

BUSINESS

CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

VOLUME 5, NUMBER 9

CHICAGO, SEPTEMBER 30, 1922

BUSINESS in the Seventh Federal Reserve District reveals its underlying strength in its continued ability to resist industrial setbacks and to proceed from day to day with definite progress. The effects of the developments in the direction of a settlement of the railway shop crafts controversy and the resumption of coal mining so far is reflected chiefly in business sentiment rather than actual figures, but the present conservative tendencies of both the farmer and manufacturer and the moderate stocks of goods in the merchants' hands offer an unusual factor to aid in the minimizing of any further readjustment.

Banking conditions in the district reflect little general change during August; the volume of debits, which was less than in July was still above August last year and increased steadily during September. Demand for funds to move crops has been delayed by transportation difficulties. Business failures in the district show no increase and liabilities are 41.0 per cent less.

Crops in general are in better condition than a year ago, although low grain prices have shifted the farmer's hopes to the corn crop. Along with the slight improvement in employment since July have come wage increases in many lines of manufacture, most pronounced in the steel industry.

Manufacturing lines close to the raw materials are feeling good demands with strengthening prices. The shoe industry shows more than a seasonal gain, with shipments 24.2 per cent above a year ago.

With stocks lower than a year ago the wholesale trade is reflecting improved sales at increasing prices in some lines. Retail trade sales show the best monthly gain of the year over 1921 with a consequent tendency to increase present lowered stocks.

MONEY AND BANKING

In general there was very little change during August in the demand on banks of the district for funds to finance trade and industry as reflected in the borrowings of member banks from this reserve bank or in reports received by this bank. In some manufacturing centers, however, the demand is reported greater than usual at this time, but in others, while the demand is good, a number are not using their usual line of credit.

In agricultural sections the demand on banks for funds to move the crops has not yet reached large enough proportions to make any appreciable difference in the money market. This may be accounted for in part by the fact that the movement has not yet begun in some sections, and in others that the grain has not been moving as rapidly as usual for want of transportation facilities. In many cases elevators are full and the dealers cannot handle any more grain until this is moved. Should a rapid and early movement to market develop, some of the country banks will require help.

Farmers are generally reported conservative in their current borrowings, although some advances are being made to purchase and feed cattle. Considerable grain is being fed to stock at present, and indications are that in

COMPILED SEPTEMBER 27, 1922

most localities normal feeding will be maintained.

Discount rates charged customers, as reported by Chicago banks for 90-day maturities, ranged from $4\frac{1}{2}$ to 6 per cent for the thirty-day period ending September 15 compared with $4\frac{1}{4}$ to $5\frac{1}{2}$ per cent in the preceding thirty days. The customary rate, however, was 5 per cent compared with 5 and $5\frac{1}{2}$ per cent in the preceding period. Rates for 4 to 6 months' paper showed some easing; the customary rate reported at 5 compared with $5\frac{1}{2}$ per cent in the preceding period and the low at $4\frac{1}{4}$ compared with $4\frac{1}{2}$ per cent.

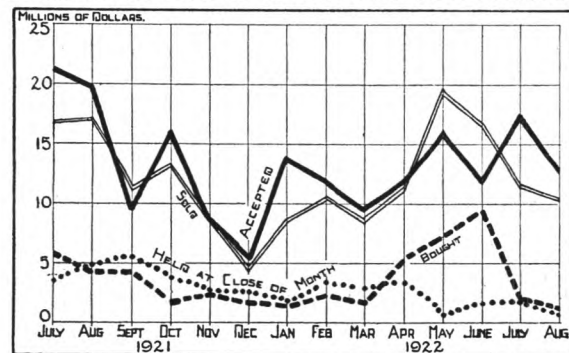
Although the number of business failures in this district during August shows very little change from July, the liabilities involved were approximately 41.0 per cent less. The country as a whole had practically no change in either insolvencies or indebtedness.

COMMERCIAL PAPER AND ACCEPTANCES

Aggregate commercial paper sales during August show very little change from July and from August a year ago. Reports to this bank from seven dealers in the district vary, however, six showing decreases during the month and one showing a very substantial increase. Most of the sales continue to be made in the large centers; banks are still buying very little paper. Better rates to be had from Government securities and short-term notes have affected the demand. The prevailing rates for commercial paper remained the same as last month at 4 and $4\frac{1}{4}$ per cent with choice names finding a ready market at the 4 per cent rate. The market was slightly firmer during August in that no sales were reported at less than 4 per cent. One dealer reports rates as high as 5 and another $5\frac{1}{4}$ per cent.

Reports to this bank from twenty-seven banks representing the bulk of the accepting business in the district show a considerable decrease in acceptance transactions in August compared with July. Bills accepted decreased 25 per cent during the month, and bills bought continued the decrease noted last month. Bills sold decreased 11.6 per cent during August, making the third consecutive month showing decrease in that item. Bills held at the close of August show a decrease of 60 per cent after the gradual increase of the two preceding months.

BANK TRANSACTIONS IN BANKERS' ACCEPTANCES



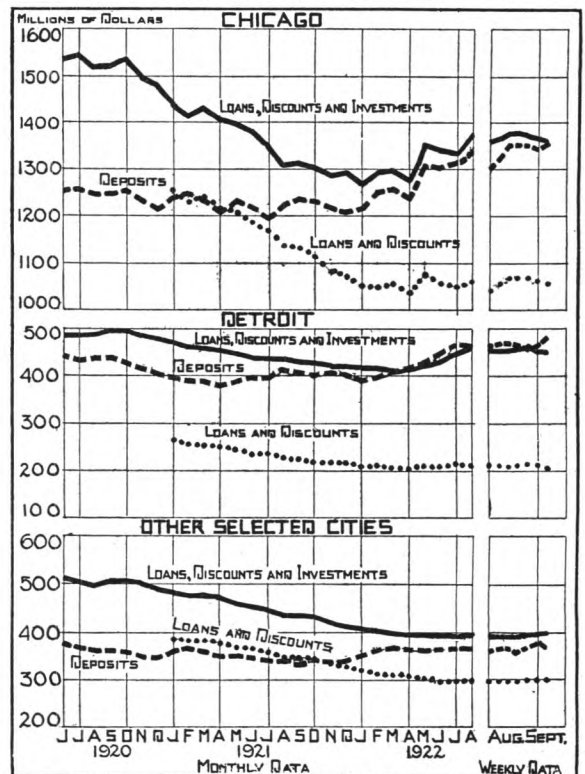
Last year at this time both bills accepted and bills bought decreased while bills sold and bills held increased. Twelve of the reporting banks show no transactions in bankers' acceptances during August.

Purchase rates were reported ranging from $2\frac{3}{4}$ per cent to $3\frac{1}{8}$ per cent, a reduction from last month, when rates were at 3 and $3\frac{1}{4}$ per cent. Maturities of bills purchased were: 30-day, 24.8 per cent; 60-day, 17.9 per cent; 90-day, 57.3 per cent. No purchases of 180-day bills were reported. Commodities against which bills were reported drawn were: meats and meat products, provisions, grain, cotton, coffee, tea, silk, and staples.

Purchases of bills by this bank increased from twenty-one millions in July to twenty-nine millions in August. Sales from holdings increased from thirteen millions in July to almost sixteen millions in August; and bills held at the close of the month increased a little more than one million over those held at the close of July.

Open market transactions in bankers' acceptances also decreased, as shown by reports from six bill dealers direct to this bank. The weekly average of purchases for the five weeks ending September 16 was \$2,297,000 compared with \$3,950,000 in the preceding four weeks; while that of sales was \$2,148,000 compared with \$3,795,000. Sales to the reserve bank still constitute a large part of total sales, although the ratio dropped to 53 per cent in the current period from 64 per cent in the preceding period.

REPORTING MEMBER BANKS, SEVENTH DISTRICT COMPARATIVE POSITION



Monthly data are averages of weekly figures.

MEMBER BANKS IN THE DISTRICT

Increases in the weekly averages of investment holdings during August over July were noticeable for reporting member banks in Chicago, Detroit, and other selected cities of the district. These were confined largely to United States securities, although at Detroit banks other investments also increased materially. Loans on stocks and bonds other than Government securities increased at Chicago banks while other classes of loans declined.

Government deposits increased in all groups of cities; and, at Chicago, both time and demand deposits increased; while at Detroit, an increase in time deposits was offset by a decrease in demand deposits.

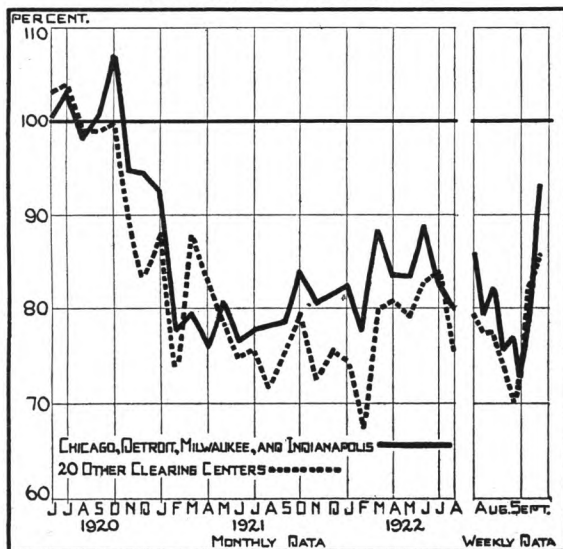
The only marked changes during the weeks of August were the increases at Chicago banks, which occurred largely in the first half of the month, as shown in the accompanying chart. The increase in deposits at Detroit banks the first two weeks of September considerably more than offset decreases during the latter part of August. Loans and discounts declined the first two weeks of September at Chicago and Detroit while some increase was shown in other selected cities.

DEBITS TO INDIVIDUAL ACCOUNTS

Weekly debits to individual accounts at clearing house banks in the twenty-four leading clearing houses of the district averaged considerably less during August than July, although they were more than in August last year.

Decreases in each of the four largest centers were less pronounced in Chicago and Detroit than in Milwaukee and Indianapolis. Aggregate debits for the twenty smaller centers show an almost continuous decline during August and a falling off for the month proportionately greater than for the larger centers.

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



Monthly data are averages of weekly figures.

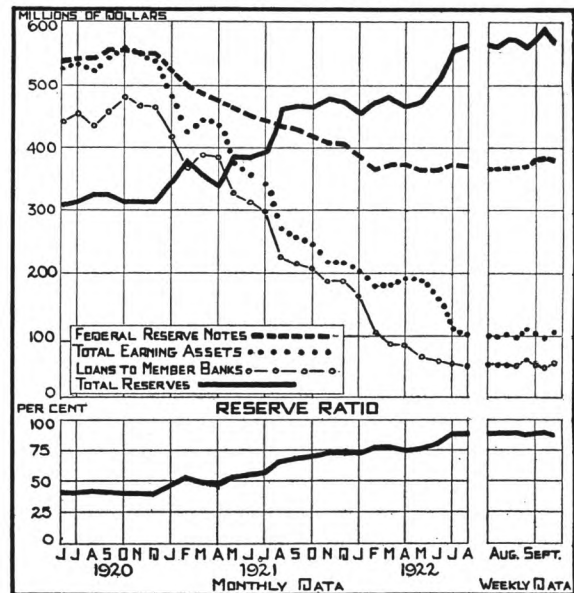
Debits in the week ending September 6 were affected by the holiday included but in the two weeks following increases were shown in most of the centers.

POSITION OF THE RESERVE BANK

The condition of the Federal Reserve Bank of Chicago changed only slightly during August compared with changes during the months immediately preceding. The daily average of loans to member banks and total earning assets continued to decline, and reserves and reserve ratio to increase, although at a slower rate of change than in July.

Federal Reserve notes remained at practically the same level during the weeks of August, but a slight increase was shown September 6. The increase in loans to member banks August 30 was caused largely by the temporary need for accommodation by member banks in one of the large cities on account of withdrawals of public funds; and in the week following loans were reduced to practically the same level as had been maintained since July 12. The increase on September 20 is traceable largely to borrowings by member banks to offset withdrawals by depositors for tax payments.

FEDERAL RESERVE BANK OF CHICAGO COMPARATIVE POSITION



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

SAVINGS ACCOUNTS AND DEPOSITS

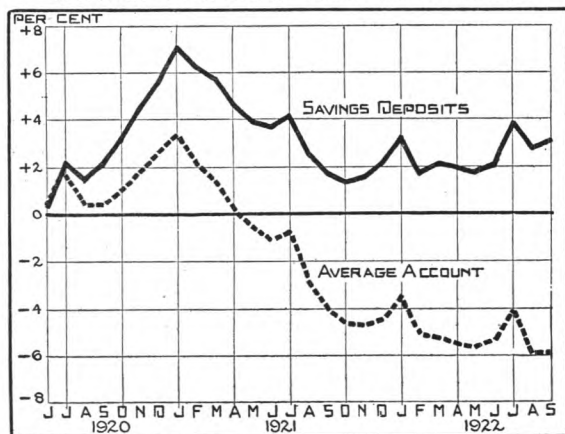
Reports to this bank representing approximately 40 per cent of the total savings deposits in the district showed very little change in amount of deposits on September 1, compared with August 1, but a considerable increase is shown over September, 1921. The average account remained almost the same as last month but decreased from a year ago. Last year at this time decreases were reported in both savings deposits and the average account.

All states in the district except Indiana show increased deposits over the preceding month. Compared with a year ago Wisconsin and Indiana show decreases and Michigan again had a very substantial gain amounting to 6.6 per cent. The average account of Illinois is the only one showing increase over August 1. The effect of the railroad strike was reflected in decreased savings deposits of banks in railway centers. Withdrawals have been made for building and other investments.

BONDS AND INVESTMENTS

The bond market during August was not active, but prices generally continued to advance. The scarcity of new issues gave dealers an opportunity to reduce the accumulated stock of securities left from issues put

SAVINGS COMPARED WITH 1920 AVERAGE



Data as of the first of each month.

AGRICULTURAL PRODUCTION AND CONDITIONS

Reports from individual farmers and from 154 county farm bureaus with a membership of 153,888 farmers in Iowa and in those portions of Illinois, Michigan, Indiana, and Wisconsin included in this district show that although the extreme dry weather in August affected the corn crop adversely, it advanced the date of maturity. The corn crop is out of danger, if frosts come no earlier than usual, and much of the early crop is already matured. Crops in general are better than a year ago. Potatoes and corn have been affected to some extent by insects. The tendency of the majority of farmers is to market their crops in order to secure funds and keep their indebtedness at a minimum. Grain producers have been affected more seriously by low prices than live stock and dairy farmers, but all have been affected by the transportation situation. There is little market for fruit except locally, and prices paid to the growers are very low. This is especially true of the large crop of summer and fall apples. Fall plowing is being retarded in some sections because of the drought. There is a tendency to increase the raising of live stock in the district.

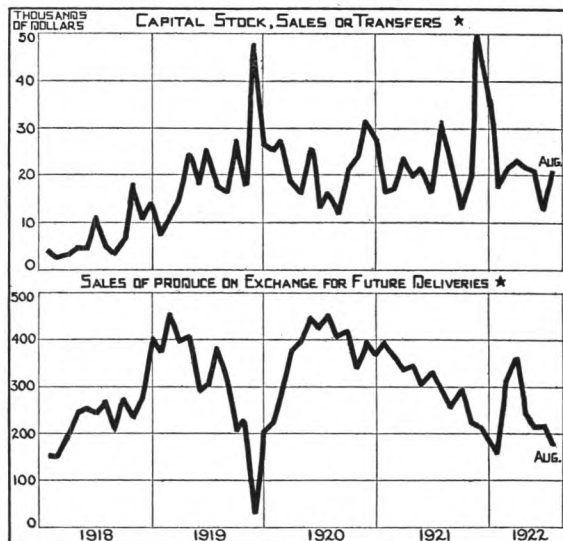
The farmers are having difficulty in keeping good help because of their inability to pay wages equal to those offered in other lines of industry.

The Department of Agriculture has compiled figures on the world production of wheat based on estimates

out during the preceding months. Indications are, however, that this reduction was practically completed the last week of August.

Domestic municipal bonds and long-time high-callable issues of public utilities and industrials were strong. Liberty bonds receded somewhat from their recent high points, while foreign government bonds continued erratic; some of them strengthened and others showed further declines.

INTERNAL REVENUE STAMP COLLECTIONS FIRST ILLINOIS REVENUE DISTRICT



*Two cents of tax collected represents a sale or transfer amounting to \$100 or fraction thereof.

from twelve countries in the northern hemisphere and six in the southern. These figures show 2,753,386,000 bushels estimated production for 1922 compared with 2,724,506,000 bushels produced in identical countries in 1921.

ESTIMATED CROP PRODUCTION

In Thousands of Bushels

	SEVENTH RESERVE DISTRICT		UNITED STATES	
	SEPT. 1, 1922	FINAL 1921	SEPT. 1, 1922	FINAL 1921
Corn	962,360	967,277	2,874,759	3,080,372
Oats	490,073	385,091	1,255,004	1,060,737
Winter Wheat	66,913	58,102	541,809	587,032
Spring Wheat	5,576	4,820	276,665	207,861
Hay (In thousands of tons)....	19,896	16,034	108,736	96,802
White Potatoes* .....	.....	.....	438,398	346,823
Barley* .....	.....	.....	193,850	151,181
Peaches* .....	.....	.....	55,600	32,700
Apples* .....	.....	.....	207,000	98,100
Tobacco* (In thousands of lbs.)....	.....	.....	1,353,000	1,075,000
Sugar Beets* (In thousands of tons)....	.....	.....	5,260	7,780

*District figures not available.

GRAIN MARKETING

Country elevators are reported as well filled, but the lack of cars and low prices have caused lighter receipts at terminals than a year ago. That receipts have been sufficient for the demand is partly due to foreign purchasers holding off because of financial conditions abroad. August receipts and shipments of wheat and oats at

primary markets were more than in July, but corn declined. Both receipts and shipments of grains were less than in 1921.

CHICAGO SHIPMENTS OF GRAIN AND FLOUR

	In Thousands				
	FLOUR BbLs.	WHEAT Bu.	CORN Bu.	OATS Bu.	RYE BARLEY Bu.
By BOAT—					
August, 1922.....	175	16,788	8,266	923	857
July, 1922.....	114	4,557	10,362	1,242	39
August, 1921.....		16,154	11,927	3,092	1,437
By RAIL—					
August, 1922.....	1,020	1,602	2,588	6,786	521
July, 1922.....	569	444	1,423	4,240	14
August, 1921.....	803	2,236	1,368	2,806	38

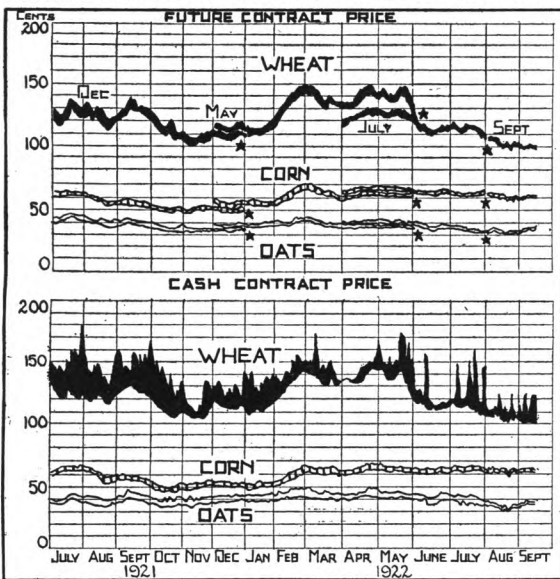
The level of prices paid United States producers for principal crops decreased 5.1 per cent in August according to the Government estimates; in the past ten years the price level decreased about 2.4 per cent during August. Chicago grain prices the middle of September were about on a par with the low level reached in August.

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 September 9, 1922. Figures supplied by the Secretary of the Chicago Board of Trade.

In Thousands of Bushels					
	WHEAT	CORN	OATS	RYE	BARLEY
SEPTEMBER 9, 1922					
Warehouses and Afloat.....	31,166	7,723	38,133	5,063	1,686
Bonded.....	2,357		129	423	14
AUGUST 12, 1922					
Warehouses and Afloat.....	26,596	10,434	36,587	2,527	916
Bonded.....	2,089		185	47	73
SEPTEMBER 10, 1921					
Warehouses and Afloat.....	42,100	11,239	62,402	4,205	3,441
Bonded.....	913		16	51	161

DAILY RANGE OF FUTURE CONTRACT PRICES AT CHICAGO



*Break in curve represents change from one option to another because previous option runs out.

CANNING

September reports to this bank from canneries in the district indicate a smaller corn pack than was expected earlier in the season. Compared with a year ago, only eight returns out of twenty-seven show a gain. One of these, in Iowa, where conditions have been favorable, is more than 60 per cent ahead of last year. In most localities, however, the recent hot, dry weather has shortened the pack considerably. Although the tomato crop also has been hurt by climatic conditions, the four

canners reporting packed as much or more than last season. Kraut packs at two factories are below a year ago. A Michigan apple packer reports an enormous crop but a small pack due to low prices.

FLOUR PRODUCTION

Forty-two millers in the district reporting direct to this bank show considerable increase in operations during August compared with July, but very little change from those of August a year ago. Increases are shown in the production of both wheat and other flour for the month, but the former decreased compared with a year ago.

	PRODUCTION AUGUST, 1922	PER CENT CHANGE FROM JULY, 1922	CHANGE FROM AUGUST, 1921
Wheat flour (bbls.).....	434,323	+31.0	-2.6
All other flour (bbls.).....	60,379	+49.2	+32.1
Total (bbls.).....	494,702	+32.9	+0.6

These mills were operating at 55.5 per cent of capacity during August—based on a 24-hour working day—while in the preceding month they were at 45.1 per cent and a year ago at 55.1 per cent. The railroad strike has curtailed operations of some mills because of slow transportation.

Fifteen millers show sales of flour in barrels increased 7.7 per cent during August compared with July and an increase of 7.5 per cent in dollar sales. At the same time, their production increased 20.8 per cent. Several report the domestic demand for flour as fair, at close prices, and with very little being exported at this time. Corn flour millers report business very poor because of the small export demand.

Stocks of flour on hand on August 31 at twenty-seven mills increased 44.0 per cent over those on hand at the close of July. Wheat stocks at the same mills show an increase of 31.1 per cent during the same period.

MOVEMENT OF LIVE STOCK

Slaughter of live stock in the district during August was more than in July with the exception of sheep and calves; all except sheep exceeded a year ago.

SLAUGHTER IN AUGUST

	CATTLE	HOGS	SHEEP	CALVES
District	229,085	729,420	270,329	81,379
Sixty-eight markets in the				
United States	740,323	1,975,791	1,020,682	365,264

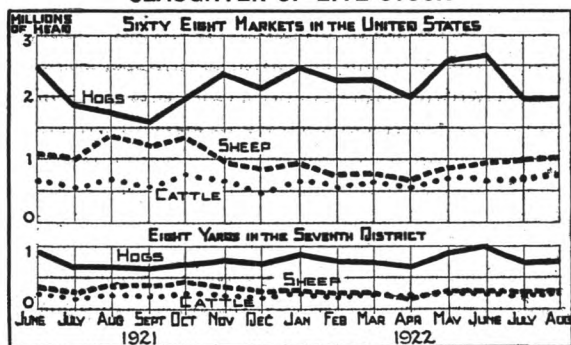
August stocker and feeder shipments of cattle and calves back to the farms in the United States were more than 50 per cent greater than in July and exceeded a year ago by 31.9 per cent. Sheep shipments increased 71.6 per cent from July but were 13.5 per cent less than a year ago.

AVERAGE PRICES OF LIVE STOCK

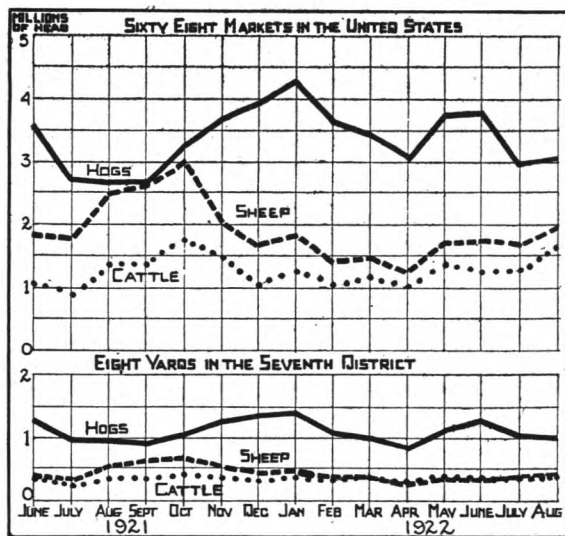
CLASS	Per Hundred Pounds at Chicago			
	WEEK ENDED SEPTEMBER 16, 1922	AUGUST 1922	JULY 1922	AUGUST 1921
Native Beef Steers				
750-1,050 lbs.....	\$ 8.85	\$ 8.85	\$ 8.75	\$ 6.90
1,500-1,800 lbs.....	11.25	10.55	10.25	9.60
General Average.....		9.65	9.50	8.50
Fat Cows and Heifers.....	6.55	6.30	6.60	5.10
Canners and Cutters.....	3.15	2.95	3.20	2.50
Calves	12.50	11.50	9.10	10.00
Stockers and Feeders.....	6.85	6.65	6.20	5.90
Hogs	8.27*	8.55	9.80	9.35
Sheep	5.50@6.65	6.45	6.40	4.75
Yearling Sheep	9.85	10.25	10.70	7.00
Lambs	13.12	12.55	12.90	9.65

*Average price from September 1 to 16.

SLAUGHTER OF LIVE STOCK



RECEIPTS OF LIVE STOCK



MEATS AND PROVISIONS

Forty-eight meat-packing companies in the United States report a decline of 3.4 per cent in total dollar sales in August from July and a decline of 4.0 per cent from a year ago. Employment in this industry in the district and in the United States showed only a slight recession from July. Domestic demand has been fair to good. The volume of August shipments of meats and lard from Chicago increased slightly over July but was less than a year ago.

The wholesale price of meats declined at Chicago in August compared with July the exceptions being increases in the price of veal, steer beef, and pork loins. Pork prices showed the greatest declines and were considerably below those a year ago. August retail prices of mutton and lamb changed little at

Chicago, but prices of most other meats followed wholesale.

Stocks of meats and lard at principal western packing points declined in August.

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

In Thousands of Pounds

	SEPT. 1, 1922	AUGUST 1, 1922	SEPT. 1, 1921	SEPT. 1, 5-YEAR AVERAGE
Frozen Beef	28,172	27,727	50,204	112,976
Frozen Pork	84,819	117,903	103,486	93,373
Frozen Lamb and Mutton.....	3,371	3,308	5,903	6,301
Cured Beef and in process....	20,053	19,303	17,130	27,128
Dry Salt Pork and in process..	166,331	179,856	200,291	276,829
Pickled Pork and in process..	368,833	385,692	320,190	333,551
Miscellaneous Meats	55,778	54,734	79,778	75,735
Lard	118,272	143,084	149,886	123,089

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

Reports from meat-packing companies indicate that shipments forwarded for export in August were less than in July; the collapse of the mark in the last month was a factor. Stocks—except lard—already abroad were reported to be less on September 1 than a month previous. The export demand was only fair but a few companies reported slightly better inquiry from their export connections in early September.

BUTTER, CHEESE, EGGS AND POULTRY

Because of dry weather the production of creamery butter in the district and in the United States was less in August than in July and for the last two weeks of the month did not equal that of a year ago. Sales, however, by companies in the district were more during August than a year ago. Despite the decline in production the early part of the month the Wisconsin output of cheese was greater than in July.

August receipts of dairy products and poultry at Chicago increased over August a year ago although receipts of butter and eggs did not equal those for July. Cheese received at Wisconsin markets, although less than in July exceeded receipts of a year ago.

The trend of wholesale prices of dairy products was upward in August and the early part of September.

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

In Thousands of Pounds

	SEPT. 1, 1922	AUGUST 1, 1922	SEPT. 1, 1921	SEPT. 1, 5-YEAR AVERAGE
Poultry	27,666	30,659	20,064	30,688
Butter	114,222	105,324	94,811	112,974
Cheese	66,796	57,762	62,901	80,035
Case Eggs†	9,606	10,161	7,210	6,794
Frozen Eggs†	34,514	27,855	27,408	21,188

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

†In thousands of cases, 30 dozen each.
 ‡Reports of individual producers of Iowa Creamery Butter Manufacturers' Association, and the American Association of Creamery Butter Manufacturers.

INDUSTRIAL EMPLOYMENT CONDITIONS

The volume of employment within manufacturing industries of the district made further gains during August. The total increase for 260 firms reporting directly to this bank was 3.4 per cent. Surveys made by the state departments of labor of Illinois and Iowa also show gains in employment: 1.6 per cent for Illinois,

3.3 per cent for Iowa. The former is based on the reports of 1,048 firms with 218,948 employees; the latter, on those of 299 firms with 36,725 employees. According to the district report the most definite gains were those made by the brick industry, where several plants resumed operations during the latter part of the month,

by the non-ferrous metal industries, by contractors and builders, and by makers of boxes and containers.

A process of readjustment of wages is apparent; many of the industries that have been especially affected by the shortage of labor are finding it necessary to increase their wage scales to bring them in line with those of other industries. The steel mills have made the most important of these increases, raising the rate for common labor from 30 to 36 cents an hour. Important progress has recently been made toward a settlement of the rail strike. This strike, as well as the coal strike, has affected industrial activity more by increasing the cost of production than by causing a curtailment.

FUEL AND POWER PRODUCTION

The production of bituminous coal has increased somewhat during the past month, with the resumption of mining operations in the majority of the country's mines, and anthracite miners have returned to work. The chief factor in the situation now is the problem of transportation. With the output held in check and distribution limited by an inadequate car supply, the possibility of a coal shortage is now largely dependent upon the ability of the railroads to furnish sufficient cars.

Current production of bituminous coal is about equal to the current consumption of those essential industries in the preferred class. During the week ended September 2, the first full week after the resumption of mining, the total output amounted to only 9,359,000 tons, or an increase of a little more than 2,000,000 tons over the previous week. In the corresponding period of 1920 approximately 11,750,000 tons were mined. While returns to the Geological Survey for the week ended September 9 show a total output of only 8,756,000 tons, due to the Labor Day holiday, the daily average production for the five days was at a higher rate. In Illinois about 90 per cent of the mines were reported as having renewed operations by September 1, with a total production from August 23 to 31 of 2,487,917 tons. Reports from forty-nine mines in the Central Illinois district for the week ended September 9 indicate that they were working at about 77 per cent of their full-time capacity, as compared with 67 per cent for the corresponding period a year ago, while production shows an increase of over 33 per cent. Transportation and mine disability are shown as the principal factors restricting production at the present time, while a year ago output was limited by a lack of orders.

Anthracite production was resumed September 11 after a practically complete shutdown for over five months, which has resulted in a potential shortage of nearly 40,000,000 tons. Production for the first week amounted to approximately 900,000 tons.

MANUFACTURING ACTIVITIES AND OUTPUT

AUTOMOBILES

Automobile production during August showed a substantial gain over July, although a part of the increase in volume was due to the greater number of working days in August. Manufacturers reporting through the National Automobile Chamber

LABOR REPORTS FROM FIRMS IN THE SEVENTH DISTRICT

	DISTRICT	CHICAGO
Number of firms reporting.....	260	60
Total number employed August, 1922.....	201,253	55,742
Percentage change in number employed as compared with		
(a) the preceding month	+3.4	+1.3
(b) the same month a year ago.....	+22.2	+6.0
Percentage change in amount of payroll as compared with		
(a) the preceding month.....	+4.0	+0.5
(b) the same month a year ago.....	+15.0	-2.6
Percentage change in pay per man as compared with		
(a) the preceding month.....	+0.5	-0.7
(b) the same month a year ago.....	-5.9	-8.0
Percentage of production to ordinary capacity		
(a) August, 1922.....	73	72
(b) July, 1922.....	70	69
(c) August, 1921.....	55	58

With stocks of hard coal almost exhausted in this district, the consumer of this fuel is to a large extent dependent upon the available substitutes—coke, anthracite briquettes, prepared sizes of Pocahontas or smokeless coals, or domestic sizes from Illinois and Indiana.

Demand in local markets is confined largely to domestic buyers, who are booking orders in fair quantities. The larger consumers, and many smaller ones, are still refraining from placing their orders, although the railroads, utilities, and steel plants continue to be heavy purchasers of spot tonnage. The lack of industrial demand has resulted in the weakening of prices, especially on steam sizes, and the high-priced demand of a month ago has fallen off rapidly with the resumption of mining operations. September 26 spot (mine) prices on Illinois coal ranged from \$2.25 to \$5.75 per ton, while Western Kentucky was quoted at from \$3.25 to \$5.00 and Eastern Kentucky and Pocahontas from \$4.50 to \$7.50. However, very little southeastern coal is reaching this district. Fuel oil and gas oil are still in demand as substitutes for steam coals, with prices on September 26 at \$1.20 per barrel on fuel oil, and from 2¾ to 3 cents per gallon on gas oil.

ELECTRIC ENERGY

The total output of electric energy by five central station companies in the district as reported to this bank increased 4.8 per cent during August compared with July and 16.0 per cent when compared with August a year ago. The average load factor of four of these companies increased from 55.7 per cent in July to 56.2 per cent in August; last year the load factor was 57.5 per cent.

Sales of electric power for industrial purposes during August show slightly larger increases than output, being 7.0 per cent greater than July and 31.6 per cent greater than a year ago. The number of new industrial users of electric power is 6.1 per cent of the August, 1921 total, and slightly less than 1 per cent of the total reported for July.

of Commerce and direct to this bank, representing approximately 99.6 per cent of total July production, had an output of 246,502 passenger cars in August compared with 223,057 in July. This represents an increase for the month of 10.5 per cent and makes August production the largest of any month this

year except June. August production was much larger this year than last when 167,705 cars were built, showing an increase of 1.3 per cent over July. The proportionate increase in truck production during the month is slightly larger than in passenger cars, showing 13.4 per cent gain for manufacturers who built 23,782 trucks in August, compared with 20,973 in July.

This brings the total production of passenger cars for the first eight months of 1922 to over 1,500,000, an increase of 40 per cent over the first eight months of 1921, and within 28,000 cars of the total output for the year 1921. In 1920, the largest production year the industry has known, there were 1,883,160 passenger cars produced.

Shipments also increased materially, especially in machines driven away and shipped by boat, of which there were approximately one-third more in August than in July, while last year there was a small decrease in shipments of this nature. Carload shipments increased approximately 12 per cent this year, compared with 6 per cent last year.

FACTORY SHIPPING FIGURES FOR ALL MANUFACTURERS*

	CARLOADS		DRIVEAWAYS		BOAT	
	1922	1921	1922	1921	1922	1921
August	32,563	20,758	36,603	15,218	10,034	3,595
July	29,116	19,514	28,100	15,533	7,030	3,726
June	34,230	20,269	33,857	18,834	7,737	3,947
May	33,416	18,608	28,827	15,193	7,406	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

*Reported by National Automobile Chamber of Commerce.

July shipments of casings and inner tubes by sixty-three manufacturers exceeded production by 9 and 18 per cent, respectively. The figures reported through the Rubber Association of America, in the comparison between June and July, indicate a percentage decrease in shipments larger than that in production. Stocks of casings owned by these manufacturers, both in transit and on consignment, were 4,834,106 at the close of July, and of inner tubes, 5,675,839; while shipments representing actual purchases during July were 2,695,095 casings, and 3,630,744 inner tubes.

IRON AND STEEL

Demand for iron and steel from all industries except agricultural implement manufacturers continues very good. Building and automobile industries as well as railroads continue to be liberal purchasers. In spite of the difficulty during August in producing sufficient tonnage to take care of the demand, sales were about on a par with July. Progress in the adjustment of the coal strike is beginning to be reflected in the production of iron and steel; prices increased.

PIG IRON AND STEEL PRODUCTION IN GROSS TONS

	AUGUST 1922	JULY 1922	AUGUST 1921
Pig Iron Production			
Illinois and Indiana.....	342,363	472,179	191,658
United States	1,813,070	2,405,365*	954,901
Steel Ingot Production (Thirty companies)	2,214,582	2,487,104	1,138,071
†Unfilled Orders—United States Steel Corporation	5,950,105	5,776,161	4,531,926

*Revised figures.

†At close of month.

PIG IRON AND STEEL PRICES AT CHICAGO

	Per Gross Ton		MONTHS OF	
	WEEK SEPT. 13, 1922	AUGUST 1922	JULY, 1922	AUGUST, 1921
Lake Superior Charcoal Pig Iron	\$36.15	\$33.75	\$31.65	\$34.30
Malleable	32.00	28.60	24.65	19.00
Composite average 14 iron and steel products in the United States	43.80	39.79	37.50	35.99

STOVES AND FURNACES

Stove and furnace manufacturers in this district report improvement in the volume of shipments and orders in August over those for July and a year ago; stocks on hand were less. The ratio to operating capacity was higher in August than in July and all except three companies showed an increase over a year ago.

PERCENTAGE CHANGES IN AUGUST FROM PREVIOUS MONTHS

Based on dollar values and compiled from direct reports to this bank.

	NUMBER OF FIRMS	JULY 1922	NUMBER OF FIRMS	AUGUST 1921
Shipments during month.....	9	+40.2	9	+27.4
Orders during month.....	7	+33.7	5	+34.8
Cancellations during month.....	5	+28.6	5	-82.7
Stocks of finished goods on hand at end of month.....	6	-3.9	6	-28.0

AGRICULTURAL MACHINERY

August production of farm implements, as shown in reports direct to this bank, was only slightly less than in July, but greater than a year ago, and continued below normal because of the lack of demand from the farmer. The season for marketing threshers is about completed and sales for August, although in excess of those for a year ago, showed the expected decline from July. Sales of three companies manufacturing other lines of farm implements increased over July and a year ago. Preliminary reports show the total value of agricultural pumps shipped by manufacturers in this district and in the entire United States to be more in August than in July both as to units and value, also July shipments were less than in June according to complete figures.

RAW WOOLS AND FINISHED WOOLENS

While the demand for medium grade wools was good in August, the tariff uncertainty at that time slowed the trade in the finer grades. Prices on medium grades also became firmer last month. Reports indicate that raw wool stocks are no larger than a month ago, as very little is being taken out of bond. Bonded stocks are large.

Sales of finished wools were about equal to those in July; goods were being shown for the 1923 season. Competition is close and quotations vary because of some firms not being able to meet the low opening quotations of one of the largest companies in the United States.

August reports from the Department of Commerce covering active machinery in the woolen industry in the United States show improvement over July.

SHOE MANUFACTURING, TANNING AND HIDES

Shipments by shoe manufacturers in this district during August made the first gain in four months and were the largest so far this year, exceeding those for March by 17.4 per cent. Part of this increase was seasonal, but production and shipments also were over 20 per cent larger than a year ago. August shipments were 14.1 per cent more than production; stocks on hand declined.

PERCENTAGE CHANGES IN AUGUST FROM PREVIOUS MONTHS

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

	NUMBER OF FIRMS	JULY 1922	NUMBER OF FIRMS	AUGUST 1921
Production	33	+25.0	26	+25.6
Shipments	31	+42.6	25	+24.2
Stocks on hand at end of month	22	-19.7	15	+ 7.1
Unfilled orders on hand at end of month	21	- 2.6	13	+23.4

Reporting tanneries in the district show a larger volume of leather sales in August than in July or a year ago and the demand was fair the first part of September. Increased payrolls and direct reports on increased operations indicate a slightly larger production in August than in July.

Stocks of finished leather in the hands of tanners in this district on September 1 were reported as less than a month ago. The trend of prices was upward in August, although they are said to be still below present replacement values.

The Chicago market for packer green hides, although not unusually active, was well sold up in August. Shipments of hides and skins from Chicago were more in August than in July or a year ago, and nearly all reporting tanneries in the district reported a larger volume of purchases of green hides than in July.

Holdings of green cattle hides and calf skins were larger in the United States on August 1 than on July 1, but goat, cabretta, sheep, and lamb skins were less. All of the principal kinds were less than a year ago.

CLOTHING AND TAILORING INDUSTRY

Reports from ready-to-wear clothing manufacturers in this district indicate an effort to complete the production and shipment of fall merchandise before the fall season definitely closes.

The majority of reporting firms show a marked increase during the month of August in the number of garments manufactured and in shipments made, even though the volume of orders received this fall is now more than 19.0 per cent below that of a year ago. Production and shipment also are still lagging.

The Tailors-to-the-Trade industry has recovered from the seasonal slump of July and is now beginning to feel the increasing demand for fall and winter clothing. Current reports indicate that August sales were approximately 56.0 per cent larger than those of July and more than 34.0 per cent in excess of a year ago. Production and shipments also show corresponding increases.

PERCENTAGE CHANGES IN READY-TO-WEAR 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.....	-19.8
Number of suits made as compared with—	
(a) July, 1922	+23.4
(b) August, 1921	-16.0
Number of suits shipped as compared with—	
(a) July, 1922	+178.3
(b) August, 1921	-5.3

PERCENTAGE CHANGES IN TAILORS TO-THE-TRADE

Number of firms reporting.....	8
Orders for suits compared with—	
(a) July, 1922	+56.2
(b) August, 1921	+34.2
Number of suits made as compared with—	
(a) July, 1922	+52.2
(b) August, 1921	+41.9
Number of suits shipped as compared with—	
(a) July, 1922	+60.7
(b) August, 1921	+42.8

FURNITURE

Reports from forty-two furniture manufacturers in this district indicate that the industry is still feeling the effects of the impetus given it at the recent mid-year markets. Although the volume of orders booked during August was slightly below that of July, shipments show a marked increase. On the whole, business is reported as very good, although, in some sections, collections are not holding up well. Conditions in the industry in the entire country are practically identical with those in the district except for the slight increase shown in August orders.

PERCENTAGE CHANGES IN MOVEMENT OF FURNITURE

	DISTRICT		UNITED STATES	
	AUGUST 1922	CHANGE FROM JULY	AUGUST 1922	CHANGE FROM JULY
Number reporting*.....	42	.....	100	.....
Orders	\$2,723,716	-14.5	\$4,525,936	+0.1
Shipments	2,650,391	+28.3	4,176,930	+30.0
Cancellations	96,030	+65.0	156,410	+79.5
Unfilled orders, September 1	4,427,967	.....	5,999,149	.....
Production percentage of normal	85.5	.....	83.5	.....

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

The improved condition of the industry compared with a year ago is shown by figures available from eleven manufacturers reporting direct to this bank. August orders were 21.8 per cent greater than in August, 1921; shipments, 10.8 per cent, and unfilled orders, 55.5 per cent.

BOXES AND CONTAINERS

Marked improvement was shown in the box and container industry during the month of August in current reports from manufacturers in this district. Sales and production both showed substantial increases over the figures of a month ago and a year ago. Twelve manufacturers reporting to this bank averaged 78.7 per cent of ordinary capacity during the month. Below are percentage comparisons of August with July, 1922, and August, 1921.

	NUMBER REPORTING	JULY 1922	AUGUST 1921
Sales in dollars.....	14	+24.6	+39.6
Box board consumption.....	9	+19.5	+41.2

PAPER INDUSTRY

Improvement in the paper industry is indicated by the gain over a year ago of 22.6 per cent in the number of men employed by fourteen factories reporting to this bank. Compared with July, there were 2.7 per cent more men on payrolls which averaged 11.5 per cent higher.

The National Paper Trade Association statistics for August show heavier shipments in all classes of paper than during July, as well as higher inventories September 1 than a month earlier. August sales of paper by four wholesalers in this district were well in advance of a year ago.

CEMENT

Cement reserves which were low at the close of July have since then been reduced still further.

Shipments have been heavy. Production in this district during August was hampered by the fuel and railroad situation, as in July, but the production for the United States increased.

Plants that have recently resumed operations have not yet a supply of coal sufficient to operate at full capacity. The extensive road-building program, and the large volume of other construction work projected for this fall are making heavy demands on cement. Price quotations within the past month show a general advance of 15 cents a barrel.

The Geological Survey's report for August, covering conditions throughout the United States, shows both output and shipments to be slightly increasing with shipments 23 per cent larger than output and stocks falling off 32 per cent.

LUMBER

The lumber industry of the district showed increased activity during August. While conditions are widely different and sales have fallen off at many points, the larger number of reports indicate an improvement. A great deal of the demand has been from local contractors and builders, with the demand for flooring and interior finish particularly good. Manufacturers and dealers of Wisconsin report a very definite improvement which may partly be accounted for by the fact that transportation difficulties encountered by producers of fir and yellow pine have diverted some of the demand for this class to hemlock and other building lumber. Prices of hemlock at the mill made a general advance of \$2 a thousand during the past month. Any stock located so that it might be shipped promptly has been in strong demand. For this reason a number of local yards equipped to take care of orders ordinarily placed with the large mills have enjoyed an unusual amount of business.

Receipts of lumber at Chicago in August exceeded those of the previous month by about 10 per cent, while shipments from Chicago fell slightly below the July figure. Shipments from southern and western points have been seriously restricted by the rail situation, and this has been the cause of further advances in prices.

Improvement since a year ago in the maple flooring industry is indicated in the increased operations of twenty-two manufacturers reporting to the Maple Flooring Manufacturers' Association; these reports show August production this year 50.5 per cent more than in 1921; shipments, 47.2 per cent; orders, 12.8 per cent; unfilled orders, 117.1; while stocks on hand

decreased 18.3 per cent; and the average value of 13/16"x2 1/4" face clear, number 1 and factory grades, increased 19.4 per cent.

BRICK

The demand for brick continued strong during August. Although several plants early in the month found it necessary to suspend operations on account of the scarcity and high price of coal, the industry as a whole maintained a fair volume of production. Shipments were somewhat heavier and stocks have been reduced considerably. Increase in the cost of coal, installation of burners for the use of fuel oil, and wage advances for common labor have added to the cost of manufacturing and have resulted in higher prices for brick in many localities. Chicago still maintains a general price of \$12 a thousand, delivered on the job.

A slackening in demand for brick toward the latter part of the month was noted in several reports and ascribed by these to the difficulty experienced by cement manufacturers in making deliveries. Although many of the brick plants are equipped with trucks, this industry also has been directly affected by the rail strike. One brick and tile company, sold ahead for thirty days, states that with the number of cars at their disposal at the close of August it would take six months to fill orders.

CONSTRUCTION ACTIVITIES

Building activities during August gave little sign of any curtailment. The demand for labor and materials was as heavy as during previous months, and construction costs continued to increase. The scarcity of skilled mechanics in some of the trades, especially that of plasterers, has forced wages to an exceptionally high level, while the difficulties in obtaining supplies have done the same for the prices of building materials. A possible change in conditions may be indicated by the heavy decline in contracts awarded during the month. These amounted to \$56,954,434 for this Federal Reserve district, 31 per cent less in valuation than those awarded during July. Permit figures, however, while falling off in general, show gains in many cities; Chicago and Detroit made marked increases.

PERMITS AND COST OF BUILDING CONSTRUCTION

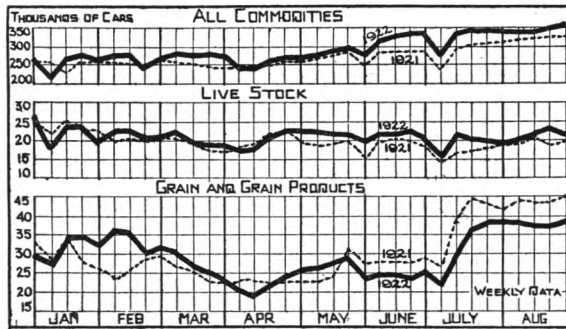
	AUGUST, 1922		PER CENT		CHANGE FROM	
	PERMITS ESTIMATED	COST	PERMITS	COST	AUGUST, 1921	COST
Chicago	1,048	\$17,919,950	-8.4	+10.5	-0.9	+39.4
Indianapolis ..	1,291	2,074,941	+10.6	-38.0	+21.7	+68.0
Des Moines ..	142	380,250	-27.6	-51.0	+0.7	+53.1
Detroit	2,647	13,103,831	+9.5	+77.3	+54.3	+163.8
Milwaukee	3,659	2,590,634	+20.3	-19.5	+12.7	+19.9
38 other cities	4,475	10,584,121	-4.5	-15.2	+18.2	+4.4
Total.....	13,262	46,653,727	+4.8	+7.4	+20.5	+47.6

TRANSPORTATION CONDITIONS

The movement of railway traffic throughout the United States was larger during the month of August than July; a portion of this increase may be attributed to the absence of holidays. The movement of grain is one of the most important transportation

problems at this time and is handicapped by the shortage of sound freight cars. The number of bad order cars is very large. Coal shipments have not

FREIGHT CARLOADINGS—WESTERN TERRITORY



been as large as expected since the settlement of the coal strike, but the shortage of gondola cars is partly responsible.

Total carloadings in 1922 are more than last year during the same period; however, in many instances the cars are not so heavily loaded.

The resumption of work by a large number of the railway shopmen opens the way to repair the locomotives that have been forced out of service or partially disabled during the strike.

CARLOAD SHIPMENTS OF NEW FRUITS AND VEGETABLES FOR THE UNITED STATES

	NEW APPLES	PEACHES	FEARS	WATER-MELONS	POTATOES	ONIONS
This season to September 2..	8,062	22,761	8,143	44,137	66,257	10,226
Last season to September 2..	5,078	22,737	7,341	44,831	56,739	9,138

MERCHANDISING CONDITIONS

WHOLESALE TRADE

August sales by ninety-seven wholesalers reporting to this bank were ahead of last month with eighteen exceptions, and aggregate gains for the grocery, hardware, and drug groups were larger than the corresponding 1921 increases. Sugar and canning materials featured in the grocery sales. In hardware, orders were noticeably confined to staples and goods for immediate use, with the price trend reported upward especially on lines close to raw materials. Over half the dealers lowered their stocks during the month and only twenty out of fifty-three, on a dollar basis, are inventoried as high as a year ago. Accounts outstanding for the majority of firms are heavier than last month or on September 1, 1921.

MERCHANDISE	NUMBER	NET SALES—CHANGE FROM	
		JULY, 1922	AUGUST, 1921
Groceries	38	+13.5	-4.5*
Hardware	17	+8.8†	+18.6†
Shoes	12	+41.1	-12.6
Drugs	11	+5.0	+5.8
Dry Goods	10	+29.7	+2.1
Automobile Accessories	9	+14.0	+53.5‡

*37 firms; †16; ‡8.

CHAIN STORE SALES

Three grocery chains reporting August sales to this bank show a gain of 33.7 per cent over last year, as well as a slight increase compared with July. Drug sales by two chains are also ahead of 1921, but somewhat below last month.

FEDERAL RESERVE BOARD STATISTICS OF CHAIN STORE SALES THROUGHOUT THE UNITED STATES (1919 Monthly Average=100)

	NUMBER	AUGUST 1922*	JULY 1922	AUGUST 1921
Grocery	16	137.4	132.0*	121.4
Drug	7	127.3	125.7	119.8
Shoe	5	85.3	101.1*	86.6
Five & Ten	4	130.4	126.3	116.0
Music	4	97.0	83.0	71.6
Cigar	3	126.9	127.3	127.6

*Estimated.

RETAIL TRADE

Sixty-eight department stores reporting August sales to this bank averaged the most substantial gain over the preceding year since January, 1921. Com-

pared with July, however, sales fell off for half the stores. Inventories as shown by two-thirds of the returns are below a year ago, but a tendency to stock up seems general as indicated by an increase during the month reported by all but five firms. Although the majority of firms had heavier accounts outstanding at the end of July this year than in 1921, their collections during August were better than last year.

	NET SALES—NUMBER	CHANGE		STOCKS—		TURN-OVER RATE
		JULY 1922	AUGUST 1921	JULY 1922	AUGUST 1921	
Chicago	9	-4.2	+5.3	+4.2*	-9.5*	3.1*
Detroit	6	+16.7	+18.1	+13.4*	+1.1†	3.0†
Des Moines	3	+14.4	+6.7	+15.0	+2.0	3.4
Milwaukee	3	+2.9	-8.1	+8.8	-5.7	1.5
Outside	47	+6.7	-4.3	+8.6‡	-4.9‡	2.2‡
District	68	+10.6	+6.4	+10.4||	-2.8**	2.5||

*7 firms; †5; ‡40; §39; ||58; **57.

FOREIGN COMMERCE AND STOCK OF GOLD

Current figures from the Department of Commerce indicate that imports of merchandise during the month of August increased more than 7 per cent, while export trade remained at about the same level shown in July.

	MERCHANDISE*				
	AUGUST 1922	JULY 1922	AUGUST 1921	EIGHT MONTHS 1922	EIGHT MONTHS 1921
Imports	271,000	252,135	194,769	1,942,543	1,693,404
Exports	302,000	301,312	366,888	2,424,046	3,226,547
Excess of exports	31,000	49,177	172,119	481,503	1,533,143

*In thousands of dollars.

Gold imports during August declined from the high level reached in July, due largely to decreased shipments from Great Britain, while exports show a slight increase.

	GOLD*				
	AUGUST 1922	JULY 1922	AUGUST 1921	EIGHT MONTHS 1922	EIGHT MONTHS 1921
Imports	19,092	42,987	84,902	185,092	495,092
Exports	956	644	672	11,744	11,097
Excess of imports.....	18,136	42,343	84,230	173,348	483,995

*In thousands of dollars.

The stock of gold available for money September 1 was \$3,830,265,639, as compared with \$3,268,809,158 a year ago.

WIRE TRANSFER SERVICE OF THE FEDERAL RESERVE BANK OF CHICAGO

Transfers of funds between banks are necessary to adjust balances with correspondents and for other purposes. Prior to the establishment of the Federal Reserve System these transfers were made between the banks concerned by mail or express or by telegrams over commercial wires through correspondent banks in the large cities. Where actual shipments of currency were involved, these were slow, expensive, and hazardous methods of handling money.

Under the Federal Reserve System, a member bank may telephone, telegraph, or mail requests for the transfer of funds to its Federal Reserve bank. These transfers will be quickly made over the leased wire system of the Federal Reserve banks without cost to the member bank and without the risk involved in shipments of currency. To illustrate the operations of the wire transfer: Suppose the Fourth National Bank of Champaign, Illinois, with an adequate balance at the Federal Reserve Bank of Chicago, wishes to deposit \$100,000 in the Cattlemen's National Bank of Kansas City, for John Brown & Sons, live stock feeders, to be used in purchasing feeder cattle. Upon receiving the request for transfer, the Federal Reserve Bank of Chicago would immediately wire the Federal Reserve Bank of Kansas City to credit the Cattlemen's National Bank of Kansas City with \$100,000, for the use of John Brown & Sons. The entries at this bank for the transfer of the money would be to credit the Federal Reserve Bank of Kansas City through the Gold Settlement Fund, and charge the account of the Fourth National Bank of Champaign. Here again is seen the useful function of the Gold Settle-

ment Fund, the clearing fund maintained by the Federal Reserve banks, in facilitating these transfers.

In this instance, the transfer is to a member bank in a Federal Reserve bank city. If this were not the case, the Federal Reserve Bank of Kansas City would immediately wire the member bank that its account had been credited with the \$100,000 for use of John Brown & Sons and all cost of necessary commercial wires would be absorbed by the Federal Reserve banks. Funds may also be transferred between two member banks in this district. When the request for transfer is received, the entries are made on the reserve accounts of the member banks with this bank; the credited member bank is notified by wire if such a request is made, and the cost of necessary telegrams over the commercial wire is absorbed by the Federal Reserve bank. In this way provision is made for transfer of funds between member banks of the Federal Reserve System anywhere in the United States.

As seen from the illustration given, the transfer service is not restricted to member banks, although requests must come through a member bank and the transfer be made to a member bank. The request for transfer may originate with any non-member bank, firm, or individual, for the credit of any other non-member bank, firm, or individual, providing the request comes to this bank through a member bank and credit is received through a member bank. The service, then, operates for the benefit of business generally in transferring funds whenever quick transfer is necessary for the proper carrying on of business.