

BUSINESS CONDITIONS



SEVENTH FEDERAL RESERVE DISTRICT

JUNE 30, 1921

FAVORABLE WEATHER AND ABUNDANT MOISTURE CONTRIBUTING TO promising crops serve to stimulate a more hopeful feeling among business men in the Middle West. While the wheat acreage is between 10 and 20 per cent below a year ago, the oat crop acreage is greater. Other than in sentiment, conditions have changed little from a month ago. Restricted buying continues in the agricultural sections, chiefly because the farmers have nothing to buy with, their surplus funds having been expended. The liquidation of their crop holdings is proceeding slowly, the disposition being to sell in small quantities as cash is required.

RETAIL TRADE CONTINUES IN MODERATE VOLUME

Retail trade in Chicago continues in fair volume, but outside, the volume is a little smaller. Prices in the retail markets have receded, and in instances where retail prices do not reflect the same reduction as wholesale prices, the variation is frequently traceable to a higher cost of doing business.

The same feature is manifesting itself in manufacturing where reduction in prices on raw materials cannot be applied fully to the selling price of the finished product, because of the increased cost per unit and the increase in the freight rates. Buying by individuals is considerably restricted, with a disposition by the consumer to buy only to supply imperative needs and to await lower prices. One factor contributing to this is the increase in rentals, which necessarily has curtailed the supply of individual funds. Obviously, increasing unemployment and shorter hours, serve to

restrict the amount available in the pay envelope and consequently affect purchases at retail stores.

To what extent the buying power all over the Seventh Federal Reserve District has been curtailed by unemployment and consequent reductions in pay-rolls is difficult to interpret. Savings accounts it is estimated show 17 per cent reduction in a few of the industrial centers where manufacturing has been greatly curtailed, whereas in others the reduction is comparatively small when measured by the early part of the year, but when compared with a year ago, figures reflect a substantial accumulation of funds by the individual. The extent to which savings accounts and deposits have been affected is reflected in the following tabulation of returns from representative savings banks:

Compiled June 25, 1921

LOCATION

LOCATION	BANKS		SAVINGS ACCOUNTS		SAVINGS DEPOSITS		
	NUMBER REPORTING	NUMBER MAY 31, 1921	CHANGE FROM JAN. 3, 1921-MAY 31, 1920		AMOUNT MAY 31, 1921	CHANGE FROM JAN. 3, 1921-MAY 31, 1920	
Chicago.....	29	919,671	+2.6%	+8.9%	\$319,513,038	-1.4%	+10.6%
*Illinois.....	35	933,019	+2.7%	+9.1%	323,550,347	-1.5%	+10.5%
Indianapolis.....	11	121,368	+8.4%	+9.3%	30,705,656	-1.4%	+8.1%
Davenport.....	4	32,911	-1.9%	-1.7%	25,312,794	+0.7%	-0.4%
Des Moines.....	5	30,307	-13.0%	+30.1%	9,156,989	+4.2%	+3.9%
*Iowa.....	13	89,189	-5.0%	+10.2%	43,135,158	+0.1%	-0.9%
Detroit.....	7	416,790	-2.2%	-1.6%	127,664,708	-7.7%	-8.7%
Grand Rapids.....	5	63,167	+5.3%	+15.8%	14,772,848	+1.0%	+16.6%
*Michigan.....	15	510,460	-2.1%	-0.9%	151,469,408	-7.0%	-7.3%
Milwaukee.....	6	120,136	+2.0%	+19.9%	35,158,974	-4.2%	+8.1%
*Wisconsin.....	11	130,756	+1.9%	+18.3%	36,793,907	-4.7%	+6.9%

*State figures include those of cities mentioned.

Indications of the effect of high interest rates on money and the pressure on individuals are found in the experience of the life insurance companies, all of whom report policy holders drawing to a greater extent than

usual against reserves through policy loans; in some instances there has been an increase in the number surrendering policies for cash.

FACTORS WHICH HOLD BUILDING CONSTRUCTION IN CHECK

Monetary conditions, high taxation, costly materials and labor, abstinence on the part of investors from buying real estate mortgages, and the excessive cost of construction, have retarded the building of apartments and residences in cities. There has been considerable interference with plans for increasing housing facilities by strikes and lockouts. The housing situation in Chicago, although early relief is promised through the arbitration of differences between the building trades and contractors, has become quite serious.

Men active in the rental and in the abstract busi-

ness estimate a shortage of 100,000 dwellings of the classes demanded by families with moderate standards of living. Approximately 9,000 flats and apartments are being advertised for rent, but of these only a small number are strictly desirable or are of a character to meet the requirements. People have been forced to combine with other families by joint tenancy of apartments or they have been compelled to rent apartments beyond their means and depend upon the subletting of rooms. This has greatly increased the available supply of rooms and has brought the room rental basis down out of line with the rent paid by the tenant.

BUYING POWER OF AGRICULTURAL SECTIONS IS LIMITED

Retail trade throughout the district continues to reflect the lessened buying power of the farming communities. Indications of this are found not only in merchandising, but in the business of dealing in and the manufacturing of agricultural implements. The general impression seems to be that the farmer will not be able to resume purchasing in normal quantities until prices of the products he buys are materially reduced. Complaint is heard on every side of existing freight rates; and high freight rates hit the farmer hard, because not only does he pay the increase in the

price of a gang plow, for instance, but also the cost of transportation of farm commodities to the market is deducted from the selling price; thus lowering his net returns on farm products, and increasing the cost of his tools.

The implement business is practically at a standstill. Production for the season is carried on months ahead of the selling date; therefore, the stocks of implements on hand are large and the demand for them exceedingly small. Factory production is running at about 30 per cent of the high point of 1920 but in some lines implement producers have closed their plants.

MANUFACTURERS ARE PROCEEDING CAUTIOUSLY

Other manufacturers, generally speaking, are buying cautiously and so are merchants. Comparison of volume of sales are somewhat misleading, because of the lack of uniformity as to a basis, some using the high water mark of the last year, and others using the normal turnover such as existed before the armistice.

Foreign trade is badly hampered by the exchange

situation. The necessity of obtaining an additional price of about 30 per cent to cover cost of exchange makes it difficult to meet European competition in South America. The exchange situation with Canada also makes it difficult to effect sales. Implement makers, as well as other manufacturers, do not look for foreign competition as a factor in the domestic market.

RETAIL CLOTHING PRICES AVERAGE ABOUT 30 PER CENT LOWER

Merchants outside of Chicago say their business for May was from 10 to 15 per cent lower in value than a year ago, but considering that the cost of merchandise on an average is about a third lower, and further, that the condition of the farming communities is less favorable, with the farmer getting only about 50 per cent in price of a year ago for his commodities, the merchant appears to be doing very well.

Living costs have come down and are still declining. An unequal decline appears because of the variations in the cost of doing business. Comparative retail prices in Chicago as applied to the clothing requirements of a railroad conductor and his family, indicate a reduction in prices in the year ended March 11 of 30 per cent, and since March there has been a further decline. Analyzing the itemized prices as of March 11 it is found that there was a 14 per cent saving in the cost of a uniform; 31 per cent on business suits; 28 per cent on shoes; 38 per cent on hosiery; 26 per cent on shirts; 33 $\frac{1}{3}$ per cent on caps; 29 per cent on overcoats; 51

per cent on overalls; and 29 per cent on underwear, making men's clothing 31 per cent less than a year before. The saving for the wife is divided as follows: 32 per cent on women's suits; 36 per cent on dresses; 21 per cent on shoes; 32 per cent on hosiery; 33 per cent on waists; 26 per cent on coats; 26 per cent on underwear and lingerie; and 40 per cent on petticoats. This averages 31 per cent less. The cost on boys' and girls' clothing is lowered by 29 per cent. This is made up by 32 per cent on boys' suits; 20 per cent on shoes; 27 per cent on hosiery; 36 per cent on blouses; 33 $\frac{1}{3}$ per cent on caps; 25 per cent on overcoats, and 30 per cent on underwear; 33 $\frac{1}{3}$ per cent on dresses; 19 per cent on girls' shoes; 27 per cent on girls' hosiery; 31 per cent on girls' coats; 35 per cent on girls' underwear. The decrease, therefore, is 31 per cent for men's and women's clothing, and 29 per cent for boys' and girls' clothing, making a total reduction of approximately 30 per cent in the family budget for clothing. These are computed from actual selling prices.

COMPETITION AMONG AUTOMOBILE MAKERS KEEN

Competition between automobile manufacturers is becoming keener as recent price reductions indicate. These price reductions have helped to stabilize conditions some, but this process of adjustment necessarily must take some time to complete, and the industry is eagerly awaiting evidence of increased sales which the new price levels were designed to stimulate. Many reports from Detroit and other automobile centers indicate that the manufacturing revival reported last month has not been universally maintained. There are, of course, a few automobile concerns going ahead with their schedules, and in one instance the schedule has been enlarged upon, but most of them report further curtailment of orders and cancellations.

Conditions in the motor and accessory manufacturing industry are rather mixed. Statistics are available only from January 1, and they show improvement month by month to the end of April, as follows:

MONTH	TOTAL PURCHASES CHANGE	TOTAL PAST DUE ACCOUNTS CHANGE	TOTAL NOTES OUTSTANDING CHANGE
February.....	+66.15%	-17.07%	+39.08%
March.....	+93.30%	-16.57%	-16.38%
April.....	+32.93%	- 4.49%	+ 5.94%

The National Automobile Chamber of Commerce, which embraces the principal makers of cars and trucks,

points out that while this industry leads in the buying movement the April automobile shipments from factories exceeded those in May by 4 per cent, and April and May shipments were 62 per cent of the same months of last year.

Manufacturers of popular standard makes, who build their own cars, are able to make a fair profit and do a good business at the present price of cars; but assemblers, of which there are a large number, and some of the smaller and weaker companies, find their overhead increasing by inverse ratio as the stiff competition develops resulting from the restricted demand for cars.

Actual reports from factories producing three-fourths of the total volume, give a basis for an estimate of shipments of automobiles for May which compares with previous months as follows:

	CARLOADS†		DRIVEAWAYS		BOAT	
	1920	1921	1920	1921	1920	1921
May.....	21,977	18,608	74,286	15,200	...	2,381
April.....	17,147	20,087	64,634	14,197	...	1,619
March.....	29,326	16,287	57,273	9,939	...	75
February.....	25,505	9,986	43,719	7,507	...	99
January.....	25,057	6,485	29,283	3,185	...	93

†Not computed in number of machines.

COAL PRODUCTION DECLINES AS BUYERS WAIT

With the bituminous mines of this territory operating about one-half time, and with coal cars idle at the railroad terminals and elsewhere, with the market for coal stagnant, there is ground for apprehension regarding the future coal supply. The open market price on steam coal, particularly screenings, in the Middle West, is about 50 cents per ton less than early in May. The production of domestic sizes usually decreases in June and July, checking the accumulation of screenings. This may affect prices on this grade of coal if there is a scramble for fuel for the win-

ter. The disposition on the part of consumers now is to delay placing their orders until late in the season.

The lowering of production of bituminous coal in Illinois, Indiana and Iowa is traceable chiefly to the absence of a market. Lake shipments, however, greatly exceed those of the previous season up to date, almost equalling those of the 1919 season. The amount dumped this season to June 1 was 4,816,486 tons against 1,650,222 for the corresponding period of 1920, and 4,934,040 tons in 1919. The rate of production of the full-time output of Illinois fields for the

latter part of May was 34.3 per cent, Indiana 32.6, and Iowa 46.1 per cent. The per cent of loss on "account of transportation" in all these cases was very small; also the loss on account of "labor shortage" was negligible. The decrease in production traceable to "no market" is estimated at 57.7 per cent in Illinois, 59.7 per cent in Indiana and 47.7 per cent in Iowa. The trend in production of bituminous coal for the country, as well as this district, until June, was upward, although the

increase was less marked during the latter part of May. Prices according to the index numbers, are now moving downward and have been since early in May.

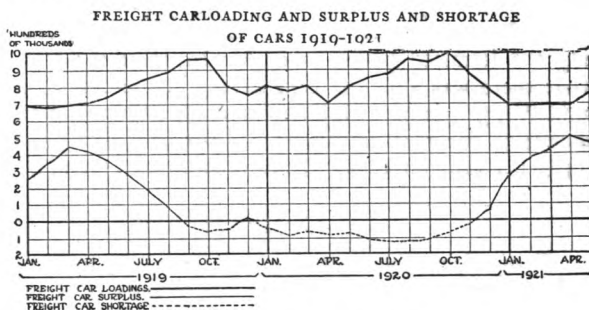
The production of anthracite coal to date, however, is estimated at approximately two million tons greater than the corresponding period of last year. The production of coke appears to be declining, and the demand for stock foundry coke is still more limited than a month ago.

RAILROAD CARLOADINGS ARE INCREASING

Report of Revenue Freight Carloading, for the week ending May 28, shows a total of 787,237 cars, which continues to show the steady increase since January 1, when only 589,905 cars were loaded, that figure being the low point of the year. The number of cars loaded with coal and coke on May 28 show an increase of 19,860 cars over the previous month, the total being 164,870 for 1921, and for the same week of 1920, 174,612. These figures cover anthracite as well as bituminous loadings. Grain and grain products also show an increase over the previous week.

The continued improvement in the carloading and surplus freight car situation during the month of May is reflected in the accompanying chart. The heavy line represents the average weekly carloading for the country, for each month, the dotted line shows the shortage of freight cars, and the solid lighter line gives

the number of surplus freight cars on the eighth of the month.



While the car surplus is gradually declining, it is still far above normal, one reason being that the percentage of bad order cars is increasing. On June 1, the percentage was 16.7 compared with 16.0 on May 15.

HOW GRAIN AND COMMODITY RECEIPTS AND SHIPMENTS COMPARE

A particularly close correspondence between receipts and shipments of grains at Chicago during May is noted. Receipts of wheat, corn, oats, rye and barley were 17,352,000 bushels as compared with shipments of 17,185,000 bushels. Shipments of oats were 506,000 bushels in excess of receipts, while receipts of other grains exceeded shipments.

Shipments of cured meats for May were more than twice those of May, 1920, but slightly under April,

1921. Fresh meats shipments were not quite half those for May, 1920, while receipts were 23 per cent more than those of that month. Lard shipments exceeded receipts by 21 million pounds, while shipments of dairy products were about two-thirds of the receipts.

Shipments of hides exceeded receipts by over 6 million pounds or 63 per cent; those of wool, by 7 million pounds or 152 per cent.

RECEIPTS OF LIVE STOCK SHOW A DECREASE

There was a decrease of 17 per cent in the receipts of cattle during May, and of 13 per cent for the first five months of 1921 at the principal markets, compared with the corresponding period of the previous year; while calf receipts decreased 6 per cent in May and 3 per cent in the five month period; hogs decreased 21 per cent in May and 7 per cent for the five months; and sheep and lambs show an increase in receipts of 17 per cent for May and 16 per cent for the five month period. These changes cover the principal live stock markets. The decrease in cattle receipts at Chicago for the four week period ending June 4 was 9 per cent, as compared with the corresponding period in 1920, while hog receipts were off 25 per cent. The increase in sheep and lambs at the Chicago market was 31 per cent.

The average price of choice cattle in May was \$9.60 per hundredweight against \$14.15 a year ago, and the price for common cattle was \$8.26 against \$12.29 a year ago. The May average for sheep was \$5.68 compared with \$12.23 a year ago, while lambs brought an average of \$11.54 in May against \$17.50 a year ago, and hogs \$8.35 against \$14.30 a year ago. The five months' average for 1921 was \$10.19 for choice cattle, \$8.48 for common cattle, \$5.62 for sheep, \$10.16 for lambs and \$9.10 for hogs per hundredweight, compared with \$16.03 for choice cattle, \$13.01 for common cattle, \$12.91 for sheep, \$18.84 for lambs, \$14.66 for hogs for the corresponding period of 1920. The price of cash lard in May, 1921, per hundredweight ranged from \$9.22½ to \$9.70, compared with \$19.80 to \$21.10 in May, 1920.

FINANCING THE LIVE STOCK INDUSTRY

One of the problems confronting Western bankers is the financing of the live stock industry, and a national pool of \$50,000,000 has been arranged during the last month to save the sheep and cattle raisers. This pool will be rigidly supervised by practical bankers and directed by an experienced and paid manager. The funds will be contributed by commercial banks all over the country; the notes, money, and collateral to be in charge of a committee of trustees from Chicago banks. Each application for credit is to have the approval of a committee of three bankers in the state from which it emanates. The money will be loaned at current rates of interest, plus 1 per cent bonus, the latter to go to the country banker, who forwards the

application for credit to the pool, as a fee for handling the details of transaction.

The pool is to lend 75 to 80 per cent on present market price for live stock. This decision of the bankers provides a way to care for the needs of the live stock raiser, who has been so hampered in the last few months as to seriously curtail the supply of feeders. The Seventh Federal Reserve District is largely a feeding territory; whereas, the Western ranges raise the stock and ship them East for finishing purposes before they go into the packers' market. Shortage of live stock on the Western ranges seriously hinders the operations in the feeding districts.

CREDIT AND CROP CONDITIONS IN THE MIDDLE WEST

The credit situation in some of the leading manufacturing centers shows indications of continued improvement, but judging the farmers' loans from the basis of country banks, the liquidation in that direction has not progressed very far. Country banks, generally speaking, are either renewing in full or allowing increased advances, while manufacturing loans are being reduced. Accommodations for a long period have been comparatively few and foreclosures an exception. Manufacturers have been quite philosophical in writing down their inventories and taking their losses, and

slow to repurchase and then only for immediate requirements of from sixty to ninety days.

Wheat, rye, oats, barley and corn crops compare favorably with a year ago, the growth rapidly overcoming the delay in seeding due to weather conditions. There is still a large percentage of last year's crop of cereals in the farmers' hands.

Money is in exceedingly strong demand all through the district. Collections are reported as rather mixed, but a little slow.

LOAN LIQUIDATION PROCEEDING SLOWLY

Statistics from reporting member banks in the Seventh Federal Reserve District reflect a generally improved financial condition since the first of the year. On January 7, there were 115 reporting banks in the district and 113 on May 11 and June 8, the decrease being caused by reduction from 50 to 48 in the reporting banks outside of Chicago and Detroit. Loans and discounts for all of the reporting banks, including rediscounts at the Federal Reserve Banks, show a decrease on June 8 of 7.8 per cent since January 7, and of 2.9 per cent since May 11. Detroit banks show the largest decrease, 14.7 and 5.7 per cent for the respective periods, while Chicago banks show 6.3 and 2.8. From January 7 to June 8, Chicago banks reduced their rediscounts at the Federal Reserve Bank by 45.5 per cent, Detroit by 42.4 per cent, and all banks combined by 37.6 per cent. Corresponding reductions from May 11 to June 8 were 7.4 per cent, 39.9 and 8.2 per cent.

The weekly statements of the Federal Reserve Bank of Chicago show decrease from May 18 to June 22 in Federal Reserve Notes in Circulation of 3.1 per

cent; in Total Reserves of 8.0 per cent; and in Deposits of 6.0 per cent. Bills on Hand show an increase of 1.4 per cent. This item was reduced materially from June 8 to June 15, but in the following week an increase was shown to an amount greater than any in the five preceding weeks. Total Reserves show a sharp drop in the week ending June 22. Steady decrease in the Reserve Ratio is shown from 56.9 on May 25 to 54.0 on June 22.

Reported open market discount and interest rates at Chicago from May 15 to June 15 show only slight changes from those of the preceding monthly period. Customary rates charged by banks to customers for prime commercial paper are reported as 7 per cent compared with $6\frac{1}{2}$ @ 7 per cent for the preceding period, while rates for prime commercial paper purchased in the open market are reported as 7 per cent as compared with $7\frac{1}{2}$ per cent for the preceding period. No changes are reported in customary rates on other classes of paper; $6\frac{1}{2}$ @ 7 per cent for commercial loans secured by Government obligations and 7 per cent for other paper.

DEMAND AND SUPPLY OF COMMERCIAL PAPER SMALLER

There is reported to be a light demand for commercial paper and a decreased supply. The demand comes mostly from suburban savings banks and a few city banks. There is a narrow market for lines in which effect of liquidation in merchandise is not

definitely determined. Sales of seven dealers show a decrease of 12 per cent for May as compared with April. Rates ranged from $6\frac{1}{2}$ to $8\frac{1}{2}$ per cent; the customary rate as reported ranged from 7 to $8\frac{1}{4}$ per cent.

SALES OF ACCEPTANCES INCREASE

Comparative results of reports on acceptance transactions received from dealers and banks for May, and for April as revised, are shown below:

	(In thousands of dollars)			
	MAY		APRIL	
	29 BANKS	3 DEALERS	29 BANKS	3 DEALERS
Bills bought.....	12,188	10,967	11,624	11,784
Bills sold.....	16,579	14,108	9,622	9,285
Held close of month	3,270	3,402	2,455	2,076
Amount accepted....	16,140	19,416
Purchase Rates:			HIGH	LOW
Maturity 30 days.....			5 $\frac{7}{8}$	5 $\frac{1}{2}$
Maturity 60 days.....			6	5 $\frac{7}{8}$
Maturity 90 days.....			6	5 $\frac{9}{8}$
Maturity 180 days.....			6 $\frac{1}{4}$	6 $\frac{1}{8}$

Returns show about 75 per cent of the purchases of 90 day maturity and the balance equally divided between 30 and 60 day.

A comparison of the composite of returns from banks shows increases in bills bought, bills sold, and bills held at the close of the month of 5, 72 and 33 per cent, respectively, and a decrease in bills accepted of 17 per cent. Reporting dealers show a decrease in bills bought of 7 per cent and increases in bills sold and in bills held at the close of the month of 52 and 64 per cent, respectively.

LARGER DECREASE IN SALES OF RETAIL TRADE FROM 1920

Returns for May from fifty-nine department stores in the district show a larger percentage of decrease in net sales as compared with May, 1920. This percentage is 12.2 as compared with 4.0 reported last month by twenty-eight stores, and gives a percentage of decrease in total net sales for the first five months of 7.6 from the corresponding period of 1920. From a comparison with figures available for April, the larger

WHOLESALE TRADE SHOWS IMPROVEMENT

Returns from representative wholesale and jobbing houses in dry goods, shoes and groceries indicate a generally improved condition, except in groceries. In dry goods, 13 stores report a decrease in net sales as compared with May, 1920, of 22.1 per cent. The corresponding percentage for April was 35.3 per cent from 12 stores. In shoes, 9 concerns report a decrease of 8.1 per cent, as compared with 24.8 per cent from 10

CLOTHING INDUSTRY SHOWS SOME IMPROVEMENT

Returns from clothing manufacturers indicate a more favorable condition compared with last year in Tailors-to-the-Trade and the Cut-Trim-Make Industry than appeared in April returns. The wholesale clothing industry, however, while showing some improvement over the last month's report in orders, indicates a larger reduction in number of suits made and shipped than appeared in the April report.

Returns for May are as follows:

Comparative statistics for Acceptances at the Federal Reserve Bank of Chicago for April and May, are as follows:

DURING MONTH	PERCENTAGE CHANGE IN MAY FROM		
	MAY	APRIL	
Bankers Acceptances Rediscounted.....	\$ 60,000	\$ 111,500	-46.2
*Bankers Acceptances			
Bought.....	10,997,981	11,423,244	-3.7
Bankers Acceptances Sold from Holdings.....	2,331,162	3,624,680	-35.7
HELD AT CLOSE OF MONTH:			
Bankers Acceptances Rediscounted.....	6,500	81,500	-92.0
*Bankers Acceptances			
Bought.....	4,821,453	7,500,910	-35.7

*Included in Acceptances Bought but not in Acceptances Sold, are those bought with agreement by the seller to repurchase within 15 days.

Attention is called to a new ruling on bankers acceptances by the Federal Reserve Board during the last month. The new regulation lengthens the period of maturity of bankers acceptances eligible for rediscount from three to six months. Commercial conditions since the close of the war have necessitated a lengthening of the period of credit. By this new regulation, the Federal Reserve Board hopes to relieve, in part, the present emergency in the foreign trade situation.

decrease for May is due in part to the much greater sales in May, 1920, than in April of that year. Stocks show a decrease of 2.7 per cent from those of April, and of 17.7 per cent from those of May, 1920. An average turnover of 2.8 times a year is shown for the five months of the year in the composite of all reporting firms.

concerns for April. In groceries, the decrease for May was 45.2 per cent for 26 firms as compared with 42.8 per cent from 26 firms reporting for April. Most correspondents report buying cautious. Although the price trend is downward in the majority of those making replies, those making no reply to the inquiry indicate that the price trend is doubtful.

	TAILORS-TO-TRADE	CUT-TRIM-MAKE
Number of firms reporting	21	7
Orders for suits as compared with same month a year ago.....	-24.9%	-10.2%
Number of suits made as compared with same month a year ago.....	-17.5%	-15.6%
Number of suits shipped as compared with same month a year ago.....	-20.0%	-14.5%

WHOLESALE CLOTHING		WHOLESALE CLOTHING	
Number of firms reporting.....	9	Number of suits made as compared with same month a year ago.....	-52.0%
Orders for suits for fall since January, 1921, as compared with same season, 1920.....	-27.0%	Number of suits shipped as compared with same month a year ago.....	-52.0%

BOX AND CONTAINER INDUSTRY REFLECTS DEPRESSION

Reports from representative manufacturers of boxes and containers are particularly indicative of general business conditions because of the nature of the industry. From nine firms for which figures are available, sales in May, 1921, were 68 per cent less than in May, 1920, and for the first five months of 1921, were 57 per cent less than the corresponding

period of last year. Consumption of box boards for these periods shows a decrease of 59 and 56 per cent, respectively. Orders for future delivery appear negligible. A corresponding decrease in number of employees has not been made; a reduction for the periods named of about 30 per cent is shown, while pay rolls have decreased about 40 per cent.

FURNITURE CONDITIONS SHOW SLIGHT CHANGE

Replies from twenty-one members of the Chicago Furniture Manufacturers Association indicate no material change in that industry during May and the first part of June. The shortage of housing continues to have a very bad effect on the industry. Only four of the replies indicate an improvement during the period, although six correspondents state that finished products are moving a little faster through retail. About half of the reporting firms find collections good.

Some slight reductions in inventories are noted, although one correspondent reports that stocks are already unusually low. Operations at from 15 to 100 per cent of capacity are reported, apparently varying with the special lines. There is an ample supply of labor, with mechanics drifting from one line of industry to another, but some report that the labor supply for the industry may be reduced with settlement of the building question in Chicago.

SHOE AND LEATHER INDUSTRY ON COMPETITIVE BASIS

The shoe business is now on a competitive basis, and less comment is heard that retail prices do not follow wholesale. Complaint is heard in the rural districts that shoe prices do not follow the low prices of hides, a condition attributed by manufacturers to the high cost of labor, overhead, and freight. Retail trade is improved, more in women's lines than in men's; considering the adverse exchange situation, there is quite a volume of exports, and some imports are appearing. Factories are running around 70 per

cent capacity, and have orders for about six weeks ahead. Buying on the part of retailers is picking up.

Stocks of finished leather are large, but somewhat uneven, and there is much of the poorer grade that cannot be moved. Tanneries are operating on about a 60 per cent basis, considerable custom tanning being done; prices are higher. Hide prices are improved; stocks in the hands of the packers have been reduced, but there remains much country stock, although some of this has deteriorated.

OTHER MANUFACTURING MOVING CAUTIOUSLY

Steel mills are operating at about 30 per cent of capacity, and unfilled orders have declined. Machinery and tool manufacturers are working at a small per cent of capacity, the demand being for parts and repairs; stocks are large at the factories.

In many instances there is a note of optimism among manufacturers, but production is running light;

they are buying conservatively, and the whole industrial structure is characterized by a waiting attitude. Wages have been moderately reduced, and there is much greater production per man. Many manufacturing loans have not been liquidated, but inventories are fair, and mostly have been written down in value to meet the present prices. Collections are not very good on the whole.

BUILDING CONSTRUCTION IS MORE ACTIVE

While building material is not active and hardware is moving slowly, brick plants are running at a slightly greater speed than a few months ago. In Chicago the building trades men are at work pending the arbitration of differences with contractors relative to wages. Increased building activity in Chicago is the result of the agreement to arbitrate.

Building statistics of cities in the Seventh Federal Reserve District for May show a decrease of 3 per cent in number of permits and of 18 per cent in estimated

cost from May, 1920. Indiana and Illinois are the only states showing increase in number of permits. Both Indiana and Wisconsin, however, show an increase in estimated cost. Permits in Chicago show a decrease from April of about 20 per cent in number of permits, and of about 80 per cent in estimated cost. This large decrease may be explained by the labor conditions in Chicago holding back construction of large buildings. Building statistics for cities of this district follow:

	MAY, 1921		MAY, 1920		PER CENT COST	
	No. of Permits	Estimated Cost	No. of Permits	Estimated Cost	Gain	Loss
ILLINOIS						
Aurora.....	40	\$ 74,765	23	\$ 20,829	259	...
Chicago.....	428	2,967,750	296	5,659,400	...	47
Decatur.....	94	225,000	78	184,800	22	..
Rockford....	159	167,640	194	325,990	..	48
Springfield..	122	306,935	102	87,435	252	..
Total.....	843	\$3,742,090	693	\$6,278,454	..	40
INDIANA						
Fort Wayne..	166	420,978	115	404,565	4	..
Gary.....	118	447,835	93	337,920	32	..
Hammond....	50	96,850	63	160,175	..	39
Indianapolis.	1,015	1,550,661	790	1,403,237	10	..
Richmond....	35	37,575	47	65,500	..	42
South Bend..	231	342,025	261	570,571	..	40
Terre Haute	121	296,985	84	110,464	170	..
Total.....	1,736	\$3,192,909	1,453	\$3,052,432	5	..
IOWA						
Davenport..	101	180,145	125	172,595	4	..
Des Moines..	105	177,891	106	322,733	..	44
Dubuque....	30	43,216	48	183,235	..	76
Sioux City..	150	214,475	123	228,230	..	6
Total.....	386	\$615,727	402	\$906,793	..	32

	MAY, 1921		MAY, 1920		PER CENT COST	
	No. of Permits	Estimated Cost	No. of Permits	Estimated Cost	Gain	Loss
MICHIGAN						
Battle Creek	84	72,055	70	110,825	..	35
Bay City....	133	45,917	91	151,900	..	69
Detroit.....	1,843	5,203,710	2,296	5,739,815	..	9
Flint.....	360	191,175	587	1,831,813	..	89
GrandRapids	386	585,630	293	564,122	3	..
Jackson.....	67	67,971	102	132,264	..	48
Kalamazoo..	98	126,185	31	71,729	76	..
Lansing.....	191	198,385	169	218,540	..	9
Saginaw....	228	221,600	370	412,952	..	46
Total.....	3,390	\$6,712,628	4,009	\$9,233,960	..	72
WISCONSIN						
Kenosha....	92	93,680	199	287,341	..	68
Madison....	51	87,172	16	78,315	11	..
Milwaukee..	806	2,784,540	653	1,195,485	133	..
Racine.....	91	510,297	182	525,176	..	2
Sheboygan..	103	62,462	128	53,678	17	..
Total.....	1,143	\$ 3,538,151	1,178	\$ 2,139,995	65	..
Grand Total	7,498	\$17,801,505	7,735	\$21,611,634	..	18

CONTRACTS AWARDED IN THE MIDDLE WEST IN MAY

Contracts awarded in the Chicago District during May show a small decrease in number of projects and in valuation from April. In May there were 1639 con-

tracts awarded as compared with 1769 in April, with a valuation of 73 millions as compared with 75 millions in April.

†CONTRACTS AWARDED

BUILDINGS	NO. OF PROJECTS	NEW FLOOR SPACE IN		VALUATION
		SQUARE FEET		
Business.....	185	1,216,800		\$10,270,600
Educational.....	117	2,234,000		11,471,800
Hospitals, etc.....	16	337,400		1,613,500
Industrial.....	57	1,181,100		7,891,900
Military and Naval.	1	11,900		50,000
Public.....	13	8,600		136,700
Public Utilities.....	323			23,207,100
Religious and Memorial	40	227,700		1,359,300
Residential..... (a)	851	2,789,200		13,203,000
Social and Recreational	36	560,000		3,690,500
Total.....	1,639			\$72,894,400

†CONTRACTS AWARDED January 1 to June 1

1921.....	\$264,918,000
1920.....	381,213,000
1919.....	273,118,000
1918.....	143,236,000
1917.....	244,456,000
1916.....	155,956,000
1915.....	86,460,600
1914.....	75,568,000
1913.....	79,137,000
1912.....	49,118,000
1911.....	71,454,000
1910.....	93,867,000

†These statistics compiled by F. W. Dodge Company cover the states of Michigan, Indiana, Wisconsin, Illinois, Iowa, Missouri, Eastern Kansas and Nebraska. (a) 1,049 Buildings.

INDUSTRIAL EMPLOYMENT CONDITIONS

The demand for labor continued slack during the month of May. Generalizing from the replies of 196 concerns of the district, employment fell off 4.2 per cent. These concerns employed 126,329 at the close of May, as against 131,844 at the close of April.

The changes both as to employment and amount of pay roll during the last two months are shown in the following table:

	ENTIRE DISTRICT		CHICAGO	
	MAY	APRIL	MAY	APRIL
Number of firms reporting....	196	196	64	64
Total number employed.....	126,329	131,844	54,717	56,595
Number employed as compared with				
(a) the preceding month....	-4.2%	-1.4%	-3.3%	-4.0%
(b) the same month a year ago.....	-32.9%	-31.1%	-24.6%	-21.1%
Amount of pay roll as compared with				
(a) the preceding month....	-7.4%	-3.8%	-8.4%	-4.7%
(b) the same month a year ago.....	-40.2%	-36.3%	-29.3%	-21.2%

	PERCENTAGE OF PRODUCTION TO MAXIMUM MONTHLY OUTPUT, 1920	SEVENTH DISTRICT	CHICAGO
(a) May, 1921.....		46%	55%
(b) April, 1921.....		52%	60%
(c) May, 1920.....		83%	81%

The records of the Free Employment Offices of the State of Illinois show that 220 persons were registered for each 100 places open in May, while in April, the ratio was 203 to 100.

The various industries represented by the concerns in the above table show a wide variation. The iron and steel manufacturers, represented by forty-five concerns, employing 31,882 men, show a decrease of 9.5 per cent during May. This was due mainly to the slump in the manufacture of agricultural implements. Two out of eleven such plants reported that they were practically closed down, due to lack of a market. Construction and building contributed also greatly to this decrease in employment. Six such firms reported a drop of 23 per cent during May.

The Employers' Association of Detroit reports 109,621 men employed June 21, as against 118,497 on May 10.