passenger Cars.....		142	118	77	102	118	116	137	124	94	78	38	17
Trucks.....		227	211	171	179	168	158	202	180	159	169	113	92
<b>Building Construction—</b>													
Contracts Awarded (in dollars):													
Residential.....		35	25	10	14	21	17	16	9	4	6	5	6
Total.....		55	56	34	59	78	43	36	32	17	20	26	22
<b>Iron and Steel—</b>													
Pig Iron Production:*													
Illinois and Indiana.....		94	81	75	77	79	79	65	63	63	51	38	34
United States.....		82	67	64	67	69	70	57	58	59	49	34	33
Steel Ingot Production—(U. S.)*.....		114	97	89	85	92	91	76	83	87	80	59	47

\*Average daily production.

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

**I**NDUSTRIAL production increased in April, reflecting principally larger output of steel and of automobiles. Employment and payrolls in the durable goods industries showed advances.

## PRODUCTION AND EMPLOYMENT

Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 93 per cent of the 1923-1925 average in March to 100 per cent in April. The average rate of production at steel mills in April was 69 per cent of capacity as compared with 59 per cent for the preceding month. At automobile factories output amounted to 503,000 passenger cars and trucks and, except for the spring months of 1929, was larger than in any previous month. In the first three weeks of May, activity in both the steel and automobile industries was maintained at about the levels reported for April. Output of nondurable manufactures in April was slightly larger than in March, due chiefly to increases at cotton textile mills, meat-packing establishments, and tobacco factories. Activity at woolen and silk mills declined. Bituminous coal production showed little change from March to April, although a considerable decrease is usual at this season, while at anthracite mines there was a sharp rise from the low level of March. Output of crude petroleum continued to increase.

Factory employment and payrolls were larger in the middle of April than a month earlier. Increases in the number of workers were general in the durable goods industries, with the most marked advances at steel mills and at plants producing machinery, automobiles, and building materials. There was an increase in employment at rubber tire factories, which in March had been affected by a strike, while at woolen mills employment declined.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, increased in April by somewhat more than the usual seasonal amount. Contracts for residential building were in considerably larger volume, and privately-financed projects other than residential continued to increase.

## DISTRIBUTION

Retail trade showed a seasonal increase in April, following a considerable advance in March. Department store sales rose by less than the usual seasonal amount, while at variety stores and mail-order houses there were further increases. Freight-car loadings increased from March to April.

## COMMODITY PRICES

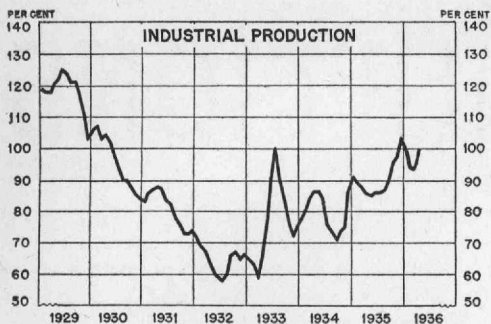
Wholesale prices of commodities showed little change during April and declined during the early part of May, reflecting decreases in the prices of farm products and foods, while prices of other commodities as a group continued to show little change.

## BANK CREDIT

Excess reserves of member banks have increased steadily since the latter part of March and by May 20 amounted to \$2,860,000,000. The growth was due in April to Treasury disbursements from accumulated balances and in May to continued disbursements together with substantial imports of gold.

Treasury disbursements and gold imports have also been reflected in a sharp increase of deposits at reporting member banks in leading cities since the beginning of April. Adjusted demand deposits at these banks increased to a new high level and time deposits rose to the highest figure in three years. Holdings of United States Government obligations by the reporting banks have increased further, while holdings of other securities and loans to customers have remained at the levels reached early in April. Loans to brokers and dealers in securities, which increased considerably in March and April, declined in the first half of May.

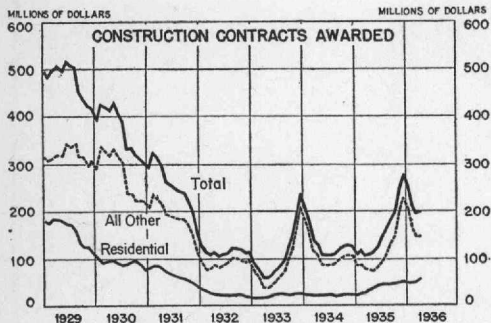
The rate charged on call loans with stock exchange collateral was raised on May 11 by New York City banks from  $\frac{3}{4}$  of one per cent to one per cent and that on time loans from one per cent to  $1\frac{1}{4}$  per cent. Rates on other open-market loans have continued at low levels.



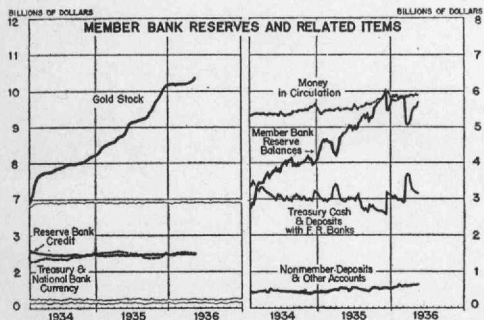
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to April 1936.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to April 1936.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for March and April and estimate for May 1936.



Wednesday figures, January 31, 1934, to May 20, 1936.