

# FEDERAL RESERVE BANK OF CHICAGO

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## REPORT ON BUSINESS CONDITIONS IN THE SEVENTH FEDERAL RESERVE BANK DISTRICT

OCTOBER FIRST NINETEEN HUNDRED SEVENTEEN

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There is still evidence of some hesitation in lines of business which may be affected by legislative measures but, on the whole, the situation is satisfactory, and agricultural communities are buying their needs upon the expectation of good crops. Banks are finding a strong demand for funds at firm rates, due to corporate requirements, crop financing, and the call for loans based on cattle which are being brought into this territory for feeding preparatory to shipment into the market centers. The bond market is quiet and weak, with some slight interest shown in municipal securities and short-term, high-rate notes. The flotation of new issues under the present circumstances will be a difficult procedure and concerns contemplating such action will probably wait until after the next Liberty Loan has been sold.

Crop prospects continue good, and the cold weather during the month of September while retarding the growth is not believed to have seriously affected the production. In Illinois, winter wheat is going into the ground in good shape and the acreage will be large. Oat threshing indicates a good yield and corn, while a little late, promises a large crop. In northern Indiana there may be some reduction in the corn estimate, owing to the cool weather, and the same thing applies to some parts of Iowa, but the damage up to date has not been general. Michigan fruit and vegetables were injured by unseasonable weather and the production will be less than the estimates a month ago, but the high prices will make the present crop of greater value than the production of a normal year. Wisconsin, owing to the frosts, will probably have to reduce the estimated potato crop approximately 20 per cent. Tobacco has also suffered, although a part of this loss will fall upon some Eastern concerns which purchased crops standing in the fields.

There is little change in the agricultural implement situation. Business is reported active and manufacturers are finding their principal difficulties in the labor situation and the questions incident to securing the necessary raw materials.

Automobile manufacturers report a better demand but the pleasure car business is still somewhat unsettled. Government orders for trucks are keeping a number of concerns in this district working to capacity.

Building and its allied lines have shown little change. Private and investment building remains at a standstill. Coal mines are finding their production still further decreased and some authorities look for a coal shortage before the close of the winter.

In merchandise lines consumers appear to be purchasing their needs and sales are a little better than they were at this time last month. Furniture business is quiet.

The grain business is more or less demoralized, owing to the differentials recently established which are looked upon as discriminating against the Chicago territory.

Grocers enjoy a good volume of sales but values continue high and the conditions reported last month still prevail.

Hardware is in good demand, owing to Government orders, but staple business is rather quiet. Collections are fair. The leather and shoe lines report no improvement during the past month and foreign trade is considerably restricted by delays in securing licenses and embargoes of foreign countries.

The packing industries report renewed activity, with prices strong, and a depletion in packing house provision stocks.

Lumber sales are unfavorably affected by the decreased building activity and the volume of sales is reported less than a year ago.

Mail order houses still find sales increasing over the entire district.

Piano manufacturers report a revival of interest with orders coming in rapidly. The scarcity of raw material and skilled labor is making it difficult to maintain outputs but this is a rather general condition in all lines.

Shipbuilding and steel industries are working to capacity and are compelled to turn down some orders owing to their heavy bookings.

Watches and jewelry are meeting with satisfactory sales and this condition is expected to last through the fall months.

The wool market continues very strong and moderately active with a satisfactory volume moving to the mills. Woolen mills are covered for some months to come and knit goods concerns appear to be well engaged for the next few months.

Clearings in Chicago for the first twenty-one days of September were \$1,375,000,000, being \$127,000,000 more than for the corresponding twenty-one days in September, 1916. Clearings reported by twenty cities in the district outside of Chicago amounted to \$272,000,000 for the first fifteen days of September, 1917, as compared with \$240,000,000 for the first fifteen days of September, 1916. Deposits in the twelve Central Reserve City member banks in Chicago were \$802,000,000 at the close of business September 20, 1917, and loans were \$565,000,000. Deposits show a decrease of approximately \$21,000,000 over last month and loans a decrease of approximately \$3,000,000.