

BUSINESS CONDITIONS



SEVENTH FEDERAL RESERVE DISTRICT

VOL. 4, No. 8—CHICAGO, AUGUST 31, 1921

ALL THINGS CONSIDERED, THE VOLUME OF THE MORE NECESSARY articles of merchandising being distributed throughout the Middle West is remarkably good, especially at retail. This is worthy of notice in view of the hand-to-mouth buying policy of jobbers and retailers, and the generally prevailing spirit of conservatism in all lines of business endeavor from the producer and the manufacturer to the distributor and the consumer. This indicates a buying power worthy of notice. While the manufacturer is moving with extreme caution in directing any expansion of operations at his plant, the buyer is equally conservative whether purchasing for household use, or in larger quantities for plant consumption.

Temporarily, at least, the credit situation reflects improvement. With the reduction of loans at member banks and by member banks at the Federal Reserve Bank, the reserve against combined deposit and note liability has been increased above 66 per cent. Due consideration, however, must be given at this time to the prospective credit requirements of agriculture, merchandising, and manufacturing lines in order to maintain production equal to the actual needs of the consuming public.

Repayment of debts, both at the banks and elsewhere, is proceeding slowly, and those who have made a careful survey report that another crop will be required to fully clear up the indebtedness, much of which was incurred when agricultural and other products were at a higher price level. It is quite probable that further and large advances will be called for as the live stock feeding season develops, first, because of the large amount of corn and other feed on hand, and, second, because the farmer's experience under present market conditions indicates to him that the most profitable way to dispose of his corn is through its conversion into beef and pork. Usually, he feeds about 80 per cent of his crop to hogs and cattle. Anticipating an unusual demand for credit for this purpose, the Federal Reserve Bank of Chicago is preparing to meet it.

Compiled, August 27, 1921

FARMER BEGINNING TO REALIZE ON CROPS

The farmer is just beginning to realize on his crop, and, as he does so, is making an earnest effort to reduce his obligations at his bank. The indifference so noticeable during 1920 and in the early months of this year in the agricultural communities, regarding the marketing of crops and the payment of indebtedness, has entirely disappeared, and instead there is manifested a desire on all sides to reduce borrowings.

Contributing to this progress in the readjustment to normal conditions, is the grain production of the Middle West, oats alone showing a short yield. The fruit production is disappointing, and some injury to the corn is reported as the result of the hot, dry weather; yet from some parts of Iowa and Illinois come estimates of a better corn crop than last year.

The forage feature of the corn crop is important as dry weather played havoc with the pasture fields all through the district, until local rains in August revived timothy, clover, and blue grass.

The chief disappointment in the agricultural situation lies in the failure of the winter wheat to return the large totals counted on earlier in the year, but a helpful feature has been the ability of the railroads to supply cars to move the wheat to the market. The car shortage which was a menace a month ago, disappeared. This is accounted for chiefly by the large amount of wheat shipped this year by water because of the high freight rates, and, consequently, a shorter haul by rail, thus enabling a quick return of the grain carrying cars to the wheat production points. Considerable complaint, however, has come from Eastern roads that their cars, sent West for carrying grain to the Eastern seaboard, are being retained.

INCREASED INTEREST IN LIVE STOCK FEEDING

Interest naturally turns to the live stock movement at this season. There was a heavy increase in shipments of practically all classes of live stock during the last week of July, and the cattle movement continued. The cattle feeder shipments in the early part of August compare favorably with last year, considering the movement at the ten principal markets, but the general feeder movement has been and is still, considerably below normal, the July figures showing declines from

June, at the ten principal markets, of 25.3 per cent for cattle, 52.6 per cent for hogs, while sheep increased 86.9 per cent. A comparison of the July figures with a year ago, however, shows a decrease of 40.4 per cent for cattle, 3.9 per cent for hogs, and 62.1 per cent for sheep. The increase in the movement of cattle and sheep stockers and feeders from Omaha and Kansas City, is believed to be the direct result of the functioning of the live stock pool. There was a sharp decline at Chicago in the values of live cattle after the middle of August, especially grass-fed, due chiefly to market conditions in the East. Live stock growers have been advised to hold back their cattle until this depression passes.

The outlook for the cattle feeder generally is regarded as better, and especially so, if the Northwest round-up is as short as expected. Some advices indicate the smallest round-up in years.

The comparative prices on live stock in Chicago are as follows:

	JULY 1-15 1921	JULY 15-31 1921	AUG. 1-15 1921	AUG. 1-15 1920
Beef Steers:				
750-1050.....	7.42	7.40	7.20	12.62
1050-1200.....	7.55	7.80	7.80	13.80
1200-1300.....	7.85	8.20	8.62	14.75
1350-1500.....	8.00	8.67	9.23	16.00
1500-1800.....	8.10	8.83	9.80	16.65
Fat cows and heifers..	5.20	5.42	5.25	8.78
Canners and cutters..	2.38	2.87	2.63	4.68
Bulls.....	4.75	4.80	4.50	7.75
Calves.....	10.25	10.23	8.88	15.15
Stockers and feeders..	5.55	6.12	5.92	8.05
Fat native sheep.....	4.18	4.45	3.95	7.82
Fat native lambs.....	10.10	9.50	9.82	13.45
Fat western sheep....	5.80	6.23	5.30	8.45
Fat western lambs....	11.07	10.38	10.48	13.85
Yearling sheep.....	7.28	7.48	7.30	9.77
Hogs.....	9.28	10.13	9.96	14.78

NOTE—All except hogs based on weekly averages; hogs are based on daily average prices.

Prices for sheep and lambs have been fairly steady, with a fair demand; this also can be said of calves, excepting in the East, where the demand was poor. Hogs have been in fair demand in the West.

EXPORT DEMAND FEATURE IN THE MEAT INDUSTRY

The revival of export trade, on which the packers counted for several months, and which set in a month ago, has increased in volume, and this has taken up the slack in domestic trade, which has been on a steadier and more satisfactory basis than for some time. Business in pork and pork products has been far beyond the expectations.

Packers take the position that, while all wholesale prices have not reached the low level, further reductions in meats could scarcely be made under existing conditions without working an injury to the industry. Retail prices, with some hesitancy, continue to follow the wholesale prices.

Slaughter in the United States compares with June as follows: Cattle and calves decreased 9.5 per cent (calves alone 3.1 per cent); while hogs increased 5.1 per cent and sheep 0.5 per cent. The slaughter of hogs for seven months was 3.0 per cent less and sheep 23.2 per cent more than for the same period in 1920.

TEMPERATURE A FACTOR IN THE SALE OF MEATS

Although the extreme hot weather in early July retarded sales of beef to some extent, there was decided improvement as soon as the cooler weather set in, and the total volume of sales of packing house products, in pounds, exceeded those of June by at

least 5 per cent. This improvement seems to continue, so far, in August.

Even with the 19 per cent increase in total packing house product export sales, the beef situation in England shows no improvement, and packing houses report no export beef sales to speak of, for July. Smoked meat exports also are lower, but the Wiltshire market shows signs of improving, and the increase in exports of sweet pickled meats since the third week of July is expected to continue through August. The entire month's export of these last products was slightly less than June.

Cured meat shipments from Chicago were 3.4 per cent less than June, and 76.4 per cent more than July a year ago, while fresh meats decreased 15.3 per cent, as compared with July of last year, and increased 3.9 per cent, as compared with June of this year.

Increases in rent, retail dealers in meats give as a factor tending to keep up prices during the past year.

Wholesale beef prices increased from July 15 to August 15, as follows: Dressed steers, 1 cent; cows, 1 to 2 cents; steer loins, $4\frac{1}{2}$ to 8 cents; ribs, 5 cents; chucks, $3\frac{1}{2}$ cents; and other beef cuts in proportion; dressed lamb declined 2 cents, and sheep slightly less, but other mutton prices are about the same.

Wholesale pork prices for the period of August 1 to 15 increased from July 1 to 15: Dressed hogs, $2\frac{1}{2}$ cents; pork loins, 7 cents; leaf lard, 3 cents; trimmings, 5 cents; fresh hams decreased 2 cents; picnics, 1 cent; and sweet pickled bellies increased 1 cent. Compared with period of July 15 to 31, the prices of August showed increases of $1\frac{1}{2}$ cents on dressed hogs, $3\frac{1}{2}$ cents on pork loins, 3 cents on leaf lard, and 5 cents on trimmings, while fresh hams decreased $3\frac{1}{4}$ cents, fresh and sweet pickled bellies decreased 1 cent each.

While retail prices on mutton, lamb, and beef are about the same as a month ago, pork loins increased 12 cents, as compared with the price the first three weeks in June, and 7 cents, as compared with the average for the last half of June. Chops increased 3 cents and 9 cents, respectively.

MEAT AND PRODUCE STOCKS LESS

Holdings of cured meats at principal western points declined 6.6 per cent, as compared with holdings of June 30, and 14.3 per cent, as compared with July, 1920; declines in Chicago alone covering the same periods were 6 per cent and 23 per cent, respectively.

Holdings of sweet pickled bellies at principal western points show a total increase of 4.9 per cent, as compared with June, but this is an increase of 35.7 per cent, as compared with July, 1920. Chicago showed increases for both dates, however, 16.09 per cent, as compared with June holdings, and 30.3 per cent, as compared with July, 1920.

Dry salt bellies at principal western points showed holdings decreased 1.6 per cent over June of this year, and increased 17.2 per cent over July, 1920. Chicago

AUTOMOBILE MAKERS MOVING CAUTIOUSLY—SHIPMENTS LIGHTER

Automobile manufacture continues to reflect general conditions of industry throughout the country. Truck manufacturers at the second quarter of this year were producing about 87 per cent of the

holdings of this product increased 10.5 per cent, compared with June, and 2.59 per cent, as compared with July, 1920.

Storage holdings of all meats except mutton on August 1 showed a considerable decline throughout the country, compared with the previous month and with August 1, 1920. Stocks of frozen and cured meats in United States compare as follows:

TOTAL HOLDINGS IN THOUSANDS OF POUNDS

	AUG. 1, 1921	AUG. 1, 1920	JULY 1, 1921	JULY 1, 1920
<i>Cured and Frozen Meats—</i>				
Frozen Beef.....	67,441	77,469	76,523	95,297
Frozen Pork.....	150,048	161,804	182,163	170,054
Frozen Lamb and Mutton.....	6,817	2,299	8,714	4,311
Cured Beef.....	10,018	14,956	11,315	16,121
In process of cure	8,179	8,662	8,382	10,234
Dry Salt Pork.....	133,850	300,074	143,245	311,775
In process of cure	97,514	81,253	107,507	96,905
Pickled Pork.....	127,582	164,453	137,075	161,333
In process of cure	211,746	225,443	229,271	242,386
Lard.....	194,952	191,531	204,301	193,316
Miscellaneous Meats.	80,613	78,670	85,207	86,047
<i>Dairy Products and Eggs—</i>				
Creamery Butter.....	82,707	101,455	61,991	52,526
Packing stock butter.	2,721	2,970	2,793	1,916
American Cheese.....	40,642	51,512	34,948	29,654
Swiss Cheese.....	2,820	3,055	1,440	2,088
Brick and Munster...	1,585	2,065	1,675	1,850
Limburger.....	887	1,097	666	595
Cottage, Pot and Bakers.....	3,464	5,765	3,456	5,135
Cream and Neufchatel.....	292	226	259	207
All other cheese.....	5,419	6,315	5,172	4,974
Eggs.....	7,613	6,872	7,534	6,747
Frozen Eggs.....	28,126	20,055	27,737	17,388
<i>Frozen Poultry—</i>				
Broilers.....	3,015	2,691	3,697	3,052
Roasters.....	3,562	2,604	6,041	5,019
Fowls.....	3,117	5,239	4,670	3,985
Turkeys.....	3,826	1,780	4,505	2,432
Miscellaneous.....	7,646	10,031	8,355	10,303

*Cases of 30 dozens each.

LARD SHIPMENTS EXCEED YEAR AGO

July shipments of lard from Chicago show an increase of 1.9 per cent as compared with June and 58.9 per cent as compared with July, 1920. The volume of shipments thus far in August is considerably in excess of last year's and promises to compare very favorably with July. Exports show an increase of 38.9 per cent over June and 13.4 per cent as compared with July, 1920.

Storage holdings of lard in the United States for July decreased 4.57 per cent as compared with June but were slightly in excess of July, 1920; however, Chicago holdings have declined 7.8 per cent since June 30.

Chicago stocks of lard declined 10.8 per cent on August 15, compared with July 31, and 4.7 per cent, compared with August 15, 1920.

output for the corresponding period of 1920. The demand for trucks has been increased considerably by the high freight rail rates, auto trucks coming in direct competition, on short hauls, with railroads. Elim-

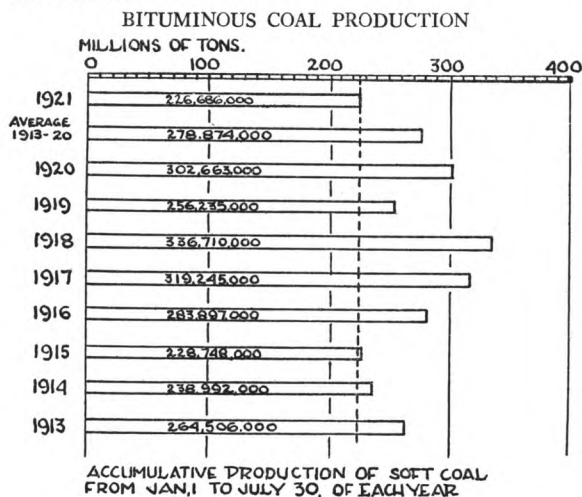
inating the biggest producer of low priced cars from the calculation, the automobile passenger car industry is operating at about a 57 per cent output, measured on the 1920 basis, or more than double the output reported for the first quarter of the current year.

It is difficult to get definite current data from the principal makers of parts and automobile equipment. The statistics for June and July reported by 300 motor and accessory manufacturers indicate a rigid prudence in purchasing and a revitalized merchandising financial policy. The total purchases in July were 1.68 per cent above those of June, which, in turn, were 15.19 lower than for May. On the other hand, the total past due accounts were 10.79 per cent greater than in June, while the total notes outstanding show a decrease, compared with the previous month, of 7.90 per cent. The comparative figures follow:

	TOTAL PURCHASES	TOTAL ACCOUNTS PAST DUE	TOTAL NOTES OUTSTANDING
July	\$22,984,513	\$5,241,977	\$3,671,454
June.....	22,604,754	4,731,453	3,986,378
May.....	26,653,406	4,515,157	4,447,593
April.....	26,746,580	5,352,271	5,371,086
March.....	20,120,386	5,603,992	5,069,877
February....	10,408,962	6,717,165	6,063,118
January.....	6,264,587	8,099,727	4,359,871

COAL BUYING IS STILL DRAGGING COMPARED WITH OTHER YEARS

Some of the coal carrying roads not in the coal mining districts are initiating a program for delivering to the point of destination all coal for their winter needs, before the fall months, instead of buying short and crippling commercial tonnage later, as has taken place in years past. This will enable the roads to give their entire energies to the transportation of commercial orders.



Any increased coal demand at this time, however, would result in an immediate shortage. The July market for steam screenings showed a slight improvement over June with the same prices in effect, these being from 75 cents to one dollar below the earlier contract prices and below the real value of Illinois screenings. Since the present surplus of steam screenings is based on not more than three cars to the mine over and above the orders for an idle day, any increase

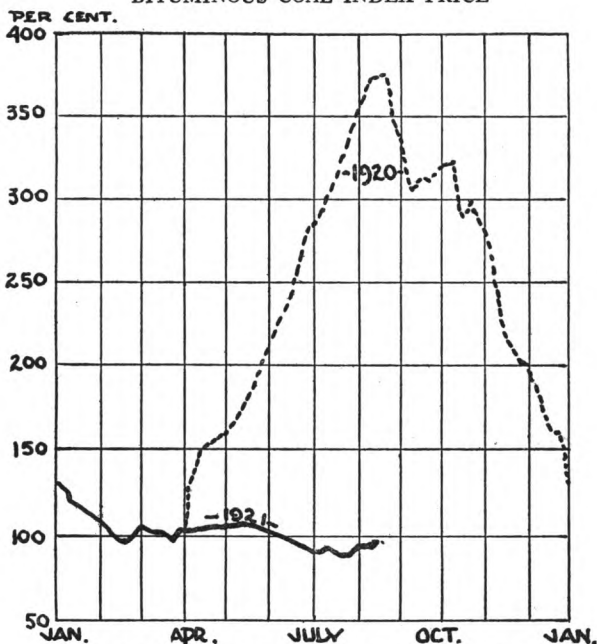
The July shipments of automobile factories, averaging driveaways and boat load shipments into car-load equivalent, equal 61 per cent of the corresponding month of last year but were 7 per cent below those in June of this year. Figures covering the first seven months, with the rail shipments in carloads and not in machines, the driveaways and boats being in machine units, compare as follows:

	CARLOADS		DRIVEAWAYS		BOAT	
	1921	1920	1921	1920	1921	1920
July.....	19,470	23,082	15,320	53,342	3,725	8,702
June.....	20,269	22,516	18,834	60,746	3,947	8,350
May.....	18,608	21,977	15,193	74,286	2,381
April.....	20,187	17,147	14,197	64,634	1,619
March.....	16,287	29,326	9,939	57,273	75
February....	9,986	25,505	7,507	43,719	99
January.....	6,485	25,057	3,185	29,283	93

Price reductions on automobiles have stimulated sales, and the market for new cars seems to be a little more stabilized. The automobile manufacturers are acting with caution in carrying out their production program. The price reductions announced in July on cars selling between \$1,000 and \$2,000, ranged from 4 to 17 per cent, with an average decrease of 13.7 per cent.

in the present market demand would raise the price to the former contract level. Therefore, large consumers of screenings are endeavoring to get their requirements covered at the present prices.

BITUMINOUS COAL INDEX PRICE



The Coal Age index shows the weekly changes in the spot prices of bituminous coal throughout the United States. All prices are converted into an index and compared with the average government price of 1918, which is shown in the chart as 100. On August 16, the index price is shown to be eight points below the 1918 government prices.

STOCKS OF CRUDE OIL AND GASOLINE GAINED IN JUNE

Stocks of petroleum were increased by more than seven million barrels during June, according to the U. S. Geological Survey, in spite of the decreased daily average production and increased consumption.

The first decrease in production of petroleum since January, is reported for June, the daily average of the month 1,346,833 barrels, being 9,393 barrels less than for May. Decreased daily production is reported for Illinois, Texas, Louisiana, Wyoming, Kentucky, West Virginia, Montana, New York and Colorado. Indiana, California, Oklahoma, Kansas, Arkansas, Ohio and Tennessee are credited with increased daily production.

While the estimated value at the wells of the oil produced during June, 1921, was \$52,900,000, or considerably less than half of the value (\$116,200,000) of the production for June, 1920, the output in June, 1920, was 3,000,000 barrels less than in June, 1921.

Production of petroleum in the Seventh Federal Reserve District compares as follows:

FIELDS	(IN BARRELS OF 42 GALLONS U. S. MEASUREMENT)					
	JUNE, 1921		MAY, 1921		JUNE, 1920	
	TOTAL	DAILY AVERAGE	TOTAL	DAILY AVERAGE	TOTAL	DAILY AVERAGE
Illinois.....	815,000	27,167	863,000	27,839	931,000	31,033
Indiana—						
Southwestern	80,000	2,667	81,000	2,613	53,000	1,767
Northeastern	25,000	833	26,000	839	27,000	900

Stocks of gasoline in the United States have started to decline. The total net decrease as of June 30, from May 31, amounted to 47,827,771 gallons for the whole country. Following figures issued by H. F. Mason, petroleum economist of the United States Bureau of Mines, show decrease for Indiana and Illinois of 18,223,271 gallons from May 31, to June 30, or 38 per cent of the net decrease for month.

IRON BUYING EXPANDED BUT STEEL DEMAND SMALL

Buying of pig iron and coke continued in small lots from every consuming center of the country during the past weeks, with Boston the lowest of all points, but even there well above the low water mark. Coke production in the Connellsville district has been increased, but there is no change in prices. Foundry coke seems to have the best demand.

Steel manufacturers continue to operate on about a 25 per cent of capacity basis, with not enough tonnage being placed to warrant an increase in mill activities. Although prices have receded and are regarded as at a level where the market can be stabilized, this has not stimulated the demand.

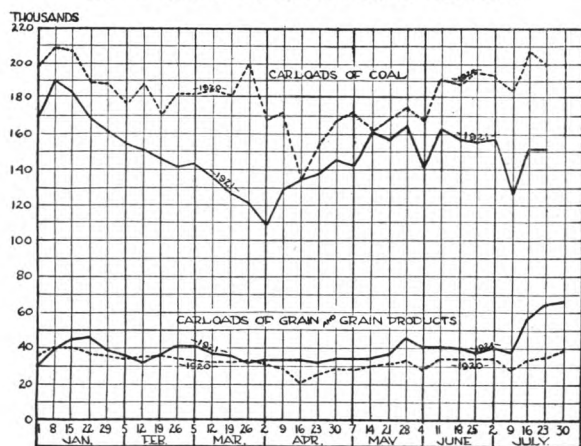
MANUFACTURING, GENERALLY, IS BELOW NORMAL

The agricultural machinery production is being restricted by manufacturers but selling conditions are reflecting slight improvement throughout the Middle West, although the change is not sufficient to indicate a definite trend in the buying of machinery and implements. Farmers continue to borrow and repair rather than buy new equipment. The farm implement business in July is estimated at 57 per cent of a year ago, and with adequate stocks for all probable demand. Collections generally are slow in the implement business, yet prices in this line are holding fairly steady.

RAILROAD TRAFFIC SITUATION IMPROVES

Grain cars are being released more promptly at all terminals; this is partly due to overtime work in unloading, falling off of receipts, and release of cars because of high freight rates to the coast and the same ocean rates from Galveston and New Orleans as from New York; also on account of the heavy movement by boat from Chicago. The Interstate Commerce Commission has authorized a 7½ cent per hundred pounds reduction on export grain from Chicago, Mississippi crossings, points in Illinois, Indiana and other eastern states to Atlantic ports, effective August 28. The movement of grain by boat and rail from Chicago in July compare as follows:

CAR LOADING BY AMERICAN RAILROADS



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Grain	(THOUSANDS OF BUSHELS)			
	SHIPPED BY BOAT		SHIPPED BY RAIL	
	1921	1920	1921	1920
Wheat.....	2,793	380	1,128	2,252
Corn.....	10,353	233	924	2,762
Oats.....	3,023	140	2,176	4,183
Rye.....	76	..	11	389
Barley.....	..	93	242	306

Chicago, on August 18; had on hand 6,500 cars of grain, was unloading 883, and receiving 834. The situation at Galveston is much better and New Orleans is practically clear of grain. Repair forces are working at maximum capacity everywhere with only

a few exceptions and those are not below 75 per cent.

Aside from the grain movement, several roads report activity in shipments of cement and gravel, due to unusual activities in road building.

CONDITIONS IN THE HIDE AND LEATHER INDUSTRY

Trading in green hides was active, with sales of 250,000 packer and 62,900 country hides reported from July 20 to August 15. Calf skins were about the same prices as a month ago but 253,500 skins were reported sold from July 20 to August 15. One sale of lamb skins on August 11, was reported 40,000 skins moved at 62½ to 70 cents each.

The production of all hides and skins has fallen off compared with June this year and with July, 1920, due to decreased slaughter of live stock. July 1 total holdings of green hides were 7,077,950 cattle, 4,925,603 calf and kip, 13,755,042 sheep, and compared with June 1, cattle hides decreased 4.9 per cent, while calf and kip increased 4 per cent; sheep, 3.2 per cent, and

compared with a year ago calf and kip increased 22.9 per cent; sheep, 26.3 per cent; and cattle 13.8 per cent.

TANNERS OPERATING ON RESTRICTED SCALE

Upper leather tanners are operating 70 per cent, cutstock plants 40 per cent, packer tanneries full capacity, but sole leather tanneries are operating on a very low scale. Wages in many instances have been reduced 10 to 15 per cent, and in some instances wages have been reduced as much as 30 per cent and salaries 10 per cent from the peak, in tanneries. Finished sole leather prices were reduced 10 per cent in July, while sole harness leather prices were increased slightly.

SHOE MANUFACTURING REPORTED PICKING UP

Employment in shoe manufacturing increased 3.2 per cent July 30 compared with June 30. Cutting rooms in July and August were working on a reduced basis due to the accumulation in the fitting rooms and not to lack of work. Manufacturers reporting to this Bank show July production was 98.6 per cent of that of July last year and 88.8 per cent of June this year. Chicago factories are working better than 90 per cent capacity, and two large factories have orders ahead to keep them busy until October 15.

Shipments from factories increased 15 per cent over July, 1920, but decreased 7.3 per cent from June this year. Unfilled orders increased 16 per cent over

June and were about three times as large as in July last year.

The Chicago wholesale shoe trade experienced a slowing down in July. Inventory and vacation periods were factors but aside from that buyers held aloof. However, the fall salesmen of a large Western manufacturer who started out early in August report a good volume of country orders for spring delivery at present prices. Manufacturers' sales of shoes are reported better than jobbers sales.

Retail trade was reported dull during the early part of July, but dealers are said to have liquidated their stocks, and there is now a demand for staples.

IMPROVEMENT IS REFLECTED IN THE MERCANTILE TRADE

Department stores in the eastern parts of the district report a slight decrease in current (August) sales over July, while those farther west report a decided increase with an increasing proportion of sales being made to the farmers.

The July returns from the monthly questionnaires indicate the situation is gradually improving. Fifty-seven reporting department stores show net sales for July, 1921, averaging 15.5 per cent under July, 1920. This figure is based on dollar amounts and not on quan-

tity of goods. Only a fractional change in the percentage of decrease is noted by reference to the June average of 48 stores. Retail merchants are taking a more cheerful view of the store situation. The fifty-seven stores included in the averages report a decrease of 2.4 per cent in July stocks compared with June, 1921; and a decrease of 18.6 per cent compared with July, 1920. The outstanding orders for restock at the end of July amounted to 7.7 per cent of the total purchases during 1920. The inference is that retail inventories

have reached the minimum and may be expected to expand in anticipation of an improved consumer demand during the fall and winter. This conclusion is sustained by reports from the wholesale and jobbing trades, where there is a disposition to stock up a little more freely and to buy a little less cautiously than for several months past. July stocks stand at 494.3 per cent, the month's net sales indicating an annual turnover rate of 2.4 against 2.8 reported by 48 stores for June.

Thirty-five reporting stores show an expense loading for July, 1921, of 78.0 per cent of gross trading profit against 67.0 per cent for July, 1920; and for the seven months of the current year of 62.5 per cent against 59.0 per cent for the same period of 1920. Eleven of the 33 stores operated at a loss during July in comparison with five that brought down a balance in red ink in July, 1920. Merchants are finding it difficult to readjust store expense to correspond with the new level of prices and the decreased purchasing power of the people. The condition being recognized, steps will be taken to protect surplus accumulations.

WHOLESALE TRADE FEELS STIMULATING FACTORS

The feature of the reports from the wholesale trade for July is the appearance of restock orders from the retail trade, heretofore almost nil. An additional element of encouragement is the growing belief that prices have reached the low level in important staple lines, and with any increase in demand a gradual improvement may be expected.

Eleven shoe houses reported net sales in July 34.8 per cent below those for July, 1920, and 36.5 per cent below June, 1921. Cancellations were negligible. Four houses reported prices stable and three reported improvement in stock buying by the retail trade.

Nine reporting dry goods wholesalers show an average decrease in dollar sales for July of 52.3 per cent from July, 1920. Five of the houses regard prices as stable and one looks for a lower level. All find buying cautious.

Twenty-one reporting grocery houses show a decrease of 49.7 per cent during July compared with the same month last year. Four report an advancing tendency in prices, nine believe the market is stable and three expect lower prices. A large part of the decline in sales is attributed to the tremendous fall in the price of sugar. Nine of the replies note an increase in the demand for goods to replenish store stocks. Cancellation of orders appears to be negligible.

CLOTHING INDUSTRY INDICATES LATE SEASON

Returns from the wholesale clothing industry indicate a rather late season. While orders during the early months of the season were considerably less than

those of 1920, by the end of July the difference for the season was not more than 12.8 per cent. Orders during July alone were 5.5 per cent greater than those in July, 1920.

In the Tailors-to-the-Trade and the Cut-Trim-Make industry, orders, production, and shipments ranged at about 40 per cent below those of last year in the former and 30 per cent in the latter industry.

Detailed statistics for July are as follows:

	TAILORS-TO-THE- TRADE	CUT-TRIM-MAKE
<i>July—</i>		
Number of firms reporting....	16	6
Orders for suits as compared with July, 1920.....	-42.0%	-29.4%
Number of suits made as com- pared with July, 1920.....	-41.9%	-30.9%
Number of suits shipped as compared with July, 1920...	-41.4%	-31.5%
		WHOLESALE CLOTHING
Number of firms reporting.....		9
Orders for suits since January, 1921, as compared with same season, 1920.....		-12.8%
Orders for suits during July, 1921, as compared with July, 1920.....		+5.5%
Number of suits made as compared with July, 1920.....		-16.9%
Number of suits shipped as compared with July, 1920...		-5.4%

MAIL ORDERS COMING IN SLOWLY

The 4 per cent decrease of July sales in the mail order business from June sales has been a decided exception from the business of the last ten years. Heretofore, July sales have usually shown a 10 per cent increase over June. Managers credit the difference this year to the effects of the hot, dry weather, and to the reduced prices which have been in effect since July 1.

Revival in buying is felt, usually, in clothing and shoes, first; then in hosiery and underwear.

WOOLENS MOVEMENT REPORTED FREER

The usual movement of wools from the primary markets is now about completed, and has been much freer this year. The volume of sales continues satisfactory with prices largely the same, but the mills are asking longer time for payment.

How complete the liquidation has been in wool may be measured by the fact that machinery was running at 30 per cent of capacity, January 1, and at 80 to 90 per cent of capacity, July 1. Consumption was 24,500,000 pounds in December, and 57,000,000 pounds in May.

Sales of manufactured woollens to retail distributors are reported conservative, 50 to 60 per cent of normal requirements.

FURNITURE BUSINESS SLOW

Replies of furniture factories to the questionnaires sent out by this bank show operations ranging from 25 to 100 per cent, only one being at the lowest point, and two at the high. The others are operating at 50

per cent or thereabouts. The greatest drawback of the furniture business is the continued scarcity of housing and the high rents. Price declines in raw material are reported. Firms making office furniture are working from 25 to 75 per cent of capacity, and note no improvement during July, one reporting conditions worse.

BOX AND CONTAINER BUSINESS HESITANT

Sales of boxes and containers in July were larger than in June, but only 30 per cent (in dollars) of July, 1920; consumption of material, 48 per cent of July, 1920, shows unit production, and, compared with the sales, shows reduction in prices. Manufactured food products have an improved demand, but there is still the old complaint that the retailer is holding up prices, consequently retarding distribution and hindering the movement.

CANNERS STOCKS REPORTED LIGHT

Gradual depletion of stocks, and light crops with a short pack are held to be the chief reasons for the recently increased prices on canned goods, which had been experiencing a steady decrease since the first of December. The advance has varied with products and localities, but averages from 5 to 10 per cent on vegetables and some fruits, and from 25 to 50 per cent on small fruits. The short berry crop resulted in an

increase of 25 per cent in price, and the cherry crop canned has advanced 33 1/3 per cent.

JEWELRY SALES LESS THAN YEAR AGO

Jewelry sales for July were only a trifle lower than for June, but the total volume from February 1 to August 1, was 28.5 per cent below last year for the same period. Merchants credit the bulk of this decline to lowered prices. Reductions from last year's prices average 25 per cent; on pearls, gold jewelry, and watches there has been none to speak of; but on diamonds and silver, reductions have been as high as 33 1/3 per cent; on repair work 10 to 20 per cent.

Current demands are for medium and high-priced goods with the call for ladies' wrist watches so increased as to warrant increased production by one of the district's largest watch manufacturers.

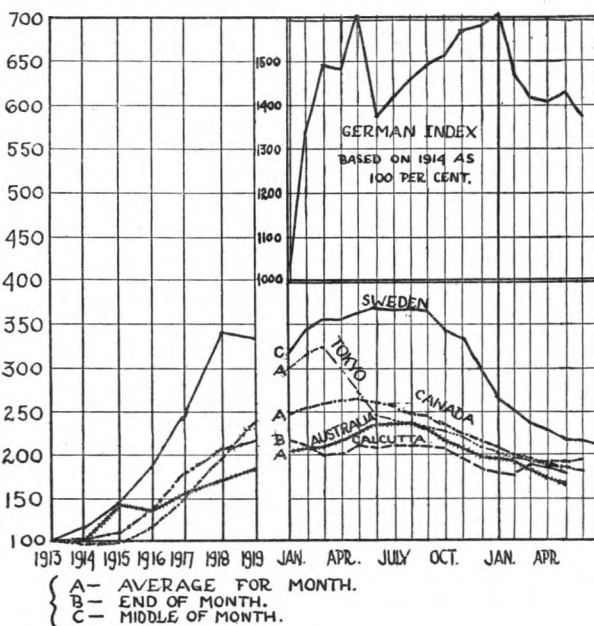
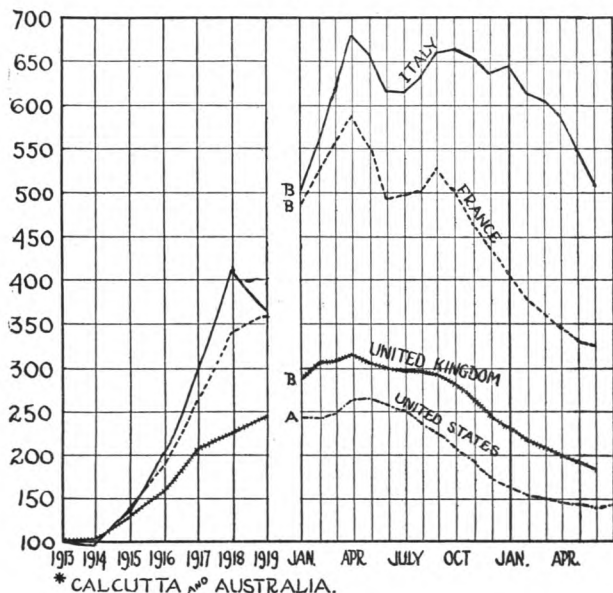
One of the largest wholesale and retail jewelers of the district in working up the percentage relations of department sales to total sales for the previous fiscal year found the following: Gold departments, 21.7 per cent; precious stones, 33.9 per cent; watches, 10.9 per cent; silver, 9.1 per cent; watch repairs, 7.8 per cent; jewelry repairs, 6.1 per cent; silver plate, 3.6 per cent; silver novelties, 3.5 per cent and stationery, 1.4 per cent. Clock repairs, optical department, clock sales and silver polish all a fraction of 1 per cent of the total.

WHOLESALE PRICES ON A MORE STABLE BASIS

The chief authorities on wholesale prices have published index numbers for July, 1921, covering the principal classes of commodities. It appears that the change of level from June has been relatively small,

confirming the reports collected by this Bank from the wholesale trade of the Seventh District. The United States Department of Labor index number for all commodities stood at 148 at the end of July, showing

WHOLESALE PRICES ABROAD



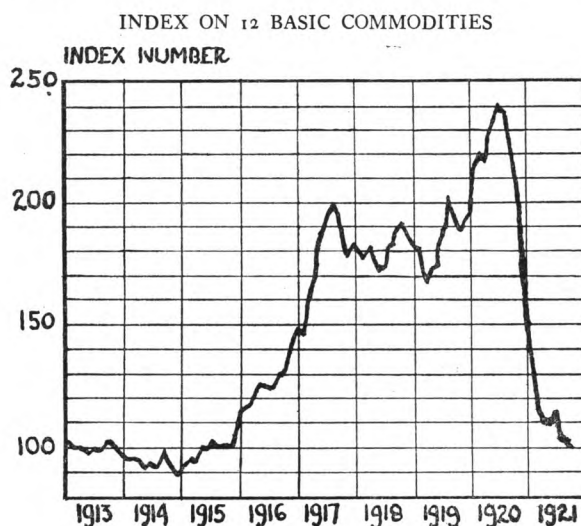
no change from the end of June. Farm products advanced 2 points, to 115; foods were 2 points higher, 134; clothing and textiles declined 1 point, to 179; fuel and lighting went down 3 points, to 184; metals and metal products stood 7 points lower at the end of July—125 against 132 in June; building materials also declined 2 points, to 200; chemicals and drugs were off 3 points, standing at 163; house furnishing goods showed a decline of 15 points, to 235, and the miscellaneous class declined 1 point, to 149. The index for all commodities, now 148, compares with 262 at the end of July, 1920.

These figures are confirmed by the unweighted relative indices of the Federal Reserve Bank of New York covering the twelve basic commodities. The index, August 15, stood at 102.71, a change of 0.13 per cent from the previous week, and a decline of 57.62 points from the peak of May 17, 1920.

TREND OF PRICE INDICES OF BASIC COMMODITIES

The accompanying chart shows the sharp decrease in American Wholesale prices of basic commodities since the peak in May, 1920. The index stood at 100.78 on August 22, showing a decrease of 58.42 per

cent from the peak reached on May 17, 1920, and was the lowest since the latter part of 1915. This index number is compiled by the Federal Reserve Bank of New York, and is based on prices of hides, rubber, cotton, wheat, corn, hogs, sugar, copper, lead, pig iron, timber and petroleum.



CLEARINGS MOVEMENT SHOWS INCREASE IN JULY AND AUGUST

Credit movement, as indicated in the aggregate debits to individual accounts, shows an increase of about 5.5 per cent compared with the previous month, and a decrease of 18.4 per cent over a year ago.

The total debits as of August 17, 1921, reported by 203 banks in 24 leading clearing house centers, including Chicago, were \$971,287,000 an increase of \$50,860,000 over the corresponding week of July, and a decrease of \$219,514,000 compared with the same period of last year.

COMMERCIAL PAPER SALES INCREASED

The commercial paper market showed improvement in July, with increased city and suburban buying, and a falling off in country demand. Sales of five dealers in this district show an increase of 9.4 per cent for July compared with June. Rates ranged from 6 to 8¼ per cent, the customary rate being 6½ to 8 per cent.

INVESTMENT MARKET IMPROVES

The investment market for July, compared with June, was very active with an increase in price level. There have been unusual demands for public utilities and municipal bonds, especially in the larger cities. Foreign securities continued in good demand.

INCREASE IN BILLS ACCEPTED

July reports from 29 banks in the Seventh Federal Reserve District show a notable increase in bills accepted, and a decrease in bills held. A continued de-

mand from corporations and small buyers is reported. Maturities of bills purchased in July were divided as follows: 30 day, 9.6 per cent; 60 day, 10.4 per cent; 90 day, 60.1 per cent, and 180 day, 19.9 per cent.

The classification of purchases shows 87.7 per cent of bills bought were based on transactions involving importation or exportation of goods. A comparison of returns from 29 banks shows an increase of 4 per cent in bills bought; 9 per cent in bills sold; 25.1 per cent in bills accepted, and a decrease of 14.6 per cent in bills held at close of month. The comparison of acceptance transactions reported by banks for July and June follows:

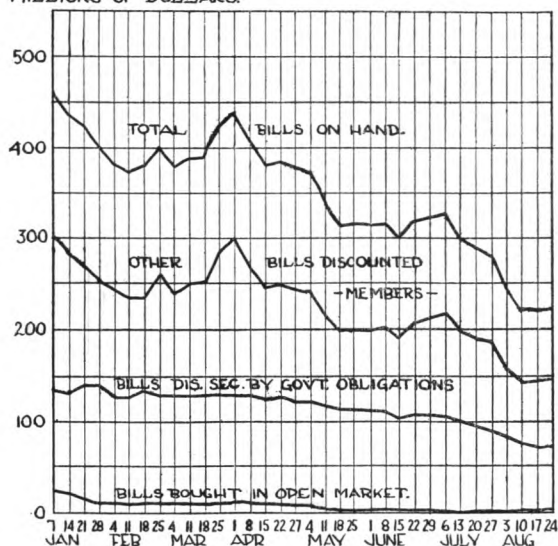
(IN THOUSANDS OF DOLLARS)			
29 Banks	JULY	JUNE	
Bills bought.....	15,500	14,911	
Bills sold.....	17,101	13,671	
Held at close of month.....	4,899	5,734	
Amount accepted.....	22,651	16,821	

Statistics on Bankers' Acceptances at the Federal Reserve Bank of Chicago for July, follow:

DURING MONTH	JULY	JUNE
Bankers' Acceptances rediscounted.....	None	\$ 578,281
*Bankers' Acceptances bought.....	\$7,855,709	8,331,600
Bankers' Acceptances sold from holdings....	70,000	199,156
HELD AT CLOSE OF MONTH		
Bankers' Acceptances rediscounted.....	2,314	2,314
*Bankers' Acceptances bought.....	2,315,368	3,499,624

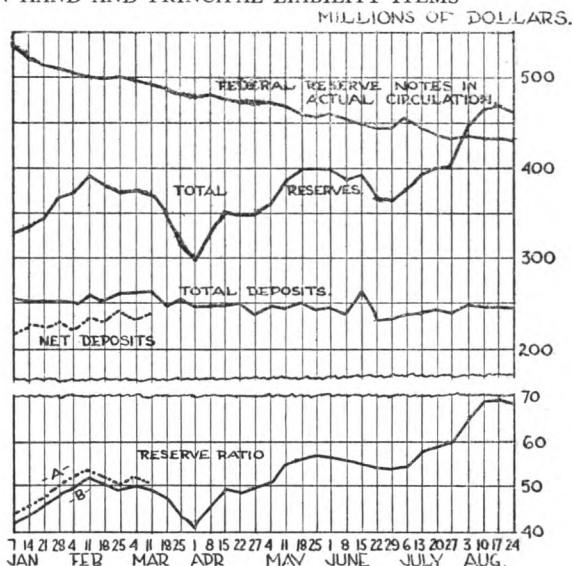
*Included in Acceptances Bought, but not in Acceptances Sold, are those bought with agreement by the seller to repurchase within 15 days.

FEDERAL RESERVE BANK OF CHICAGO, BILLS ON HAND AND PRINCIPAL LIABILITY ITEMS MILLIONS OF DOLLARS.



BUSINESS MORTALITY INCREASES

Business mortality in the United States for July showed the number of manufacturing insolvencies to represent 23.7 per cent of the total for all lines, while indebtedness represented 56.1 per cent of the aggregate amount. The number of July manufacturing mortalities increased 6.5 per cent over June, 11.3 per cent in trading classes, and 9.4 per cent in all commercial



concerns. Likewise, there was an increase of 59.9 per cent in manufacturing liabilities as compared with June, 7.2 per cent in trading classes, and 23.5 per cent for all commercial concerns.

Business failures in the Seventh Federal Reserve District increased in number 58 per cent over June, and 217 per cent over July, 1920; and liabilities nearly 2 per cent over June, and 89 per cent over July a year ago.

BUILDING CONSTRUCTION CONTINUES TO LAG

Considerable improvement in building activity has been apparent in the last month. A small amount of seasonal work has been done to meet rental obligations, and many permits have been issued, but many have not been followed up by any real work to speak of.

Building statistics of principal cities in the Seventh Federal Reserve District compared with the corresponding months last year:

	JULY, 1921		JULY, 1920		PER CENT CHANGES OVER 1920	
	NO. OF PERMITS	ESTIMATED COST	NO. OF PERMITS	ESTIMATED COST	JULY	JUNE
ILLINOIS						
Aurora.....	48	\$ 156,403	33	\$ 43,608	+258	+301
Chicago.....	754	14,004,650	253	6,669,300	+109	+9
Decatur....	91	282,100	49	150,350	+87	+133
Evanston....	73	602,405	32	86,590	+7	+89
Rockford....	118	235,255	132	169,480	+38	+199
Total...	1,084	\$15,280,813	499	\$7,119,328	+115	+19
INDIANA						
Fort Wayne. 145	355,628	104	271,556	+30	-36	
Gary.....	74	195,410	67	334,825	-42	+23
Hammond..	40	90,575	38	347,525	-74	+63
Indianapolis 861	1,401,115	777	1,256,010	+11	+199	
Richmond... 24	60,455	29	41,095	+47	-68	
South Bend. 262	515,346	405	227,771	+126	-41	
Terre Haute 132	185,965	67	59,445	+212	+6	
Total...	1,538	\$2,804,494	1,487	\$2,538,227	+10	+56

	JULY, 1921		JULY, 1920		PER CENT CHANGES OVER 1920	
	NO. OF PERMITS	ESTIMATED COST	NO. OF PERMITS	ESTIMATED COST	JULY	JUNE
IOWA						
Cedar Rapids	119	161,435	85	169,300	-5	+160
Davenport..	90	174,945	62	266,063	-35	+358
Des Moines..	99	504,313	67	343,165	+46	-5
Dubuque....	39	94,960	16	30,275	+213	+14
Sioux City..	130	187,560	121	464,105	-60	-69
Total.....	477	\$1,223,213	351	\$1,272,908	-4	+26
MICHIGAN						
Battle Creek	63	118,690	62	52,322	+126	-30
Bay City....	131	115,389	92	92,123	+25	-37
Detroit.....	1,416	8,143,358	1,904	5,805,190	+40	-48
Flint.....	207	99,307	359	598,968	-84	-93
Grand Rapids	276	899,845	207	379,698	+137	+109
Jackson....	45	196,545	60	36,480	+438	-28
Kalamazoo..	70	95,781	33	127,664	-25	+71
Lansing....	152	218,950	123	103,953	+110	-24
Saginaw....	159	121,223	221	231,809	-48	-32
Total.....	2,519	\$10,009,088	3,061	\$7,428,207	+35	-50
WISCONSIN						
Kenosha....	72	319,473	191	224,432	+42	-78
Madison....	91	1,059,199	38	38,930	+2,620	+368
Milwaukee... 700	2,016,123	470	1,625,101	+24	-7	
Racine.....	92	59,955	106	198,805	-70	...
Sheboygan... 98	80,671	115	500,626	-85	+369	
Total.....	1,053	\$3,535,421	920	\$2,587,894	+37	+6
Grand Total..	7,755	\$2,853,029	6,318	\$20,946,564	+57	-10

Much of the actual construction work in Chicago has been in alterations and in the conversions of apartments into business quarters or into smaller suites. There has been some construction of small apartment hotels, office buildings and moving picture theaters.

The high 7 per cent rate on building loans, together with a frequent commission ranging from 10 to 20 per

cent, also contributes to the high cost of building.

The cement market has not suffered from the deterring influences of the building trades, as the construction of new roads, public works, and school houses has kept up a good demand, since these are financed by bonds, taxes, and special assessments.

INDUSTRIAL EMPLOYMENT SITUATION STEADYING

A certain stability in the employment situation is indicated by the reports of 201 manufacturing concerns of the Seventh Federal Reserve District. These plants, after having curtailed their forces during the months of April and May by approximately 2 and 4 per cent, respectively, showed a decrease of less than 1 per cent during June and about three-tenths of 1 per cent during July.

The steel and iron industries are still retrenching. Fifty-one concerns, employing 29,955 men, report a decrease of 6.3 per cent since the month of June. Structural steel and iron, however, improved slightly and railway equipment shops increased their number of men by 1.6 per cent.

The largest gain for the month was made in the contracting and building industry, where 14 per cent more men went to work. Conditions in this industry in Chicago are still unsettled, no decision having been reached as to working agreements or wage scale.

The accompanying table gives the results of the labor questionnaire for the month of July:

	DISTRICT	CHICAGO
Number of firms reporting.....	201	69
Total number employed July 30, 1921.....	126,488	58,477
Number employed as compared with		
(a) the preceding month.....	-0.3%	+2.0%
(b) the same month a year ago.....	-33.8%	-22.2%
Amount of payroll as compared with		
(a) the preceding month.....	-1.3%	-0.7%
(b) the same month a year ago.....	-45.3%	-31.9%

	DISTRICT	CHICAGO
Pay per man as compared with		
(a) the preceding month.....	-0.9%	-2.6%
(b) the same month a year ago.....	-17.4%	-12.5%
Percentage of production to maximum monthly output in 1920:		
(a) July, 1921.....	50.0%	52.0%
(b) June, 1921.....	49.4%	52.0%
(c) July, 1920.....	83.3%	78.0%

Reports from the Employers' Association of Detroit continue to show a slight but steady increase in employment in the automobile industry.

The records of the Free Employment Offices of the State of Illinois also give indications of better employment conditions. The ratio of registration of applicants to each 100 places open declined from 240 to 217 in the state, and from 310 to 273 in Chicago.

For the first time in several years, the farm labor supply has been equal to the demand. The farmer has been able to obtain help at wages considerably lower than those of last year. The season has been early, and to some extent has been a factor in relieving the unemployment situation.

For the United States as a whole, a decrease of 1.1 per cent in employment took place during July. This is according to the reports received by the United States Department of Labor. This department has estimated that the number of unemployed in this country at this time approximates 5,750,000.