

# BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

VOLUME 5, NUMBER 7

CHICAGO, JULY 31, 1922

**S**EASONAL activities in the Seventh Federal Reserve District are becoming more pronounced with a cautious tendency on the part of business on account of the coal strike and the threatened railroad tie-up. Banking conditions continue to improve, and seasonal demands for money are beginning to assert themselves. The labor demands of agriculture and work on the roads have relieved the unemployment situation. The demand for building materials exceeds the supply, showing its principal strength in city markets. The movement of merchandise has improved, especially in wholesale groceries. Shoe sales for the month show the first gains since January, 1922, and the demand for hardware is good. All merchandising shows a general tendency to bring inventories up to last year.

Crops generally are below expectations of a month ago; the corn crop promises to be up to the preceding five-year average. Threshing reports on winter wheat show returns from all parts of the district lighter than expected. The export demand for grain is very good, and new wheat is just beginning to move to market. The pea-canning pack is considerably larger than last year. Live stock held up well during June; production and receipts of butter, cheese, and poultry continued to increase.

The extent to which the volume of business has improved in this district is reflected in the debits by member banks which are larger than for any month since January, 1921. The rates on bankers' acceptances ranged from  $\frac{1}{8}$  to  $\frac{3}{8}$  per cent lower than in May. In the bond

market Government securities showed the chief strength.

The continuance of present activities in manufacturing depends upon further developments in the coal strike. A shortage of coal for the present winter seems probable. The production of automobiles and trucks showed a marked increase in June. Although the manufacture of wholesale clothing is more active than a month ago, it is still less than for the corresponding season last year. Revenue freight carloadings during June increased. The demand for cars to move the crops is just beginning to be felt.

## Money and Banking

The seasonal demand from trade and industry for accommodation is slowly beginning to assert itself in some sections of the district, although reductions through liquidation continue to more than offset the increased requirements. As an outlet for surplus funds, individual banks are not only increasing their investments in bonds, but are also coming into the market for commercial paper, especially in the larger centers.

The gradual working out of less desirable paper in the banks of the district has been made possible by higher prices for farm products and generally better conditions. This has resulted in a marked improvement in the character of the paper held. Proceeds from the marketing of crops and live stock have lessened the strain in the agricultural sections, and, together with the favorable outlook, have

COMPILED JULY 26, 1922

contributed to a general feeling of confidence and optimism. Evidence of improved conditions is given in repayments to the War Finance Corporation of advances for agricultural and live stock purposes in this district. Up to July 15, approximately 20 per cent of all such advances had been repaid.

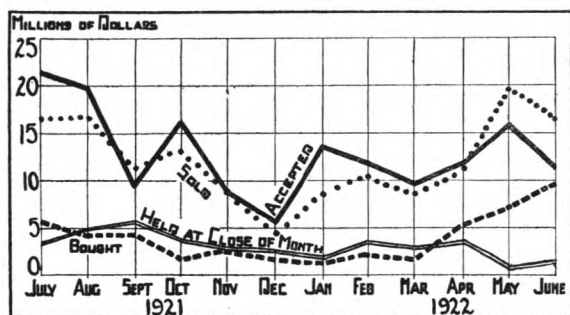
Money rates reported by Chicago banks showed a further easing tendency in the period from June 15 to July 15, customary discount rates for prime-commercial paper ranging from 5 to 5½ per cent, although some loans were made at 4½ per cent, as compared with a low of 4¾ in the preceding 30-day period. Customary rates for time paper secured by prime stock exchange or other current collateral dropped one-half of one per cent and ranged from 4½ to 5½ per cent, with a low of 4 per cent. Rates on demand paper did not show a corresponding reduction.

### Commercial Paper and Acceptances

Sales of commercial paper in this district in June decreased from those of May but increased over June last year, as reported to this bank by eight dealers; four, however, show increased sales from the preceding month. Most buying originated in the larger centers with a moderate demand from banks. Country banks still show a tendency to hold off because of low rates and many are buying Government securities rather than paper. The demand for paper still exceeds the supply, but several dealers report fair inquiry for funds from their customers. Choice names sold readily at 4 per cent, although rates as high as 5¼ are reported.

Transactions in bankers' acceptances show large decreases in both bills accepted and bills sold during June, compared with May, while bills purchased continued the increase which started in April. Bills held at the close of the month were almost double the amount held the same time last month. The increase in bills purchased is traceable to purchases made by four banks, which had done no buying in May. One especially large buyer in June had not purchased acceptances since last December. Of the twenty-seven banks in the district reporting direct to this bank, twelve show no dealings in bankers' acceptances during the month.

BANK TRANSACTIONS IN BANKERS' ACCEPTANCES



Purchase rates ranged from 3 to 3¼ per cent, compared with 3¾ to 3½ per cent in May. Maturities of bills purchased were divided as follows: 30-day, 19.5 per cent; 60-day, 16.8 per cent; 90-day, 62.7 per cent; and 180-day, 1.0 per cent. Bills were reported drawn against meats and provisions, coffee, grain, tobacco, hides, and sugar.

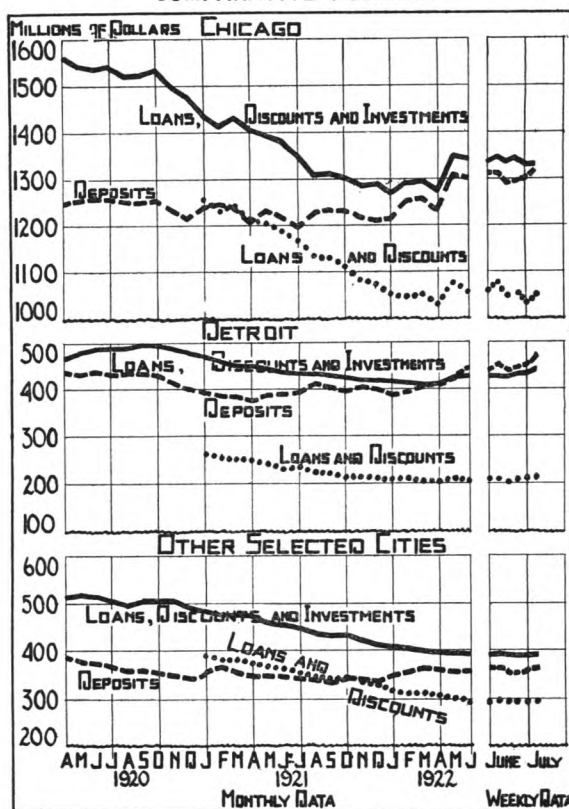
Operations of six bill dealers in bankers' acceptances were approximately at the same rate in the five-week period, June 12 to July 15, as in the preceding four weeks. Weekly purchases averaged \$3,239,000, compared with \$3,002,000 in the preceding period, and sales \$5,122,000, compared with \$4,992,000. Sales to the Federal Reserve bank and to out-of-town banks increased, while those to local banks decreased.

This reserve bank bought bills amounting to thirty-six millions during June, compared with twenty-eight millions the previous month. Sales from holdings were over fourteen millions, an increase of six millions over May. Bills held at the close of the month show no change from the preceding month.

### Member Banks in the Seventh Reserve District

The weekly average of loans and discounts at reporting member banks for June decreased from that of May in Chicago, Detroit, and other selected cities of this district. Loans on stocks and bonds,

REPORTING MEMBER BANKS, SEVENTH DISTRICT  
COMPARATIVE POSITION



Note—Monthly data are averages of weekly figures.

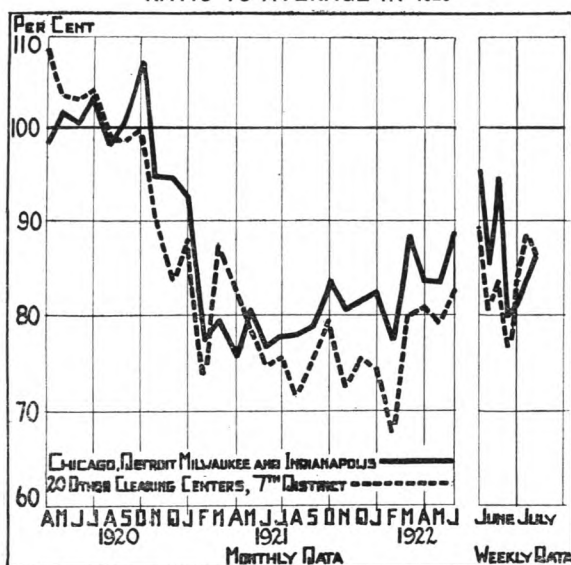
other than Government securities increased, while other classes of loans were reduced. Investments continued to increase, with Government securities proportionately larger than other classes. The increase in time deposits at Chicago member banks was more than offset by the larger decrease in demand deposits, while at Detroit member banks there was marked increase in both time and demand deposits. Deposits in all groups of cities June 21 decreased partly because of Government withdrawals; recovery was made the weeks following, although Government deposits continued to decline.

#### Debits by Banks to Individual Accounts

The volume of business as measured by the average of weekly debits to individual accounts at clearing house banks in twenty-four leading centers of the seventh district was larger in June than in any month since January, 1921. This improvement is not confined to the largest cities since debits for the twenty smaller clearing house centers were the largest of any month since April, 1921. The four large centers represent about 86 per cent of aggregate debits for the twenty-four and outweigh those of the other twenty when considering volume for the district. However, the similarity in trends for the two groups is apparent on the accompanying chart, showing the extent to which volume of business throughout the district is reflected in the larger centers.

While June debits last year decreased from those of May, increases are shown this year. The volume of debits the first three weeks of July was larger than in the corresponding period of June for the group of smaller centers, but considerably less in the aggregate for the four larger centers, owing to a decrease in Chicago debits from those of June.

DEBITS TO INDIVIDUAL ACCOUNTS AT CLEARING HOUSE BANKS  
RATIO TO AVERAGE IN 1920



Note—Monthly data are averages of weekly figures.

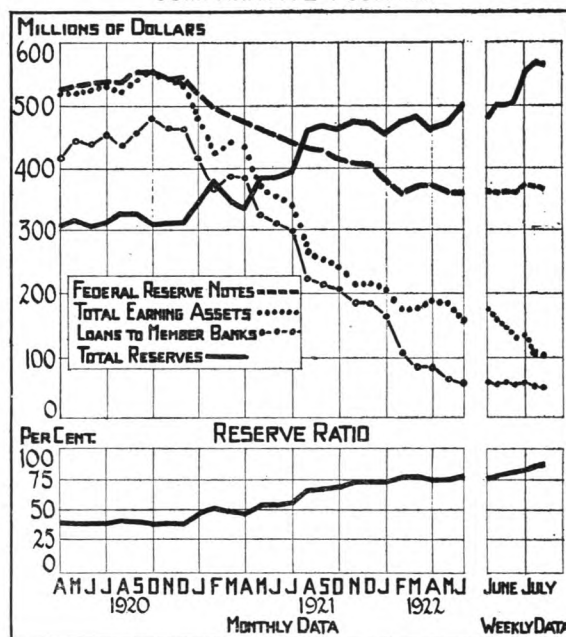
That the first week in July did not show larger debits is partially accounted for by the holiday period.

The number of business failures in this district in June shows practically no change, as compared with the month of May, but the liabilities involved were somewhat greater, owing to the failure of one or more large firms having excessive indebtedness. In the country as a whole, however, both insolvencies and indebtedness were considerably reduced.

#### Position of the Federal Reserve Bank of Chicago

The principal changes in the position of the Federal Reserve Bank of Chicago, as given by daily averages for June, were increased reserves and decreased total earning assets, together with a steady increase through the month in the ratio of total reserves to deposit and Federal Reserve note liabilities combined. The reserve ratio rose from 76.8 on June 7, to 88.1 on July 19. Although irregular, the loans to member banks did not change materially during June, but the daily average was lower than in May. A downward trend again appeared in the weeks of July 12 and July 19. The large increase in reserves July 5 was caused in part by a material increase in deposits by member banks.

FEDERAL RESERVE BANK OF CHICAGO  
COMPARATIVE POSITION



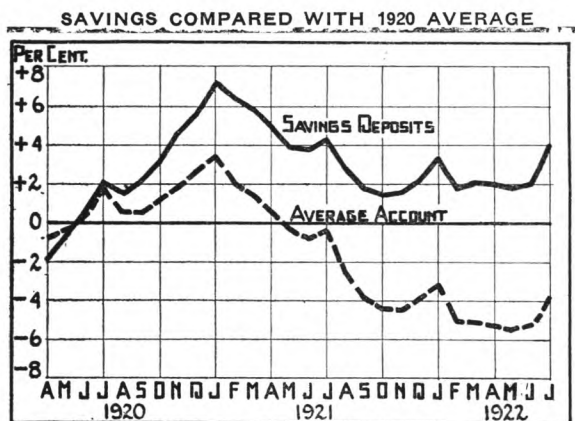
Note—Monthly data are daily averages; weekly data are those of statements published each week.

#### Savings Accounts and Deposits

An increase in savings deposits on July 1 is evidenced in reports to this bank from banks representing approximately 40 per cent of the total savings deposits in this district. This increase is partly due to credit of the semi-annual interest and partly to generally improved conditions. As shown on the accompanying chart, corresponding increases

occurred both in 1920 and 1921, the increase this year being approximately the same as in 1920, but considerably greater than in 1921.

All states in the district except Indiana reported increases during June in both savings deposits and average account. An increase of more than 4 per cent in amount of deposits over a year ago is reported by Michigan banks, while other states are below. Withdrawals are reported for home building and other investments.



## AGRICULTURAL PRODUCTION AND CONDITIONS

Practically all crops in the Seventh Federal Reserve District deteriorated during the month of June, according to Government statistics and those gathered direct by this bank. The Government estimated the oat crop on July 1 at 61,000,000 bushels more than in 1921, but considerably less than the five-year average.

Threshing of oats had not started by the middle of July, but farmers in Illinois and Indiana report the condition of their crop unfavorable and poor yields are expected.

Threshing returns to this bank from the winter wheat belt in this district show a range from 10 to 40 bushels per acre. Returns reported by eleven farmers, well distributed through Indiana, show a yield ranging from 10 to 25 bushels per acre, with an average of 15 bushels and a weight of 59 pounds; eight from Illinois, also well distributed, show a yield ranging from 20 to 40 bushels per acre, with an average of 27½ bushels and a weight of 60 pounds, the 40 bushel yield being of dark hard winter wheat.

Early threshing returns to the government crop bureau indicates winter wheat yield in Indiana below that shown in earlier crop reports, the condition on July 1 being estimated 83 per cent of normal, which means a total production of 32,046,000 bushels, compared with 33,977,000 bushels for June, and 33,688,000 bushels, the five-year average. The Hessian fly, chinch bug, red rust, and scab,

## Bonds and Investments

Continued strength in Government securities during June and the first part of July tended to be reflected in the general bond market. Public utilities increased in demand, owing to more favorable operating statements, while the market for municipals was rather quiet, with comparatively large stocks in the hands of dealers. Foreign bonds slackened somewhat, both in issuance and demand, accompanied by slightly easier prices until July 1, when the market showed some strength, due to mid-year investments.

A considerable number of the new issues of securities have not been absorbed by investors, notwithstanding the increasing accumulation of funds available for fixed investments. New bond and stock offerings during the first half of the current year for the country as a whole—not including refunding operations of the United States Treasury—approximated \$3,764,548,000, of which about \$1,937,232,000 were domestic railroad and industrial securities, and the remainder, \$1,827,316,000, represents domestic and foreign issues of governmental bodies and a small amount of foreign railroads and industrials.

each has contributed to the deterioration in that state, while there was some premature ripening reported.

The July 1 condition of winter wheat in the state of Illinois indicates a crop of 47,259,000 bushels, or 4,354,000 less than June, but 4,621,000 more than the previous year and 6,058,000 more than the five-year average.

Reports direct to this bank show that the per cent of the 1921 wheat crop left on the farms in this district is Iowa, 1.2; Wisconsin, 3.3; Michigan, 2.5; Indiana, 1.0; Illinois, 0.6.

While the government figures based on July 1 conditions indicated a 60-million-bushel decrease in corn in the district, compared with the previous crop, later reports from individual farmers indicate a belief that production will approximate that of a year ago.

The per cent of the corn crop held over from last year in this district is estimated to be: Iowa, 18.5; Wisconsin, 14.5; Michigan, 12.5; Indiana, 22.0; and Illinois, 20.5. Fifty-one reports distributed as follows: 10 from Michigan; 14, Indiana; 10, Illinois; 8, Wisconsin; and 9, Iowa, show an average of 18 per cent of the old corn crop on the farms in the district.

The hay and forage crops throughout the district promise to be larger than last year.

The general tendency except in southern Michigan is to market the wheat crop. Some farmers are planning to hold their oat crop.



# Business Conditions Throughout the United States

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## Special Summary By the Federal Reserve Board

July 31, 1922

THE outstanding feature of the greater part of the month has been the continuance of business and industrial activity at the relatively high rate recently attained. In fact, production has shown further increases in some lines, while in those which normally would be noticeably affected by seasonal influences, decreases on the whole have been relatively slight. At the same time, prices have continued their upward tendency.

As the current month progressed the effects of the coal and railroad strikes began to make themselves felt. This influence has served recently to restrain productive activities in various lines, notably iron and steel. The plans recently announced by the administration are expected to relieve the situation.

The output in various lines of manufacture showed further improvement in June. This was particularly noticeable in the case of iron and steel, copper, automobiles, and tanning. Construction activity has been well sustained. The amount of bituminous coal mined in June showed a considerable increase, but

since the opening of the present month has fallen off greatly. Coal stocks have consequently been further drawn upon. Petroleum output continued large, stocks are in fact accumulating.

A further reduction in the number of persons out of work was reported during June, and scarcity of labor continued to be noted, especially in the building trades. Agricultural prospects are still very satisfactory for the country as a whole. In wholesale trade there was a general improvement during June. The volume of retail trade was well sustained though slightly less than in May.

Financially, there have been few new developments noted for the month. Two Federal Reserve banks reduced the discount rate. Of much interest has been the announcement by the Treasury calling for redemption on December 15, 1922, of approximately one billion dollars of the  $4\frac{3}{4}$  per cent Victory notes. Federal Reserve bank portfolios show little change, while member bank loans other than those secured by stocks and bonds show a downward tendency.



European crop prospects showed improvement during June.

#### ESTIMATED CROP PRODUCTION

Condition of Crops and Probable Production as Estimated in Thousands of Bushels by United States Bureau of Agricultural Economics

	SEVENTH RESERVE DISTRICT		UNITED STATES	
	JULY, 1922	FINAL, 1921	JULY, 1922	FINAL, 1921
Corn .....	907,019	967,277	2,860,245†	3,080,372
Oats .....	445,935	385,091	1,186,626	1,060,737
Winter Wheat .....	71,706	58,102	569,276	587,032
Spring Wheat .....	5,200	4,820	247,660	207,861
Barley .....	30,601*	24,440*	181,586	151,181
Rye .....	26,001*	20,944*	82,000	57,900
White Potatoes .....	†	†	429,000	347,000

\*For the five states lying largely in this district.

†Figures for all five states not available.

‡1916-20 five-year average 2,830,942.

#### Grain Marketing

June receipts of corn at primary markets in the United States were more than in May but less than a year ago, but oats and wheat were less than in either previous period.

Shipments of oats and wheat from primary markets were less than in May but more than a year ago; corn shipments were less than in either period. Shipments from Chicago varied from other markets because of the large June movement of May delivery grains.

#### CHICAGO SHIPMENTS OF GRAIN AND FLOUR

	In Thousands					
	FLOUR	WHEAT	CORN	OATS	RYE	BARLEY
	BBLS.	BU.	BU.	BU.	BU.	BU.
By Boat—						
June, 1922.....	131	7,096	2,631	2,506	886	.....
May, 1922.....	128	2,378	4,901	2,962	457	.....
June, 1921.....	.....	1,296	10,643	3,664	112	.....
By Rail—						
June, 1922.....	611	847	1,364	5,605	111	218
May, 1922.....	641	624	1,449	5,305	19	323
June, 1921.....	458	912	1,167	2,730	16	270

The movement of coarser grains to the terminals was rather light the first part of July, and new crop grain is just starting to move. Domestic business on grains has been light up to the middle of

July, although good export demand was reported.

The United States Bureau of Agricultural Economics reports prices paid to producers of principal crops decreased 1.5 per cent during June. Chicago grain prices show a slightly downward trend.

#### UNITED STATES VISIBLE SUPPLY OF GRAIN

Stocks in public and private warehouses at principal points of accumulation, at lake and seaboard points and in transit July 8, 1922. Figures supplied by the Secretary of the Chicago Board of Trade.

	In thousands of bushels				
	WHEAT	CORN	OATS	RYE	BARLEY
JULY 8, 1922					
Warehouses and Afloat.....	16,879	28,779	42,400	1,195	1,455
Bonded .....	3,723	.....	389	265	186
JUNE 10, 1922					
Warehouses and Afloat*.....	25,803	30,313	47,272	4,568	1,622
Bonded .....	4,831	.....	948	407	356
JULY 9, 1921					
Warehouses and Afloat.....	8,981	22,196	35,722	382	1,811
Bonded .....	122	.....	560	2	13

\*Figures for June do not include those for Sioux City which was listed as one of the principal points of accumulation since that date. This would increase the figures for that data in approximate amounts as follows: wheat, 106; corn, 444; oats, 384; rye, 1; barley, 1.

#### Pea Canning

A survey by this bank covering forty-one canneries in the district shows the season's pack of peas up to about the first week of July well in advance of a year ago. Individually, three-fourths of the canners report increases, while the aggregate count by cases is nearly 35 per cent larger. The majority of the reports received, especially from Wisconsin, are for the Alaska or early packs only, which in general have been of good quality.

Prospects for the late pea crop vary. In several localities of Illinois and Indiana the plant has suffered from extremely hot, dry weather, and throughout the district 25 per cent of the canners report damage by insects.

#### Flour Production

Flour production in this district continues to increase as shown by reports to this bank from forty-five millers. Operations increased during June compared with May and with June a year ago. Wheat flour production shows increases over both periods while other flour increased over the preceding month but decreased from a year ago.

	PRODUCTION	PER CENT CHANGE FROM	
	JUNE, 1922	MAY, 1922	JUNE, 1921
Wheat flour.....(bbls.).....	372,775	+12.4	+27.8
All other flour.....(bbls.).....	43,441	+12.8	-14.9
Total .....	416,216	+12.4	+21.4

During June, production was 43.8 per cent of capacity—on the basis of a 24-hour working day—May was 38.9 per cent, and June, 1921, 36.1 per cent of capacity.

#### Movement of Live Stock

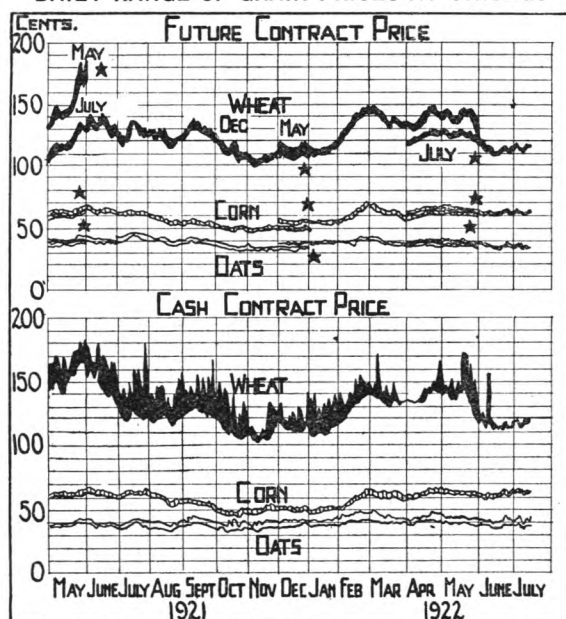
With the exception of cattle, the slaughter of live stock in the seventh district and the United States during June was larger than in May.

#### SLAUGHTER IN JUNE

	CATTLE	HOGS	SHEEP	CALVES
District .....	236,609	981,828	282,488	132,197
Sixty-eight markets in				
United States.....	657,072	2,677,015	923,522	400,510

The movement of feeder cattle in June exceeded

#### DAILY RANGE OF GRAIN PRICES AT CHICAGO



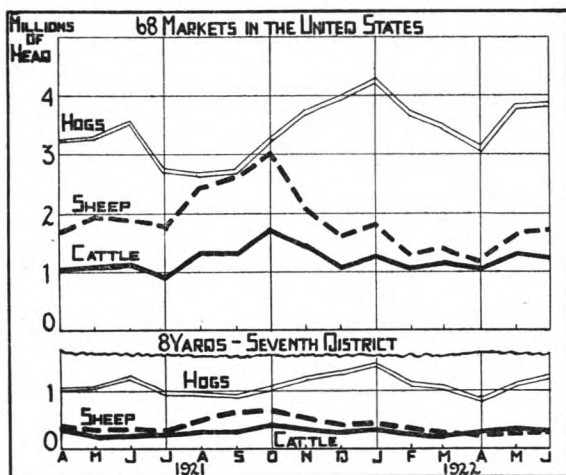
\*Break in curve represents changes from one option to the other because previous option runs out.



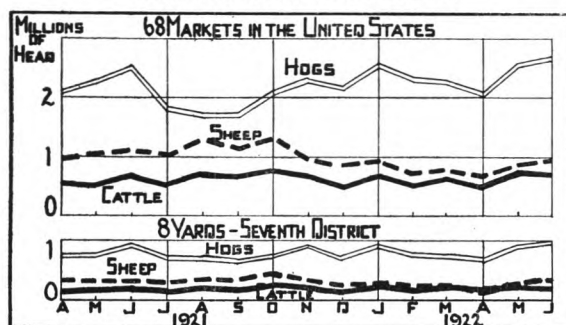
that in May, but sheep declined, although both were larger than a year ago.

The trend of receipts and slaughter for the past year is shown in the accompanying charts.

#### RECEIPTS OF LIVE STOCK



#### SLAUGHTER OF LIVE STOCK



#### AVERAGE PRICES OF LIVE STOCK

Per hundred pounds at Chicago

CLASS	WEEK ENDED JULY 8, 1922	JUNE, 1922	MAY, 1922	JUNE, 1921
Native Beef Steers				
750-1,050 lbs.....	\$ 8.55	\$ 8.40	\$ 7.80	\$ 7.55
1,500-1,800 lbs.....	9.85	9.40	8.75	8.25
General Average .....	8.95	8.30	8.00	
Fat Cows and Heifers.....	6.40	6.40	6.75	5.05
Canners and Cutters.....	3.00	3.10	3.65	2.20
Calves .....	8.90	9.40	8.75	8.60
Stockers and Feeders.....	6.10	6.90	7.35	6.10
Hogs .....	10.05*	10.40	10.50	8.20
Sheep .....	6.48	6.75	8.00	4.60
Yearling Sheep .....	10.75	10.25	10.45	8.50
Lambs .....	12.95	12.15	13.40	11.00

\*Average July 1 to 10 inclusive.

#### Meats and Provisions

Forty meat-packing companies in the United States reporting direct to this bank show an increase of 0.4 per cent in June dollar sales from May and these were 9.0 per cent more than for the same period in 1921. A few companies report improvement in rural buying, but this has been offset to some extent by a falling off in sales in the coal mining districts.

There was no marked change in the average of

Chicago wholesale and retail meat prices for June compared with those for May, although a slightly downward trend was evident toward the close of the month. A reaction in lamb and mutton prices at the close of the month was only temporary. Wholesale pork prices—excepting loins—have shown some tendency to decline the first part of July. Other prices have remained practically unchanged since June.

July 1 stocks of cured meats and lard at principal packing points in the West show substantial increases over those for June 1, but are still below those for a year ago. Net shipments of meats and lard from Chicago in June were less than in May but were nearly equal to those for last year.

#### COLD STORAGE HOLDINGS OF FROZEN AND CURED MEATS IN UNITED STATES\*

In Thousands of pounds

	JULY 1, 1922	JUNE 1, 1922	JULY 1, 1921	FIVE-YEAR AVERAGE
Frozen Beef .....	31,705	37,548	76,523	119,690
Frozen Pork .....	128,577	114,571	182,163	143,404
Frozen Lamb and Mutton.....	3,744	2,310	8,714	5,423
Cured Beef and in process....	19,072	19,304	19,697	26,589
Dry Salt Pork and in process	186,215	157,689	250,752	333,706
Pickled Pork and in process..	392,854	363,395	366,346	395,522
Miscellaneous Meats .....	54,895	50,205	85,207	86,158
Lard .....	154,826	123,798	204,301	138,563

\*Include stocks in both cold storage warehouses and packing plants.

The principal export demand up to July 15 has been for fat backs and lard. Consigned stocks already abroad were reported to be less on July 1 than on June 1. Prices realized in June and the first part of July were more nearly in line with those in the United States than May prices.

Reports indicate that shipments forwarded for export were larger than in May.

#### Produce—Butter, Cheese and Poultry

Production of butter† in the district and for the country as a whole was larger in June than in May or a year ago. The Wisconsin June output of cheese also increased. Both showed a falling off, however, the first part of July but continued to exceed production for the early part of July, 1921. June sales of butter by creameries in the district were more than in May.

#### COLD STORAGE HOLDINGS OF POULTRY AND DAIRY PRODUCTS IN UNITED STATES\*

In Thousands of pounds

	JULY 1, 1922	JUNE 1, 1922	JULY 1, 1921	FIVE-YEAR AVERAGE
Poultry .....	34,751	38,602	27,268	35,824
Butter .....	69,515	14,454	64,784	63,302
Cheese .....	43,181	24,069	47,616	44,911
Case Eggs† .....	9,812	8,056	7,534	7,022
Frozen Eggs† .....	23,416	18,273	27,737	17,578

\*Include stocks in both cold storage warehouses and packing plants.

†In thousands of cases, 30 dozen each.

‡This includes not only reports made direct by individual producers, but also by those reporting through the Iowa Creamery Butter Manufacturers' Association, covering Iowa, and through the American Association of Creamery Butter Manufacturers, covering most of the states in the United States.



Receipts of butter, poultry, and cheese at Chicago were larger during June than in May, but egg receipts were less. Receipts of cheese at Wisconsin markets increased over those of the previous month but declined the first half of July.

Butter fat continues to bring the farmer a little

higher price than a year ago. The price of 92-score creamery butter averaged 35.52 cents per pound at Chicago in June compared with 34.53 cents in May.

Prices of eggs and poultry were lower at Chicago than in the previous month and up to the middle of July showed no tendency to react.

## INDUSTRIAL EMPLOYMENT CONDITIONS

While employment conditions at the close of June gave indication that the industrial recovery is continuing, the strike situation is developing serious aspects. The possibility of a transportation tie-up added to the coal shortage that is now beginning to manifest itself, threatens to involve manufacturing interests and employment in general. Up to the present, almost all manufactures have been gradually expanding. June is generally quiet, but this year definite advances have been shown both in employment and payrolls.

### LABOR REPORTS FROM FIRMS IN THE SEVENTH DISTRICT

	DISTRICT	CHICAGO
Number of firms reporting.....	249	58
Total number employed June, 1922.....	233,581	52,889
Number employed as compared with		
(a) the preceding month.....	+7.0	+6.1
(b) the same month a year ago.....	+28.3	+6.3
Amount of payroll as compared with		
(a) the preceding month.....	+8.6	+14.8
(b) the same month a year ago.....	+23.6	+6.8
Pay per man as compared with		
(a) the preceding month.....	+1.5	+8.2
(b) the same month a year ago.....	-3.7	+0.5
Percentage of production to ordinary capacity:		
(a) June, 1922 .....	75	66
(b) May, 1922 .....	71	66
(c) June, 1921 .....	55	52

Payrolls of reporting firms show greater increase for the month than employment, especially for Chicago

plants; this is, in many cases, caused by higher rates of wages as well as by steadier and longer working hours. In comparison with a year ago the figures are growing continually more favorable, the pay per man now being only slightly lower. The greatest improvement for the year has been in the non-ferrous metals industries.

Of the various industries represented, automobiles and accessories show further expansion, although some of the smaller plants are beginning to feel the seasonal decline. Building and construction activities continue, and some difficulty is being experienced in meeting requirements for bricklayers and plasterers. Of the building materials industries, all except the brick and clay products group added to their working forces. While employment in iron and steel mills shows only a slight increase over the previous month, the manufacture of machinery, tools, and other iron and steel products made further substantial gains. The largest gain for the month, except in building, was in employment by railway repair shops. Much of the absorption of common labor and the consequent relief of unemployment has been attributed to the large amount of road work going on and present requirements of farmers.

## BITUMINOUS COAL PRODUCTION

The beginning of the fifth month of the miners' strike finds the consumer facing an emergency situation. Reserve stocks have been reduced almost to the danger level. The railroad strike has brought about congestion on roads serving the coal fields, which has slowed up production at the operating mines, and a shortage of anthracite next winter seems probable.

The marked difference between current production and consumption is causing a steady draft on consumers' reserves, which, according to the estimate of the United States Geological Survey, had been reduced from 63,000,000 tons on April 1 to approximately 30,000,000 tons on July 1. If 20,000,000 tons is taken as the level below which the country's reserves may not safely fall, it is apparent that an emergency situation will have to be faced unless a settlement is brought about in both the coal and railroad controversies. A canvass of the electric, gas, and other public utilities of the country, conducted by the Department of Commerce, showed average stocks of fifty-three days on hand June 15. The meat packers were reported having about three months supply early in July, and the American Rail-

way Association reported railroad stocks as averaging forty-five days supply on July 1. However, the rail strike will cause an even more rapid shrinkage of stocks because of the difficulty in getting coal from operating mines. Replies to a questionnaire sent by the Illinois Chamber of Commerce to the various chambers of commerce in the state indicate that stocks are greatly reduced and in some cases industries are entirely dependent upon current receipts from western Kentucky. Anthracite stocks are depleted, and the almost total lack of production in the three months previous to July 1, already indicates a potential shortage of some 20,000,000 tons.

Production of bituminous coal averaged slightly more than 5,000,000 tons per week during the month of June, but dropped to around 4,000,000 tons the first week of July because of the holiday and the traffic congestion on railroads serving the operating mines. Anthracite production is still confined entirely to river-dredged steam coal, with an average weekly output of about 25,000 tons.

Decreased production and low stocks have brought many buyers into the market since July 1, with the lower freight rates as an added incentive. The

effect on the market has been confined largely to the Middle West and has sent prices on the upward trend again. Western Kentucky spot prices advanced to \$12.00 before July 24, while eastern grades rose to \$9.75, but are practically unobtainable. Buyers who waited for the reduced freight rates are finding that present spot prices have more than wiped out the 10 per cent reduction. The average

buyer seems more concerned about deliveries than about price, the chief desire being to get coal, but many are finding it difficult to obtain supplies even at the advanced quotations. Particularly is this true of the country districts, where the demand is heavy for threshing coal. Domestic demand is also due for a seasonal spurt, but retail yards are reported sold out.

## MANUFACTURING ACTIVITIES AND OUTPUT

### Automobile Production and Shipments

Production of passenger cars during June continued to increase. June reports showed an improvement of approximately 13 per cent over May, which compares with the 18 per cent gain in May over April. Demand for cars, however, is reported ahead of production. June production by manufacturers reporting direct to this bank and through the National Automobile Chamber of Commerce, representing practically complete passenger car output, was 262,384 passenger cars compared with 231,829 in May. This brings production for the first six months this year to more than one million cars, compared with slightly less than 750,000 for the corresponding period in 1921. Truck production increased 9.4 per cent for manufacturers reporting June output at 25,372 compared with 23,189 trucks in May.

Carload shipments decreased in June, while driveaways and boat shipments increased, as indicated by the following factory shipping figures, partly estimated, reported by the National Automobile Chamber of Commerce for all manufacturers.

	CARLOADS		DRIVEAWAYS		BOAT	
	1922	1921	1922	1921	1922	1921
June .....	*33,000	20,269	*30,500	18,834	*7,900	3,947
May .....	34,324	18,608	28,760	15,193	7,366	2,381
April .....	31,334	20,187	22,381	14,197	2,960	1,619
March .....	27,753	16,287	16,917	9,939	560	75
February .....	19,636	9,986	10,173	7,507	180	99
January .....	15,357	6,485	7,479	3,185	143	93

\*June, 1922, partly estimated.

### Iron and Steel

The broad domestic demand for steel has been kept up in practically all industries. Agricultural implement manufacturers are commencing to take on tonnage owing to a better demand for farm machinery. Reports direct to this bank show that sales of steel in this district during June were slightly in excess of those of May and considerably more than last year. Prices continue firm with an upward trend.

Coal stocks at steel mills are decreasing, as shown by reports to this bank, and, if new supplies are not made available, the industry may be retarded. All mills are not operating to capacity at present.

### FIG IRON AND STEEL PRODUCTION IN GROSS TONS

	JUNE 1922	MAY 1922	JUNE 1921
Pig Iron Production			
Illinois and Indiana .....	454,937	459,631	214,834
United States .....	2,361,028	2,309,348	1,064,833
Steel Ingot Production			
(thirty companies) .....	2,634,477	2,711,141	1,003,406
*Unfilled Orders, United States			
Steel Corporation .....	5,635,531	5,254,228	5,117,868

\*At close of month.

### FIG IRON AND STEEL PRICES AT CHICAGO PER GROSS TON

	WEEK JULY 12, 1922	JUNE 1922	MONTHS OF MAY 1922	JUNE 1921
Lake Superior Charcoal Pig				
Iron .....	\$31.65	\$30.06	\$28.40	\$38.30
Malleable .....	24.50	23.25	22.60	21.30
Average 14 iron and steel products in the United States .....	37.45	36.96	36.49	41.87

Commitments for future delivery are held down as much as possible because of the coal situation.

### Agricultural Machinery

Agricultural implement manufacturers reporting to this bank show an increase in sales for June over May. An improved domestic demand is reported from many localities, although the upward trend is retarded to some extent by the uncertainty of the coal and railroad situations. There is a tendency in many parts of the district on the part of farmers to confine their purchases to necessities, although as the season advances, buying is expanding. Some reports indicate early July sales in excess of those in June, but June sales are reported considerably larger than a year ago. Production, particularly by threshing-machine manufacturers, was larger than in May. Employment in the industry shows an increase in June over May.

Pump manufacturers in the district show better sales than for a year ago and their production has been increasing at a satisfactory rate. Sales of agricultural pumps in the United States were larger than in May, both as to units and value.

### Raw Wool and Finished Woolens

Dealers' reports to this bank show a falling off in raw wool sales for June and the first part of July compared with May. But the shipments from Chicago, although not so large as receipts, were more than in May and also more than in June, 1921. Almost all wool removed from bond is for immediate consumption.

No important change in prices took place, although the inactive market developed a tendency to easier and lower prices in June and the early part of July. The East India wools at Liverpool were the only sales that showed strength. This was attributed to American buying encouraged by duty-free imports on this stock. Domestic fine wools are stronger than other grades, due to smaller offerings. June wool prices were about double those of a year ago.

Most dealers report raw wool holdings larger on

July 1 than on June 1. Some large dealers report smaller holdings.

Manufacturers of woollens and worsteds in this district report a satisfactory volume of orders for fall delivery, although less than usual at this time of the year.

Holdings of green hides in the United States on June 1, compared with those for May 1, show the following changes: cattle hides, —3.4 per cent; sheep and lamb skins, —5.9 per cent; calf and kip skins, +6.5 per cent; goat and cabretta skins, +6.4 per cent; all except goat and cabretta skins were considerably less than for the previous year.

Some manufacturers, on July 1, notified their trade of the withdrawal of opening prices because of the increased cost of making men's-wear woollens and worsteds. This will require duplicate orders to be placed at market prices.

### Shoe Manufacturing, Tanning and Hides

Shipments of shoes by manufacturers in this district continued to decline in June and although more than a year ago, they were 91.7 per cent of production. Production, unfilled orders, and stocks increased over the previous month. Inventories of twenty-five companies were equal to 109.6 per cent of June production. Eighteen manufacturers selling principally to retailers had stocks on hand equal to 128.5 per cent of their June manufacture.

Unfilled orders of twenty-three manufacturers on July 1, were equal to 194.8 per cent of their production for the month and 217.5 per cent of their June shipments. The time required for delivery was more than four weeks in most cases, although the range was from one to ten weeks, and in one case twenty-four weeks.

### PERCENTAGE CHANGES IN JUNE FROM PREVIOUS MONTHS

Based on pairs, and compiled from direct reports to this bank.

	NUMBER OF FIRMS	MAY 1922	NUMBER OF FIRMS	JUNE 1921
Seventh Federal Reserve District—				
Production .....	31	+ 6.4	18	+22.7
Stocks on hand at end of month..	24	+12.6	12	+23.5
Shipments .....	30	— 1.1	18	+11.4
Unfilled orders on hand at end of month .....	22	+31.8	7	—23.5

Tanners in the seventh district report slightly increased production over May. Most firms report an increase in June sales over May. Prices of leather have advanced from 5 to 15 per cent in the last month with an improved demand.

Reporting firms show lower stocks of finished leather on hand July 1 than on June 1.

### STOCKS OF THE PRINCIPAL KINDS OF LEATHER ON HAND IN THE UNITED STATES ON JUNE 1, 1922

	JUNE 1, 1922	CHANGE FROM MAY 1, 1921
Cattle Upper Leather (sides).....	8,650,003	+2.5 — 1.4
Sole Leather (backs, bends and sides)..	11,408,879	—1.7 — 3.6
Cattle Upper Splits (equivalent sides)..	6,132,424	+4.0 + 8.5
Calf and Kip (skins).....	8,388,067	—0.1 +28.7
Goat, Kid and Cabrettas (skins).....	27,631,931	+1.1 + 5.3
Sheep, Lamb and Shearling (skins).....	11,480,347	+1.9 +12.9
Offal, Belting and Sole (pounds).....	79,784,366	—1.7 — 8.4
Cut Soles (dozen pairs).....	8,706,680	—0.4 +21.5

Shipments of green hides and skins from Chicago show a small decrease in June, compared with May,

but larger than a year ago. June sales of packer hides were less at Chicago than in May, but the market during the first half of July was moderately active and closely sold up both at Chicago and in the East. The market for country hides, however, was not very active in June and the early part of July, because of limited offerings. The calf skin market was steady but quiet, and that for sheep skins was only moderately active.

Prices of green hides, lamb skins excepted, were higher in June than in May, with increasing strength the first part of July. The average price of lamb skins in May was higher than in June, because of the prices the first week; they did not continue strong, however, in early July.

### PRICES OF GREEN HIDES AT CHICAGO\*

	WEEK ENDING JULY 8, JULY 9, 1922	1921	MONTH† JUNE 1922	MAY 1922
Hides				
Heavy Native Steers (packer).....	\$17.25	\$13.50	\$16.75	\$14.62
Butt Brand (packer).....	16.00	13.00	15.50	13.78
Heavy Native Steers (country).....	11.75	8.75	10.80	8.94
Branded (country) .....	9.50	3.50	8.30	6.75
Skins				
Calf .....	15.50‡	16.50	14.70	13.13
Lamb (packer) .....	1.29	.51	1.33	1.34

\*Prices per hundred pounds; lamb skins, priced per skin.

†Four-week average in May and five-week average in June.

‡Range \$13.00 to \$18.00 in July, 1922.

### Clothing and Tailoring Industry

Seasonal activity in the wholesale clothing industry during the month of June is marked by an increase in production. Business is not, however, up to expectations, and orders, production, and shipments are considerably less than in the corresponding season a year ago. Cancellations, on the other hand, are not so heavy. Prices remain steady, but announcements have been made of an impending increase on fall merchandise to cover the recent rise in the price of woollens and worsteds.

In the Tailors-to-the-Trade industry business continues on the decline; the volume of orders received during June was about 31.0 per cent less than in May. Production and shipments were also considerably less. Compared with a year ago, however, this industry shows a marked improvement, with an increase in orders of approximately 42.0 per cent.

#### WHOLESALE CLOTHING—

Number of firms reporting.....	5
Orders for fall from opening of season to date of report compared with orders during a similar period of time for last year's fall season.....	— 18.8
Number of suits made as compared with—	
(a) May, 1922.....	+173.3
(b) June, 1921.....	— 20.7
Number of suits shipped as compared with—	
(a) May, 1922.....	— 20.0
(b) June, 1921.....	— 11.6

#### TAILORS-TO-THE-TRADE—

Number of Firms reporting.....	8
Orders for suits compared with—	
(a) May, 1922.....	— 30.6
(b) June, 1921.....	+ 41.7
Number of suits made as compared with—	
(a) May, 1922.....	— 26.8
(b) June, 1921.....	+ 41.5
Number of suits shipped as compared with—	
(a) May, 1922.....	— 28.4
(b) June, 1921.....	+ 41.1



## Furniture

The marked improvement in the furniture industry during the last sixty days is again evidenced in the encouraging reports received from the mid-year markets just brought to a close at Chicago and Grand Rapids. Although current reports from thirty-nine manufacturers in this district cover only the first two weeks of the semi-annual markets, which were held from the middle of June to the middle of July, they indicate that the orders booked will exceed those of the January, 1922, and July, 1921, markets combined. While the tendency on the part of the manufacturers indicates a preference for orders for immediate shipment, because of the uncertainty of future lumber prices, an equal volume of orders was taken for September 1 delivery. Prices as a rule showed very little change, but there was a slight upward trend in some instances. The demand was greatest for the medium grades of furniture. Returns for the country as a whole show considerable improvement.

	DISTRICT JUNE 1922		CHARGE		UNITED STATES JUNE 1922		CHANGE	
Number reporting*	39				101			
Orders	\$1,754,593	+43.2			\$4,214,678	+35.1		
Shipments	1,133,637	-1.6			2,770,912	-0.4		
Cancellations	64,687	+14.4			172,037	+4.4		
Unfilled orders, July 1	2,119,049				4,348,733			
Production percentage of normal	78.7				79.0			

\*Based on combined returns to Associated Furniture, and to this bank.

June orders for nine manufacturers in the district reporting to this bank were 135.8 per cent greater than in June, 1921, while shipments increased 32.2 per cent and unfilled orders 61.4 per cent. Cancellations were 38.0 per cent less than a year ago.

## Boxes and Containers

Conditions in the box and container industry show considerable improvement during the month of June, as reflected in increased sales and production, and in the nearer approach to normal capacity. Thirteen firms reporting direct to this bank averaged 74.1 per cent of ordinary capacity in June, as compared with 67.7 per cent in May. Below are comparative percentages for May, 1922, and June, 1921.

	NUMBER REPORTING	MAY 1922	JUNE 1921
Sales in dollars	13	+5.7	+55.8
Box board consumption	8	+5.7	+62.9
Lumber consumption	3	+44.0	+55.9

## Paper Industry

The number of men employed during June by thirteen paper mills reporting to this bank is about the same as in May, but 11 per cent ahead of a year ago, which is the largest increase noted since the present group has been reporting (August, 1921). Statistics of the National Paper Trade Association show gains during May in the shipments of all classes of paper except bags, and the American Paper and Pulp Association reports July busi-

ness in the industry as a whole not showing the usual seasonal slump.

June sales of five wholesalers reporting to this bank, however, are smaller than a year ago, and for three, are below May, 1922. Another dealer shows a gain over both last month and June, 1921.

## Cement

Cement plants in the Seventh Federal Reserve District have been running at full capacity and shipments have been heavy. Business at country points continues to be light but road work is extensive, consuming large quantities. The price trend has been upward, as the cost of coal and the difficulty of obtaining it have increased. Production for the entire country was fully equal to that of May; shipments were slightly heavier; stocks were reduced about 17 per cent. Production for both May and June was about 20 per cent more than last year; shipments were 34 per cent larger for May, and 27 per cent for June. For the first six months of 1922, production was 10 per cent and shipments 20 per cent larger than a year ago.

## Lumber

The demand for lumber at production points fell off considerably during the month of June, leaving production in excess of orders. Shipments continued in a large volume, the excess over production being slightly ahead of the previous month. Car loadings of forest products gained 2.4 per cent, and the receipts of lumber at Chicago increased 10.7 per cent. Michigan and Wisconsin mills report a sharp decline in the demand for maple flooring, orders falling off from the unusually large volume booked in May to a volume about the same as that shown by April figures. Shipments are well ahead of production as they have been ever since February, and stocks have been reduced 7 per cent further by twenty of these mills.

Lumber sales in the district, as a whole, compared favorably with those of May, most of the increases in demand being confined to the larger cities. The rural districts seemed generally quiet. Building activity still constitutes the bulk of the demand, with railroads, car companies, and automobile manufacturers also heavy buyers. Few price advances have been made since June 1, the market showing a slight tendency to weaken.

## Brick

Brick orders on June 1 were greatly in excess of stocks on hand, according to the latest available report from the Common Brick Manufacturers' Association. For twenty-six plants located in the states of Illinois, Indiana, and Wisconsin, the difference amounted to 80 per cent. During June the demand for brick and building tile continued heavy, and, while few firms have found it necessary to curtail production on account of the shortage of coal, some report difficulties in meeting require-

ments. Prices as a whole are steady, but some advances have been made to cover the increased cost of fuel.

### Construction Contracts and Building Permits

While building operations throughout the country in June continued at the pace of May and April, activities in this district showed improvement. Contracts awarded in the Seventh Federal Reserve District during June amounted to \$77,560,940, which was 9.0 per cent more than in May and 72.0 more than in June a year ago. Construction for residential purposes continues to make up about one-third of the valuation. For the year, construction is ahead of the record made by the first six months of 1920.

Permits for June do not indicate any decline in building activities. Most of the cities show increases, but Detroit shows a heavy decline, which slightly lowered the total valuation for the month. The cities of Iowa and Wisconsin generally show increases.

### PERMITS AND COSTS OF BUILDING CONSTRUCTION

	JUNE, 1922		MAY, 1922		JUNE, 1921	
	PERMITS	ESTIMATED COST	PERMITS	COST	PERMITS	COST
Chicago .....	1,421	\$26,576,850	+11.5	-1.7	+110.5	+255.1
Ind'apolis..	1,323	2,289,941	-26.4	-33.1	+33.1	-8.4
Des Moines..	224	1,556,200	-15.5	+78.2	+89.8	+541.0
Detroit .....	2,868	8,274,184	-5.7	-41.5	+81.5	+90.3
Milwaukee..	3,465	3,965,231	-14.1	+30.7	+1.4	+47.2
29 other cities .....	4,314	12,098,956	-20.6	+24.2	+34.5	+81.7
Total .....	13,615	54,761,362	-14.1	-6.0	+36.3	+128.9

### Transportation Conditions

Revenue freight carloadings handled in June by the railroads having terminals—directly or indirectly—in Chicago increased over May 12.2 per cent and represent 75.5 per cent of the total loadings in the United States. Receiving and distributing wholesale

freight at Chicago is very important at this season of the year. The bulk of the grain and live stock, the movement of which is just beginning, originates west of the Mississippi.

Total loadings for June in the entire Western, Southern and Eastern territories increased over May, 1922; this can be accounted for partly by rumors anticipating the strike. Merchandise and miscellaneous freight loadings were higher than any previous month this year. Coal shipments increased over last month and are about 40 per cent of the coal loadings of a year ago.

### REVENUE FREIGHT CARLOADINGS

WESTERN TERRITORY	FOUR-WEEK PERIOD	GRAIN AND GRAIN	LIVE STOCK	COAL	MERCHAN- DISE	MISCEL- LANEOUS	TOTAL
ENDING: July 1, 1922	98,003	86,301	55,227	324,763	749,539	1,313,833	
UNITED STATES July 1, 1922	159,676	117,396	378,668	992,753	1,813,033	3,461,526	

### Percentage Change Current Period from Preceding Periods

WESTERN TERRITORY	May 27, 1922*	July 1, 1921*	May 27, 1922*	July 1, 1921*
GRAIN AND GRAIN	-9.4	+10.4	-0.7	+9.8
LIVE STOCK	+46.7	-38.9	+2.5	+30.1
COAL	+16.7	+16.4	+30.1	+35.5
MERCHAN- DISE	-12.1	+9.8	+35.5	+16.7
MISCEL- LANEOUS	+10.0	+11.2	+16.7	+10.0
TOTAL	-0.8	+7.0	+14.4	+34.7

The freight car surplus for the period June 23 to June 30 was 239,225, or a reduction of 90,409 cars in a month's time; of this figure 19,433 were box cars and 61,133 were coal cars.

### CARLOAD SHIPMENTS OF FRUITS AND NEW VEGETABLES FOR THE UNITED STATES

	APPLES	PEACHES	STRAW- BERRIES	WATER- MELONS	POTATOES	ONIONS
This season to July 1.....	89,422	4,091	18,336	18,586	29,895	6,371
Last season to July 1.....	109,356	5,874	10,587	13,077	23,312	5,391

## MERCHANDISING CONDITIONS

### Wholesale Trade

June sales of one hundred and two wholesale dealers reporting to this bank were ahead of last month for all but twenty-three firms, with the grocery group showing a higher rate of increase over the preceding month than during May. Compared with June, 1921, shoe dealers average the first gain since January, due, however, to sales by the larger stores. Other groups, with the exception of dry goods, show larger percentage gains than last month. While demand in hardware is strongest for seasonal goods, such as harvest equipment and summer specialties, several dealers report orders well distributed covering almost their entire lines. Staple rather than novelty goods seem to be leading in the dry goods market. Grocers report unusually heavy sales for home canning.

More than half the dealers decreased their stocks during June, and less than one-third report as large inventories as for last year, the dry goods group making the most general gains. Of forty-five returns giving dollar collections, thirty-five are larger than for May, and twenty-seven ahead of June, 1921.

MERCHANDISE	NUMBER	NET SALES—MAY, 1922	CHANGE FROM JUNE, 1921
Groceries .....	38	+18.2	+9.4*
Hardware .....	21	+1.5	+18.9
Dry Goods .....	12	+6.8	+6.4
Drugs .....	11	+0.6	+7.8
Shoes .....	10	-3.1	+17.2
Auto Accessories .....	10	+11.4	+57.7

\*37 firms.

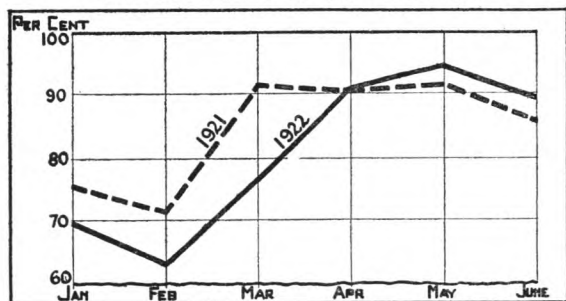
### Chain Stores

Five firms conducting chain store trade from this district report June sales ahead of a year ago, and four made a gain over last month.

## Retail Trade

The majority of department stores making June returns to this bank show a falling off in dollar sales since May, but with a net difference slightly smaller than the corresponding decline a year ago. Although individual sales for about two-thirds of the firms are below those of June, 1921, gains by the larger stores make an average increase for the district of 3.9 per cent over a year ago.

RETAIL TRADE—SEVENTH DISTRICT—RATIO OF DOLLAR SALES TO 1920 AVERAGE



Note—Based on reports to this bank from 66 department stores.

Stocks as inventoried by more than half of the firms are lower than last year, but, being on a

dollar basis, indicate a comparative volume of merchandise on hand only when price changes are taken into consideration. Aggregate reductions since the beginning of the month are somewhat larger than during June, 1921.

	No.	NET SALES-CHANGE		STOCKS-CHANGE		TURN-OVER RATE
		MAY, 1922	JUNE, 1921	MAY, 1922	JUNE, 1921	
Chicago .....	11	+1.2	+4.5	-7.9*	+4.9*	4.1*
Detroit .....	5	-7.9	+14.8	-5.3†	-4.2†	3.8†
Des Moines..	3	-1.0	-7.3	-5.7	+4.4	3.9
Outside .....	44	-8.6	-6.4	-4.0‡	-6.3‡	2.4‡
District .....	63	-6.9	+3.9	-4.9§	-4.0§	3.1§

\*8 firms; † 4; ‡ 35; § 33; ¶ 50; || 48.

## Foreign Commerce and Stock of Gold

A slight upward trend in the value of the foreign trade during June is reflected in the increased imports of merchandise, which were 2.8 per cent above May, and in exports also, which increased 8.5 per cent. Exports, however, are still slightly below those of June, 1921, while imports are about 40.0 per cent above a year ago. Figures for the twelve months ended June, 1922, show the total value of the country's imports and exports still considerably below those of the corresponding twelve months preceding.

## SERVICE OF THE FEDERAL RESERVE BANK

### Service of the Federal Reserve Bank

Prior to the Federal Reserve system, middle western banks annually borrowed millions of dollars from eastern banks to finance the harvesting and marketing of crops. At these times the domestic exchange rates were against the Middle West and large premiums were paid eastern banks for currency. In addition, the time required to arrange for the borrowing and the transfer of cash from eastern correspondent banks to those of the Middle West proved to be a great handicap and often caused losses by delaying the activities of both farmers and business men. Also, the transfer of cash by mail, or express, was expensive and risky.

Under the Federal Reserve system, the Federal Reserve bank is able to supply the currency and credit needed and to take care of collections and the movement of funds, daily; no exchange rates are charged any bank; there are no costs and fewer risks in the transfer of cash, and no delays in supplying credit and currency wherever they are needed and the requirements of the Federal Reserve bank are met. Through the facilities of the Federal Reserve bank, the member banks and the people receive all these services.

During the next few months, when grain, fruit, livestock, poultry, and vegetables are being marketed, the Federal Reserve bank will perform these useful functions for the 1,427 member banks of the district. How the Federal Reserve bank serves its

member banks may be illustrated by the clearing of checks. A large volume of the transactions of the member banks is cleared through the Federal Reserve bank. On the basis of last year's work, the Federal Reserve Bank of Chicago will probably handle in the next three months seventeen million separate checks, totaling about three billion dollars; about one-quarter billion dollars in currency will be received from some banks and about one-quarter billion dollars of currency will be paid out to other banks; about four billion dollars will be involved in the transfers to and from this Federal Reserve district; the debits and credits involved in clearing these transactions through the gold settlement fund (the clearing house maintained by Federal Reserve banks to settle the movements of funds between their districts) will amount to about two billion dollars each.

In order to serve agriculture and business quickly and economically, a highly organized machinery is required to handle the numerous transactions aggregating these huge sums of money. The Federal Reserve banks provide this mechanism, which serves the farmers and business men through the member banks by the issue of currency, the clearing and collection of checks, and the transfer of funds by wire. Thus, funds are supplied to harvest and market the crops of the seventh district and currency and credit upon payment are immediately transferred from the buyers to the sellers. This work is done so smoothly that few farmers and business men know these banking operations exist.