

# FEDERAL RESERVE BANK OF CHICAGO

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## REPORT OF BUSINESS CONDITIONS IN THE SEVENTH FEDERAL RESERVE BANK DISTRICT FOR THE APRIL 1, 1918. FEDERAL RESERVE BULLETIN

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Confidence in the stability of the business and banking situation is the tenor of reports received from all parts of this district. Deposits and loans are working toward a more easy condition; and the open weather is permitting farm operations as well as enabling the railroads to recover from the state of paralysis induced by the severe weather. Worthy borrowers are able to secure accommodation without difficulty. Interest rates hold firm.

Short term public utilities, industrial notes and municipal obligations are bought rather freely on account of the attractive yield and there is some interest manifested in long term bonds. The market is expected to narrow as the date for the opening of the Liberty Loan Campaign draws near.

It is too early to forecast with any degree of accuracy the condition and prospects of winter wheat. There are some reports of damage to the crop by freezes in the States of Iowa and Michigan. Illinois and Indiana wheat stood the severe weather well and the crop is promising. Increased acreage is observed throughout the district. Efforts are being made to save as much as possible of the corn and through co-operation by the roads this grain is being moved rapidly, taxing the capacity of the dryers.

Automobile manufacturers have restricted output of pleasure cars in line with Government requirements. Many are employing their facilities to capacity on truck orders and airplane parts.

It is said that owing to difficulty in securing raw materials, implement manufacturers will not be able to supply in full the acute needs of agriculture. Delivery is uncertain on account of car shortage. Attractive offers held out to labor in other fields cause restlessness. Collections are good.

There is no change to report in building and construction which have been practically at a standstill for six months. What building there is, is quite generally restricted to war requirements.

Candy manufacturers report steady increase in sales though this volume is due to the advance of from 10 to 25% in prices. Tonnage is limited by sugar restrictions. It is reported that consumption of candy and chocolate by cantonment and training stations is tremendous.

Prices in dry goods continue to advance with no appreciable effect on buying. The comment is made that speculation is a big factor in volume and that as a result some small merchants are over bought and over extended with their banks. Collections are satisfactory.

Though distinct improvement is observed in the transportation of grain, there is room for still further improvement. The latest Government report reveals the fact that farm reserves of corn and oats are record breaking with wheat holdings considerably more than expected. The situation is, therefore, controlled by the adequacy of transportation, though some wheat is held for higher prices.

Sales among representative houses in the grocery line show a good increase in articles that are obtainable. Much difficulty, however, is experienced in securing the two great staples, sugar and flour, though the former is becoming more plentiful. Cannerymen are now placing contracts with farmers for sweet corn, tomatoes and the like. The release of grain and livestock through the improved railroad situation, has resulted in better collections.

The situation in the hardware line is fair. Builders' supplies are not in great demand on account of the general cessation of building activity. Authorities look forward to a good demand from farmers within the next few weeks. Collections are said to drag a little.

Shoe manufacturers, except those employed on Government orders, have been reticent in regard to commitments for hides due to a decline in prices. Increasing strength in buying however, indicates that some concerns believe the low price has been reached. Houses favored with Government contracts are working to capacity. No immediate labor trouble is in prospect.

Livestock has been coming to market in increased volume owing to a marked relief in the traffic blockade. Export demand forms the basis of a good business in packing house products, while domestic consumption has slackened due to the Lenten season, meatless days and organized economy. Beef cattle and sheep have been fairly well shipped. Hogs will no doubt be in good supply for some time to come. The receipts of livestock at Chicago for the four weeks ending March 16th, were:

	Cattle	Calves	Hogs	Sheep
1918.....	276,546	49,197	919,079	245,338
1917.....	185,556	45,091	681,834	282,023

The lumber business is in a spotty condition. But as a general thing volume is decidedly subnormal. This is, of course, attributable to the falling off in construction. Some sections report an active demand which they are unable to supply through inability to secure transportation. Collections are fair to good.

Mail order volume is well maintained. Reports are that business shows a satisfactory increase for the past month over a like period last year.

The piano industry reports highly satisfactory collections and a good volume of new orders. Freight congestion, heatless Mondays and scarcity of raw materials are now reflected in output which is inadequate. Labor is still in short supply.

Limitations imposed upon steel output by transportation and fuel scarcity have relaxed to some extent. Production is approaching normal. Government orders feature, while domestic demand is subsiding except in the farm implement business which promises activity. Collections have been good but it is suggested that heavy inventories carried by certain small manufacturers may affect receivables.

Jewelry houses experienced a slight slackening in volume during February which some attribute to unfavorable weather and Heatless Mondays. The outlook for an early resumption of normal activity is said to be promising. There is no complaint about collections.

Government demand for woollens has advanced prices of raw material to the highest ever known. The general feeling seems to be that Government control will eventually be applied to maximum prices. Retail clothiers are buying rapidly for fall delivery. Sharp advances will be made in overcoats and suits. The usual sacrifice sale of winter clothing is not in evidence. It is said collections will have close scrutiny of credit men on account of the tendency towards excessive, high priced inventories on the part of retailers who control small capital.

Clearings in Chicago for the first seventeen business days of March were \$1,495,000,000, being \$27,000,000 more than for the corresponding seventeen business days in March, 1917. Clearings reported by twenty-one cities in the district outside of Chicago amounted to \$306,000,000 for the first fifteen days of March, 1918, as compared with \$290,000,000 for the first fifteen days of March, 1917. Deposits in the twelve central reserve city member banks in Chicago were \$897,000,000 at the close of business March 19, 1918, and loans were \$582,000,000. Deposits show an increase of approximately \$63,000,000 over last month, and loans an increase of approximately \$2,000,000.

RECEIPTS AND SHIPMENTS OF IMPORTANT COMMODITIES AT CHICAGO  
(000's Omitted)

	RECEIPTS				SHIPMENTS			
	January		February		January		February	
	1918	1917	1918	1917	1918	1917	1918	1917
Flour.....bbls.	457	878	851	670	457	655	744	431
Wheat.....bu.	331	3,477	363	2,785	121	2,380	111	2,502
Corn.....bu.	5,797	11,054	10,555	7,345	1,541	4,336	2,612	3,222
Oats.....bu.	5,682	7,758	8,773	6,964	3,423	4,435	4,073	4,968
Cured Meats...lbs.	16,161	24,038	23,621	20,576	67,371	84,067	69,218	68,330
Fresh Meats...lbs.	73,011	94,654	87,010	77,534	113,581	150,145	125,541	127,868
Lard.....lbs.	7,210	16,685	9,662	9,381	17,744	30,570	16,504	32,058
Cheese.....lbs.	8,009	9,322	10,226	8,571	5,784	8,552	8,823	8,380
Butter.....lbs.	18,142	18,803	22,169	16,593	21,720	24,412	20,807	23,769
Eggs.....cases	107	117	29	85	105	250	54	120
Hides.....	9,561	16,750	13,149	15,345	11,278	21,035	15,312	16,719
Lumber.....M Ft.	122	242	133	210	58	91	60	73
Potatoes.....bu.	765	863	1,082	991	216	322	362	316