

FEDERAL RESERVE BANK OF CHICAGO

REPORT OF BUSINESS CONDITIONS IN THE SEVENTH FEDERAL RESERVE BANK DISTRICT FOR THE DECEMBER FIRST FEDERAL RESERVE BULLETIN

1917

Throughout the Seventh Federal Reserve District business involving necessities is active, with government orders playing an important part and labor in strong demand at high wages. Liberty Loan withdrawals have caused some disturbance of banking equilibrium, but things are adjusting themselves and the promptness of this adjustment in a given locality will vary with the nature of its industries. Borrowing in the market has been restricted practically to short term maturities, owing to the present abnormal market depression. During the Liberty Loan flotation investment houses generally dropped their own business for that of the government; however, the anticipated re-kindling of interest in securities did not develop and no material improvement in this direction is now in sight. Winter wheat looks good in some localities, though wheat, as well as rye, was sown late in other sections, and it is too early to forecast accurately. Soft corn is much in evidence, but no particular hardship is reported, as this is being fed live stock, which is bringing high prices. The bean yield is better than anticipated and potatoes average well, though frosts have had some effect. Throughout the district increased acreage of winter wheat and rye is reported. Money rates are expected to remain hard for some time to come.

This is the slow season for agricultural implement concerns and the usual condition is aggravated by the bad weather in October making a late season. The labor shortage and scarcity of materials are freely commented upon.

Pleasure automobile business is causing manufacturers some concern, but it is suggested that by directing their facilities into other channels, such as truck and aeroplane engine manufacture, hardship in this direction will be minimized.

Building and construction are far below normal, due to governmental restriction of the use of certain materials; however, scarcity of labor and of all materials are equal factors.

The car situation is still to be considered in the coal industry and demand exceeds the available supply. Production in Illinois has shown some improvement in the last two weeks.

Conditions in the distilling line are far below normal, with no new activity promising.

In the dry goods line advance sales are satisfactory in dollars and cents volume. A tendency is noted on the part of retailers to buy more conservatively and the demand for so-called luxuries is expected to decrease inversely with the increase in demand for government necessities. There is a scarcity of goods. Collections are reported good.

Furniture manufacturers report business at about the same level as last month, but they are somewhat confused as to the future, in the light of rumors regarding possible government restriction of loading of lumber for furniture factories. The car shortage is causing some uneasiness. Collections are fairly satisfactory.

Scarcity of grain at terminals is mentioned as a very unfavorable circumstance and contributing causes to the shortage are given as the bullishness of farmers, who are delaying the usual movement; also the shortage of carrying equipment. Corn prices are working higher, due to the unanticipated poor quality. Notwithstanding the high prices for oats, farmers are said to be holding out for still greater returns, and this is keeping receipts at terminals light.

Difficulty in securing sugar and flour is mentioned in the grocery line and the inability to secure these staples effected a drop in sales for some wholesalers during the last half of October. Retailers are uncertain as to what stand to take as to increasing their stocks, in the face of price fixation and the wave of economy among consumers. Volume seems good and collections are fair to good.

The hardware line appears to be in satisfactory position, with money value of sales generally large and collections good.

The jewelry business suffered somewhat during October and this is attributed to the Liberty Loan campaign. Volume decreased from normal, as established in the past year, but expectations are for a satisfactory resumption of sales.

The leather industry is absorbed in army and navy contracts and can afford to overlook a falling off in demand from civilians. Tanners are busy, jobbers are quiet and retailers report satisfactory business. Collections are good and labor for the present seems satisfied.

Receipts of live stock are in good volume and this is expected to be maintained. The soft corn has prompted feeding to an unusual degree and prices are high.

Lumber distribution is handicapped by shortage of cars. Orders, however, have been well maintained for this time of year and prices hold up well. Retailers are rather pessimistic, due to continued slump in building. Collections are not as good as they might be.

Mail order houses report an increase for this month over the same period last year.

Piano manufacturers generally report a good volume of business, with a scarcity of skilled labor, materials and shipping facilities. Collections remain good.

Shipbuilders are still working at capacity, with labor shortage an outstanding feature. Steel is also at capacity. The balance of production not required by the government is finding a ready market. Collections are good. A brisk demand from domestic sources is looked for to take care of next year's business, now that the price question has been settled.

Raw wool is at top prices and difficult to procure in desirable quality. Some relief is expected from South America and Australia and the increased use of cotton mixed goods as a substitute is suggested. The government is practically monopolizing the mills.

Clearings in Chicago for the first 21 days of November were \$1,560,000,000, being \$170,000,000 more than for the corresponding 21 days in November, 1916. Clearings reported by 20 cities in the district outside of Chicago amounted to \$297,000,000 for the first 15 days of November, 1917, as compared with \$267,000,000 for the first 15 days of November, 1916. Deposits in the twelve Central Reserve City member banks in Chicago were \$837,000,000 at the close of business November 20, 1917, and loans were \$594,000,000. Deposits show a decrease of approximately \$1,000,000 over last month and loans an increase of approximately \$24,000,000.