BUSINESS CONDITIONS

SEVENTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF CHICAGO 7-G

VOLUME 5, NUMBER 10 CHICAGO, OCTOBER 31, 1922

GENERAL business improvement is manifested in reports from all sections of the district and in practically all phases of industry.

Total coal production is at present about equal to current requirements of the country; coal-carrying roads have been working to capacity, but the rate at which cars are being moved in and out of the bituminous fields reflects the effects of the shopmen's strike on industry. In the effort to supply the consumers with sufficient coal for immediate needs, railroads are pressing into service practically all available equipment, and in consequence of this and such embargoes on freight as have been found necessary, merchandise shipments are being diverted to non-coal-carrying roads. This allocation has resulted in some instances in congestion. Every industry is feeling the car shortage in one way or another.

Moderate increases in the volume of employment reflect a general speeding up of production. Although building is still continuing on a large scale, a slackening is noticeable in the demand for building materials and in the volume of new construction work.

Some demand from agricultural sections for funds with which to buy live stock has been the principal change in the banking situation.

All lines of manufacture are increasing production to meet steady demands. Seasonal factors account largely for the exception of automobiles, shoes, and dairy products. Prices generally are firm. Indications are that the corn yield per acre in the district will be better than last year, but the car shortage is a serious factor in the distribution of grain. Wholesale trade changed slightly, shoe sales showing the largest proportion of gain over a month ago. Retail trade shows very large gains compared with last month and September a year ago.

MONEY AND BANKING

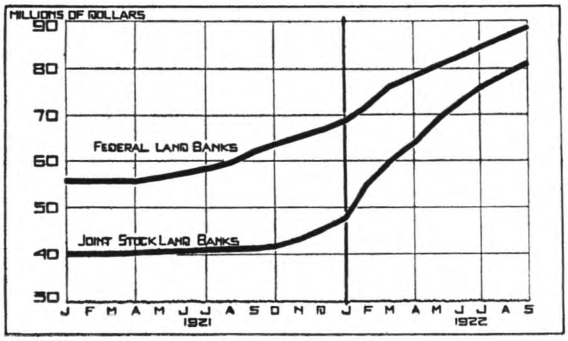
September brought very little change, seasonal or otherwise, in banking conditions. Prior to the establishment of the Federal Reserve System, money normally worked into a little firmer position during the fall and early winter months, but in this district slight evidence of this has appeared in 1922. In some manufacturing centers slow collections are making a fairly active demand for money. Banks in the larger cities have accumulated a considerable surplus and business generally has not yet placed any strain on credit facilities.

The principal demand for funds from agricultural sections appears to be for the buying of live stock, indicating that farmers are gradually turning their attention to feeding stock instead of marketing grain. Lack of cars for the shipping of grain is affecting the credit situation in these sections. Local elevators are full and cannot accept any more grain until they can move some of that on hand.

The extent of the liquidation that has taken place during the year in agricultural sections of the district is difficult to determine, for the reason that credit granted in these sections has shifted considerably between the War Finance Corporation, the Federal Reserve Bank and correspondent banks in the larger cities; also because of a funding of current indebtedness into long-term farm mortgage loans from the Joint Stock Land banks, the Federal Land banks, and other mortgage agencies. Indications are, however, that there has been a considerable reduction of debts among farmers, especially live stock raisers. Total loans to member banks by the re-

COMPILED OCTOBER 27, 1922

JOINT STOCK AND FEDERAL LAND BANKS LOANS OUTSTANDING IN STATES OF THE DISTRICT



Data as at close of each month, based on reports direct to this bank.

serve bank decreased from 224 millions on September 30, 1921, to sixty-one millions on September 30, 1922, a reduction which includes liquidation of loans by the Federal Reserve Bank to country banks, as well as indirect liquidation through correspondent banks. While exact figures for comparison are not available it appears that the reduction in aggregate loans to banks in the strictly agricultural sections has been at least 50 per cent during the year. Approximately 30 per cent of total advances made by the War Finance Corporation in this district since October, 1921, had been repaid on September 30.

On the other hand, farm mortgage loans by the Joint Stock Land banks and Federal Land banks have increased steadily. The fifteen Joint Stock Land banks operating in the five states lying wholly or partly in this district, had loans outstanding in these states aggregating eighty-one million on September 30, 1922, compared with forty-one million on September 30, 1921. Loans in the five states by the four Federal Land banks operating in this district increased from sixty-two million on September 30, 1921, to eighty-eight million on September 30, 1922.

Little business was done the first part of 1921 pending a decision on the constitutionality of the farm loan act, which was given on February 28, 1921; and, in the case of the Joint Stock Land banks, pending legislation increasing the maximum rate of interest borne by their bonds, which legislation was completed the latter part of August, 1921.

Discount rates charged customers, as reported by Chicago banks for the thirty-day period ending October 15, show little change from the preceding thirty days. The customary rate for 90-day maturities remained at 5 per cent, while that for four to six months' paper was 4¾ and 5, compared with 5 per cent in the preceding period.

September commercial failure statistics for this district show a substantial reduction from August both in the number of insolvencies and in the total indebtedness involved; a decrease is also shown for the country as a whole, although not so marked.

COMMERCIAL PAPER AND ACCEPTANCES

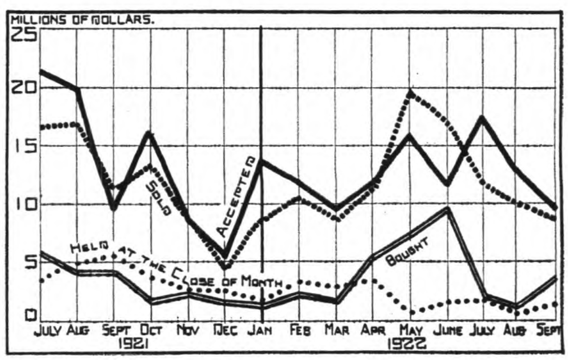
Eight commercial paper dealers in the district reporting direct to this bank show a decrease of approximately 21 per cent in aggregate sales during September compared with the preceding month and also with a year ago, although two dealers reported increased sales during the month. The demand for paper was reported irregular by some dealers, one dealer reporting it poor. Out-of-town buyers helped make the demand brisk the first three weeks of September but the last week of the month it was inactive. While reports from dealers concerning the supply vary considerably, the consensus seems to be that it is light owing to the small borrowing demand at this time. Rates were somewhat firmer during September with the prevailing rates at 4¼ and 4½ per cent compared with 4 and 4¼ per cent during August. The range in rates was from 4 to 5 per cent; however, only one dealer reported 5 per cent.

Transactions in bankers' acceptances as reported to this bank by twenty-seven banks representing the bulk of the accepting business in the district show further decreases in bills accepted and bills sold but rather large gains in bills bought and bills held at the close of the month. The increase in bills bought is a marked contrast to the large decreases shown the last two months. Eleven reports showed no transactions in bankers' acceptances during the month. Last year at this time bills accepted, bills sold, and bills held showed the same trends as in the current period, while bills bought remained practically the same as the preceding month.

Purchase rates reported showed an upward tendency during September ranging from 3 to 3½ per cent compared with 2¾ to 3⅛ per cent during August. Maturities of bills purchased were: 30-day, 18.4 per cent; 60-day, 18.3 per cent; 90-day, 63.3 per cent. Commodities against which bills were reported drawn were: packing house products, grain, cotton, coffee, agricultural implements, hides, tea, cotton goods, and provisions.

The amount of bills purchased by this bank during September was twenty-five million, a decrease from August of four million. Sales from holdings amounted to thirteen million, a decrease of three

BANK TRANSACTIONS IN BANKERS' ACCEPTANCES



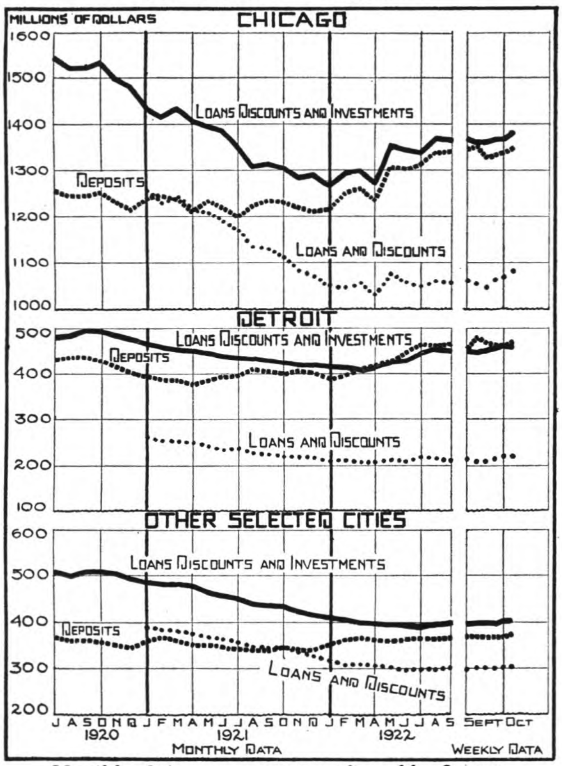
million from August; bills held increased from thirteen million at the close of August to almost seventeen million at the close of September.

Six bill dealers of the district report average weekly purchases of bankers' acceptances in the four weeks ending October 14, at $2,022,000, somewhat smaller than for the preceding five weeks when the average was $2,297,000; at the same time, average weekly sales increased from $2,148,000 to $2,318,000. A larger proportion of the sales was made to the reserve bank in the current period, 64 per cent, compared with 53 per cent in the preceding period.

MEMBER BANKS IN THE DISTRICT

The September weekly average of loans and discounts at reporting member banks in Chicago and Detroit was less than in August, but in other selected cities of the district there was some increase. Considerable increase in deposits the first part of September was partly accounted for by the accumulation of funds to meet tax payments. Withdrawals of these funds caused a decline during the week of September 20 in all groups of cities. There was a general increase in deposits and in loans and discounts the first part of October.

REPORTING MEMBER BANKS, SEVENTH DISTRICT COMPARATIVE POSITION

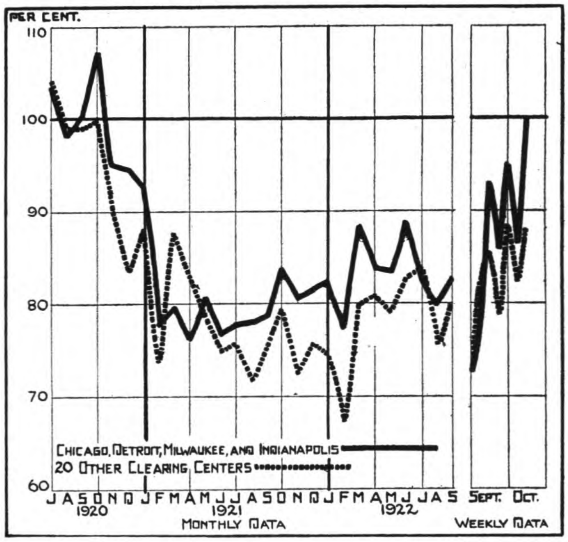


Monthly data are averages of weekly figures.

DEBITS TO INDIVIDUAL ACCOUNTS

September showed some increase over August in the volume of debits to individual accounts at clearing house banks in the twenty-four leading clearing centers of the district, thus bringing the aggregate back nearly to the July level. In the four largest

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



Monthly data are averages of weekly figures.

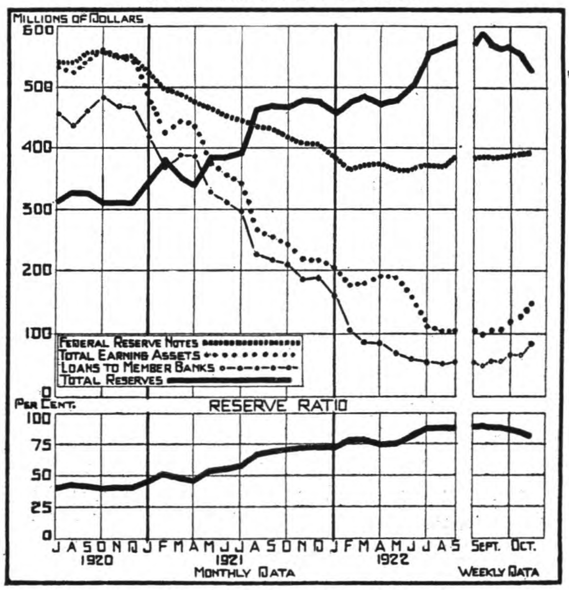
centers the average for September was approximately the same as for July, while in the twenty other centers it was somewhat less. In both groups of cities, however, the volume was more than in September a year ago.

Debits for the first three weeks of October were considerably more than for the corresponding weeks of September for both groups of cities; and aggregate debits in the twenty-four centers during the week of October 18 were the largest since May 3.

POSITION OF THE RESERVE BANK

The daily average of loans to member banks by the reserve banks was slightly higher for September

FEDERAL RESERVE BANK OF CHICAGO COMPARATIVE POSITION



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

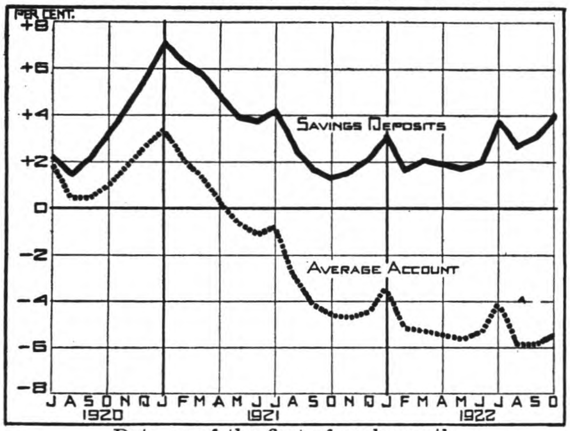
than August, largely because of increased borrowings by banks the latter part of the month to offset withdrawals by depositors for tax payments. Accommodation has been extended to some banks to supply funds for crop moving and the purchase of live stock, but liquidations by others have caused aggregate loans in agricultural sections to show little increase. The increased volume of Federal Reserve notes in circulation the first part of September was sustained with little change throughout the month; further increase was in evidence the first part of October. Total reserves fluctuated considerably but averaged somewhat higher than in August, while the average ratio of reserves to Federal Reserve note and deposit liabilities combined declined slightly.

The increase in loans to member banks in the week of October 18 may be attributed largely to operations growing out of Government financing.

SAVINGS ACCOUNTS AND DEPOSITS

Improvement in the industrial conditions of the district is reflected in the increase since May in the amount of savings deposits of banks representing approximately 40 per cent of the total in the district. Except for the drop August 1, which was seasonal and caused by post-interest withdrawals, steady gains have been made. Savings deposits on October 1 were considerably larger than a year ago. The average account shows an increase compared with September 1 but is again less than a year ago. On October 1, 1921, both the amount of savings deposits and the average account decreased slightly, but in 1920 increases at approximately the same rates as this year were reported. Some withdrawals are reported for investments, and some in Iowa, for taxes.

SAVINGS COMPARED WITH 1920 AVERAGE



Data as of the first of each month.

BONDS AND INVESTMENTS

The market for domestic securities opened up actively in September. Demand increased until it tended to be in excess of the supply, and prices advanced. With the launching of new issues, dealers who had very generally disposed of remnants of old issues during August had an opportunity of obtaining a new supply. This situation continued until the middle of September, when the market weakened considerably because of the uncertainty as to the effect of the new Government issue and the acute foreign situation. Among foreign investments, French bonds in particular were weak and there was a sharp decline in the price of Greek bonds. The first part of October the market strengthened considerably with a general increase in prices, but toward the middle of the month, there was weakening in some issues, including Liberty bonds.

The large over-subscription to the Government refunding issue of 4¼ per cent Treasury bonds of 1947-1952 the middle of October indicates a large supply of funds available for investment. Exclusive of subscriptions for which Victory notes or December 15 Treasury certificates were tendered in payment, subscriptions from this district amounted to 135 million; the allotment received was fifty-three million. In the country as a whole, cash subscriptions were approximately, 1,400 million for which the total allotment was approximately 500 million.

AGRICULTURAL PRODUCTION AND CONDITIONS

Direct reports from 133 county farm bureaus representing 149,989 farmers in the Seventh Federal Reserve District show that the corn generally was in good condition in early October. The crop has matured rapidly in the last month and the bulk of it is now out of danger of frost. Some of it has been cut for silage and feeding, while the husking is just beginning. The estimated yields per acre, although varying, are equal to or a little better than a year ago.

Winter wheat now practically all seeded embraces about the same acreage as a year ago with the exception of that part of Illinois lying within this district which shows an increase. Farmers in the district seem inclined to use more limestone and less commercial fertilizer than in previous years. In the district as a whole, more hogs are being fed for market than a year ago, although in Michigan and Iowa there is practically no change.

There are indications of an increase in the changing of tenants at the end of the tenancy year next spring, owing to the unsatisfactory results from farming the last two seasons. Tenants who have become discouraged are planning to move to shop centers while others are shifting from one farm to another in search of better terms or soil conditions. While the percentage of the total is not large, it will probably be greater than for several years. The shifting process next spring is indicated by the seeding done by new tenants this fall. As the process of shifting tenants is less expensive among grain farmers than in mixed farming, this movement appears to be largely among the former class.

Because of unfavorable crop conditions in Europe the last month, the latest estimate of the world's wheat crop, excluding Russia and Mexico, as compiled by the United States Department of Agriculture on October 11, was 3,012,293,000 bushels compared with production for last year of 3,049,074,000 bushels. The several estimates of the Russian grain crop already received indicate that Russia will have a considerably larger crop than last year, and in all probability enough for her own needs without importation. The areas sown to new wheat in Argentina and Australia are somewhat larger than those for 1921-22.

Cotton seed received at crushing mills in the United States aggregated 680,841 tons for September; seed crushed was 332,281 tons and that on hand the close of the month was 347,228 tons.

ESTIMATED CROP PRODUCTION

In thousands of bushels

Estimated by United States Bureau of Agricultural Economics

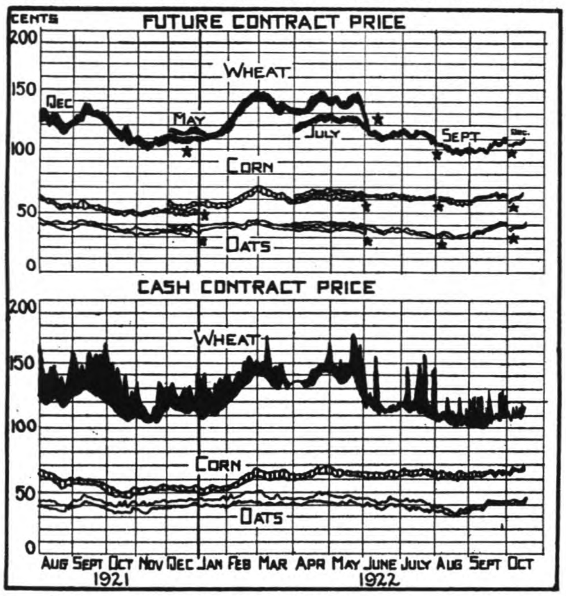
	Seventh Reserve District Oct. 1, 1922	Seventh Reserve District Final, 1921	United States Oct. 1, 1922	United States Final, 1921
Corn	966,204	967,277	2,853,399	3,080,372
Oats	482,848	385,091	1,229,774	1,060,737
All Wheat	72,232	62,922	810,123	794,893
White Potatoes*	....	....	433,015	346,823
Barley*	....	....	196,431	151,181
Rye*	....	....	79,623	57,918
Peaches*	....	....	56,125	32,733
Apples*	....	....	203,667	98,097
Sugar Beets* (In thousands of tons)			5,070	7,782
Beans*	....	....	13,013	9,118

*District figures not available.

GRAIN MARKETING

Receipts and shipments of grain at the principal United States markets were smaller in September than in August, although the September corn receipts were larger. The September movement of corn and wheat was less than a year ago. Shipments of wheat for export from Buffalo and other eastern lake ports have been delayed and some congestion has resulted. Because of the car shortage, the flow of grain from country elevators, although fair, has not been adequate up to the middle of October, and the strong demand for domestic consumption and exportation has resulted in firmer prices for spot stocks.

DAILY RANGE OF GRAIN PRICES AT CHICAGO



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

The level of prices paid United States producers for principal crops decreased about 2 per cent in September compared with August. This is less than the usual seasonal trend at this time of year, which averaged a decline of 4.5 per cent for the same period in the past ten years.

The Bureau of Agricultural Economics, by adding to the world production figures the stocks on hand in so far as they have been obtained, has estimated a total available wheat supply for the world of 3,192,037,000 bushels for use in the coming year compared with 3,273,588,000 bushels last year.

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 by water, in the United States, October 14, 1922. Figures supplied by the Secretary of the Chicago Board of Trade.

In thousands of bushels

	Wheat	Corn	Oats	Rye	Barley
October 14, 1922					
Warehouses and Afloat	33,411	9,738	36,844	9,555	2,695
Bonded	10,510	....	277	1,649	160
September 9, 1922					
Warehouses and Afloat	31,166	7,723	38,133	5,063	1,686
Bonded	2,357	....	129	423	14
October 15, 1921					
Warehouses and Afloat	55,895	17,317	69,883	5,929	3,884
Bonded	4,943	....	10	172	271

CANNING

The complete corn pack for Iowa is ahead of last year but far short of the normal average output, and most of it has already been sold as futures. A large carry-over from the previous year accounted for a small 1921 pack, but this season a low cut per acre was the reason for early estimates not being realized. Direct returns to this bank from Iowa show packs at two canneries below last year, one above, and two not canning corn in 1921. Eleven factories in other parts of the district report similar variations.

Tomato canning as indicated by seven of eight reports exceeds last year, and three out of four, show the tomato pulp output also ahead. Six returns for pumpkin and squash are all below 1921.

FLOUR PRODUCTION

Production of flour in the district as reported to this bank by forty-two millers decreased during September compared with the preceding month and a year ago. The production of wheat flour decreased from both periods while other flour showed an increase from a year ago.

	Production Sept., 1922	Per cent change from Aug., 1922	Per cent change from Sept., 1921
Wheat flour (bbls.)	385,915	—8.6	—6.9
All other flour (bbls.)	37,700	—15.4	+6.0
Total (bbls.)	423,615	—9.2	—5.9

Operations of these mills—based on a 24-hour working day—were at 55.5 per cent of capacity during September, while in August they were at 56.6 per cent and in September a year ago at 59.0 per cent. Comparison of the September operating ratio with

August is more favorable than comparison by volume of production, owing to the shorter month and the holiday in September. Transportation difficulties have curtailed the operations of some mills.

Eighteen mills increased their sales of flour in barrels by 7.9 per cent during September compared with August, while dollar sales increased 2.7 per cent. Total production of flour by these mills decreased 8.1 per cent during the month.

Stocks of flour on hand September 30, at twenty-nine mills, decreased 2.7 per cent from those on hand at the close of August. Wheat stocks of these same mills increased 0.7 per cent over those of last month.

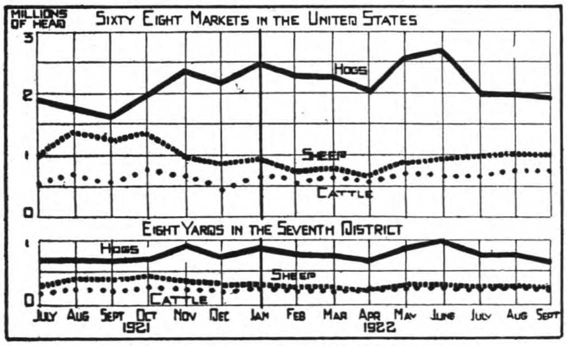
MOVEMENT OF LIVE STOCK

Slaughter of hogs, sheep, and calves at the principal stock yards in the United States declined in September compared with August but slaughter of cattle increased, while that of all except sheep was greater than a year ago.

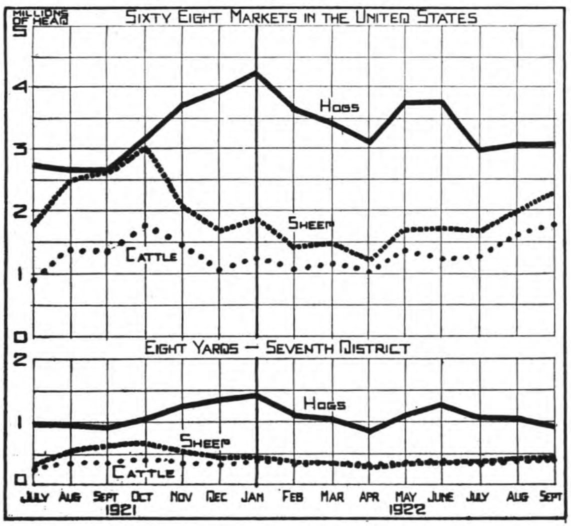
SLAUGHTER IN SEPTEMBER

	Cattle	Hogs	Sheep	Calves
District	227,538	646,331	259,237	80,277
Sixty-eight markets in United States	748,854	1,916,818	1,007,951	358,469

SLAUGHTER OF LIVE STOCK



RECEIPTS OF LIVE STOCK



The feeder movement of cattle and sheep back to the farms was larger than in August. Shipments of cattle feeders were considerably larger than last year, but shipments of sheep feeders declined. The total feeder movement for the nine months ending with September, 1922, was larger than for the same period in 1921.

AVERAGE PRICES OF LIVE STOCK
Per hundred pounds at Chicago

Class	Week ended Oct. 14, 1922	Months of Sept. 1922	Aug. 1922	Sept. 1921
Native Beef Steers				
750-1,050 lbs.	$ 8.75	$ 8.90	$ 8.85	$ 6.90
1,500-1,800 lbs.	12.25	11.35	10.55	8.45
General Average	....	10.20	9.65	8.00
Fat Cows and Heifers	5.35	6.05	6.30	4.60
Canners and Cutters	3.10	3.10	2.95	2.75
Calves	10.00	12.30	11.50	12.75
Stockers and Feeders	6.75	6.75	6.65	5.50
Hogs	8.98*	8.70	8.55	7.60
Sheep	5.50@$6.25	6.30	6.45	4.10
Yearling Sheep	10.50	10.35	10.25	5.50
Lambs	13.43	13.45	12.55	8.80

*Average price October 1 to 14 inclusive.

MEATS AND PROVISIONS

Fifty-one meat-packing companies in the United States reporting to this bank show an increase of 5.7 per cent in total dollar sales in September, compared with August, and of 2.4 per cent over a year ago. Demand for packing-house products improved with the arrival of cooler weather and more settled labor conditions in other industries. September shipments of meats and lard at Chicago were less than in August or a year ago.

Reporting companies in the United States show but little change in the number employed by them in September compared with August. For the last week in September, however, there was a small increase in the number of employees in the district, but payrolls for the month showed a nominal decline.

Wholesale prices which were low the first part of the month tended to be firm toward the close of September, but declined in early October. Wholesale pork prices—excepting bellies and loins, which increased—averaged lower at Chicago in September than in August. Prices in better grades and more desired cuts of beef and veal increased, but the others remained unchanged from August; lamb and mutton prices declined. Practically all meats were higher at wholesale than a year ago. Reports from meat-packing companies show a larger volume forwarded in September for export than in August. Consignment stocks already abroad were indicated to be less on October 1 than the month previous.

COLD STORAGE HOLDINGS OF FROZEN AND CURED MEATS IN THE UNITED STATES*
In thousands of pounds

	Oct. 1, 1922	Sept. 1, 1922	Oct. 1, 1921	October 1, 5-Year Average
Frozen Beef	34,645	28,210	44,296	116,538
Frozen Pork	54,122	84,815	64,682	60,010
Frozen Lamb and Mutton	3,539	3,376	5,993	9,536
Cured Beef and in process	18,930	20,081	15,526	26,481
Dry Salt Pork and in process	123,238	165,668	149,975	228,608
Pickled Pork and in process	312,155	369,187	257,245	270,479
Miscellaneous Meats	50,080	55,773	69,739	71,071
Lard	75,632	119,755	85,115	86,231

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

BUTTER, CHEESE, EGGS AND POULTRY

Production of creamery butter and sales of creamery butter by manufacturers in the district, although larger than a year ago, were seasonally less in

September than in August. The Wisconsin output of cheese was more in September than in August or a year ago. September receipts of dairy products at Chicago were below those for a year ago and only poultry receipts exceeded those for August. Receipts of cheese at Wisconsin markets declined from August and from September, 1921.

Because of the smaller available supply, prices of butter and eggs showed decided advances in the month of September. Poultry prices declined; while the trend of cheese prices at Wisconsin markets was upward.

INDUSTRIAL EMPLOYMENT CONDITIONS

Manufacturing industries gave many indications of increasing activity during September but none made any large gains in the volume of employment. For the 286 firms reporting to this bank, the total number of employees increased 0.7 per cent and total payrolls fell off 3.6 per cent. Monthly payrolls were appreciably lowered by the temporary closing of the Ford motor plants and, if figures for the automobile industry were excluded from the above returns, increases of 2.0 and 4.4 per cent in employment and payrolls, respectively, would have been shown. Aside from repair shops which recently have made large additions to their working forces, the most important increases were those shown by manufacturers of iron and steel, machine tools, stoves and furnaces, brick and clay products, electrical goods, musical instruments, and boxes and containers. Out of thirty-one groups, only seven showed any curtailment. The heaviest decreases shown were 6.5 per cent for agricultural machinery and 3.6 per cent for automobiles and accessories.

Many plants which during July and August changed from 50 to 45 hours a week, on account of the coal situation, have changed back to the longer schedule. Other concerns also report slight increases in working hours. Wages are still showing a tendency to go higher. Increases of 5, 10, 15, and as high as 20 per cent were reported for lumber camps, sawmills and planing mills, paper factories, and for various iron and steel manufactures. One reduction of 10 cents an hour was reported by a public utility firm.

LABOR REPORTS FROM FIRMS IN THE SEVENTH DISTRICT

	District	Chicago
Number of firms reporting	286	59
Total number employed September 30, 1922	232,806	65,589
Percentage change in number employed as compared with		
(a) the preceding month	+0.7	+2.1
(b) the same month a year ago	+19.6	+11.9
Percentage change in amount of payroll as compared with		
(a) the preceding month	—3.6	+6.4
(b) the same month a year ago	+13.2	+0.4
Percentage change in pay per man as compared with		
(a) the preceding month	—4.2	+4.1
(b) the same month a year ago	—5.3	—10.3
Percentage of production to ordinary capacity:		
(a) September, 1922	75	72
(b) August, 1922	74	73
(c) September, 1921	59	61

FUEL AND POWER PRODUCTION

COAL

The production of anthracite and bituminous coal is now about equal to the current needs of the country but is still insufficient to take care of the full storage requirements of the Northwest and to replenish the depleted stocks of industrial and domestic consumers. Consumers have been asked by the United States Fuel Distributor to buy coal for day-to-day requirements only, until the railroads are able to maintain an adequate car supply and the lake movement to the Northwest has stopped.

Bituminous production for the country reached a total of 10,200,000 tons during the third week of October, an increase of approximately 300,000 tons over the previous week, and the largest weekly output since the recent resumption of mining operations. In Illinois, production has increased slightly with an improvement in transportation facilities, but the car supply is not yet sufficient to take care of the current demand on the mines. As a result Illinois mines are operating at about 30 to 50 per cent of capacity, with some in the southern part of the state reported as working only two or three days a week. Total production for the state during the month of September amounted to 6,219,790 tons. Indiana mines are also working under the handicap of inadequate transportation facilities and continue on a part-time basis.

Anthracite production for the week ending October 21 continued at about the same rate reached during the second week of the month, when approximately 2,000,000 tons were mined. Anthracite operators have agreed to divide their production on the basis of the distribution of previous years, but shipments to this district are arriving in very small quantities.

Demand in local markets continues to confine itself almost entirely to domestic and immediate steam coal requirements. Industrial consumers are taking care of their immediate needs but are still refraining from placing large orders for storage at prevailing prices. Domestic consumers, on the other hand, are buying to some extent with each drop in temperature, but not in any great quantities. Anthracite and Pocahontas are especially in demand, but supplies of these grades are very scarce and prices are high. Dealers are distributing their supplies of hard coal in small lots, and offering Illinois and Indiana domestic sizes as substitutes.

While domestic sizes show very little change in prices from a month ago, the continued lack of industrial demand has again resulted in a softening of steam coal prices. October 26 spot (mine) prices on Illinois coal ranged from $1.60 to $5.75 per ton, while Western Kentucky was quoted at from $2.10 to $5.00 and Eastern Kentucky and Pocahontas from $4.00 to $7.50. Anthracite showed a range of $3.57 to $12.00 per ton. The demand for fuel oil and gas oil as steam coal substitutes continues to decline as coal production increases, with prices on October 26 from $1.05 to $1.10 per barrel on fuel oil, and from 3 to 3¼ cents on gas oil.

ELECTRIC ENERGY

September production of electric power by eight central station companies in the district was 363 million K.W., an increase of 0.2 per cent over August. That the increase is not larger may be accounted for by the shorter month since the daily production of these stations increased 3.6 per cent over daily production in August. An increase of 19.8 per cent is shown when compared with September a year ago. The average load factor decreased from 55.6 per cent in August to 54.5 per cent in September, while a year ago at this time it was at 55.3 per cent.

The shorter month and a holiday caused the total sales of electric power for industrial purposes to decrease 2.6 per cent in September from those of August but an increase is shown in the daily sales amounting to 5.2 per cent. Increased activity in the industries of the district is reflected in the increase of 30.4 per cent in sales during September over those of a year ago; also in the number of industrial users which increased 8.1 per cent in the same period. Very little change is shown in the number of industrial users compared with August.

ELECTRIC ENERGY IN THE DISTRICT FOR AUGUST*

	Number Reporting	August 1922	Per Cent Change from July 1922	Per Cent Change from August 1921
Plant Capacity (K. W.)	10	1,588,375	0.0	+2.7
Plant Output (K. W. H.)	10	482,222,285	+3.3	+16.7
Peakload (K. W.)	10	1,161,203	+2.5	+18.9
Number of Industrial Users	11	65,561	+1.1	+11.5
Connected Industrial Load (H. P.)	8	948,549	+0.7	+13.2
Sales to Industrial Users (K. W. H.)	11	199,020,658	+5.7	+34.0

*Complete September comparisons not available.

MANUFACTURING ACTIVITIES AND OUTPUT

AUTOMOBILES

Production of both passenger cars and trucks fell off sharply during September. A part of the decrease from August was because of the shorter month, in which there was a holiday, and the temporary shutting down of the Ford factories. In addition to these factors, however, there was seasonal curtailment of schedules by some companies. Manufacturers, reporting through the National Automobile Chamber of Commerce and direct to this bank, representing 99.2 per cent of total August production produced 186,151 passenger cars in September compared with 247,316 in August; a decrease of 24.7 per cent. In September last year there was a total production of 144,669 cars, a decrease of 13.7 per cent from August. Truck production decreased 22.8 per cent for manufacturers who built 18,353 trucks in September compared with 23,787 in August.

Price reductions were made by some companies in September and the first part of October.

Transportation facilities are reported inadequate to meet the demand; manufacturers are using driveaways and boat shipments where possible, but decreases from August are shown in all groups of shipments. Increases over last year, however, are very marked.

FACTORY SHIPPING FIGURES FOR ALL MANUFACTURERS*

	Carloads 1922	Carloads 1921	Driveaways 1922	Driveaways 1921	Boat 1922	Boat 1921
September	26,288†	19,002	30,322†	13,840	8,754†	2,959
August	32,814	20,758	36,754	15,218	10,096	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.
†September, 1922, partly estimated.

Shipments of casings by sixty-three companies, as reported by the Rubber Association of America, increased 12.4 per cent in August over July, and of inner tubes, 16.2 per cent. Production increased proportionately somewhat more than shipments, but owing to the excess of shipments over production, inventories were reduced.

IRON AND STEEL

Production of iron and steel continues to expand, although still handicapped by the transportation situation, which is affecting the coal supply. The active demand still continues; railroads have been heavy purchasers of track material, and there has been a modest revival in purchases of rolling stock. Production is well sold up to the end of the year; the trend of prices is slightly downward.

PIG IRON AND STEEL PRODUCTION IN GROSS TONS

	September 1922	August 1922	September 1921
Pig Iron Production			
Illinois and Indiana	346,380	342,363	171,380
United States	2,033,720	1,816,170*	985,529
Steel Ingot Production (Thirty companies)	2,373,779	2,214,582	1,174,740
†Unfilled Orders—United States Steel Corporation	6,691,607	5,950,105	4,560,670

*Revised figures.
†At close of month.

LAKE ORE STATISTICS THIS SEASON TO OCTOBER 1
In gross tons

	1922	1921
Shipments from Lake Superior	33,111,238	18,661,194
Receipts—Lake Erie Ports	23,902,450	13,078,054
Shipments from Lake Erie	16,103,472	9,569,727
On Hand at Lake Erie Docks, Oct. 1	9,028,708	9,661,365

STOVES AND FURNACES

Reports from stove and furnace manufacturers in the district show shipments seasonally larger in September than in August, and also exceeding a year ago. Orders were larger than in August, 1922, or September, 1921, and there was a seasonal decline in the amount of stocks on hand. The ratio to operating capacity was higher in September than in August and exceeded that of a year ago.

PERCENTAGE CHANGES IN SEPTEMBER FROM PREVIOUS MONTHS
Based on dollar values and compiled from direct reports to this bank

	Number of Firms	Aug. 1922	Number of Firms	Sept. 1921
Shipments	14	+23.9	14	+42.0
Orders	12	+55.9	12	+98.4
Stocks of finished goods on hand at end of month	11	—12.6	11	—27.2
Cancellations	8	+74.5	....	....

AGRICULTURAL MACHINERY

Reported September production and sales of agricultural implements show a seasonal decline in this district from August, although as a rule they were larger than a year ago. Sales of agricultural pumps in the district and in the United States were less in September than in August.

Because of the small income of farmers, especially the grain producers, manufacturers of agricultural machinery are conservative in planning their 1923 operating schedules, although the carry-over of machinery in the hands of manufacturers this season is less than that of a year ago.

RAW WOOL AND FINISHED WOOLENS

Because of the final settlement of the tariff question, there was a heavier buying of raw wool by manufacturers after the middle of September, hence total sales by reporting dealers in this district showed a larger volume than for the previous month. Receipts and shipments of raw wool at Chicago were more in September than in August, although considerably below those of a year ago.

The large stocks of bonded wool which became available at the time the new permanent tariff went into effect have not affected prices to any extent. The price trend of all wool is upward and is most noticeable on grades up to one-half blood, marked advances being made on the medium grades. Reports to this bank by manufacturers of wool and woolens in this district show that the weather in September has had a tendency to stimulate sales of woolen and worsted goods, and prices are firming up because of the advance in raw wool.

SHOE MANUFACTURING, TANNING AND HIDES

Production and shipment of shoes showed considerable decline in September compared with August, but both were larger than a year ago. September shipments, however, exceeded production by 10.9 per cent. Stocks on hand were more than a year ago, but less than for August, 1922.

PERCENTAGE CHANGES IN SEPTEMBER FROM PREVIOUS MONTHS

Based on pairs and compiled from direct reports to this bank

	Number of firms	Aug. 1922	Number of firms	Sept. 1921
Production	37	— 1.2	33	+37.6
Shipments	35	— 6.7	31	+28.1
Stocks on hand at end of month	25	—11.5	18	+16.3
Unfilled orders on hand at end of month	24	+ 3.1*	17	+21.8

*For eleven firms unfilled orders were less than for the previous month.

Reports from tanning companies in the district show a nominal reduction in the volume of sales in September compared with August, which decrease was attributed to a resistance on the part of shoe retailers to the upward trend in leather prices; all reporting companies show a larger volume of sales than a year ago. Leather belting sales continued to show improvement in early October and many of the tanneries have reported improvement in general lines excepting shoe leathers.

Purchases of green hides by reporting tanneries in the district were slightly less in September than in August. The packer green hide market in Chicago was more active in September. Shipments of hides and skins from Chicago were more than in August; receipts were less. Chicago prices of green hides were firmer in September than in August. In the United States principal holdings of green hides and skins were less on September 1 than on August 1, the only exception being for sheep and lamb skins.

CLOTHING AND TAILORING INDUSTRY

Although the fall season in the ready-to-wear industry has practically been brought to a close, reports from manufacturers in this district indicate a considerable number of last-minute orders booked during the month of September. In most cases reporting firms show an increase of orders over August, and total orders for the season, while still considerably below the 1921 fall season level, are comparatively better than they have been for the past few months. Production and shipments, however, were somewhat below the August figures, largely on account of seasonal fluctuations.

Current figures for the Tailors-to-the-Trade industry reflect not only a marked seasonal activity at this time but also a substantial improvement in the industry as compared with conditions a year ago. September orders were over 48 per cent in excess of those booked in August and practically 46 per cent more than a year ago, with corresponding gains in production and shipments.

PERCENTAGE CHANGES IN READY-TO-WEAR CLOTHING

Number of firms reporting	5
Orders for fall from opening of season through September compared with orders during a similar period of time for last year's fall season	—10.4
Number of suits made as compared with—	
(a) August, 1922	—31.7
(b) September, 1921	—19.9
*Number of suits shipped as compared with—	
(a) August, 1922	—14.6
(b) September, 1921	— 5.5

PERCENTAGE CHANGES IN TAILORS-TO-THE-TRADE

Number of firms reporting	8
Orders for suits compared with—	
(a) August, 1922	+48.4
(b) September, 1921	+46.3
Number of suits made as compared with—	
(a) August, 1922	+49.5
(b) September, 1921	+47.6
Number of suits shipped as compared with—	
(a) August, 1922	+47.0
(b) September, 1921	+47.0

*Four firms.

FURNITURE

The steady improvement shown in the furniture manufacturing industry during the last few months is again evidenced in current reports received from thirty-five manufacturers in this district. Orders booked during September were 18 per cent greater in value than those of August, while shipments increased about 2 per cent. Returns for the country as a whole indicate an even larger increase in orders than that shown for the district. There is a good demand for the medium and better grades of furniture, but some manufacturers are experiencing difficulty in obtaining raw materials at this time. Collections improved somewhat during the month.

PERCENTAGE CHANGES IN MOVEMENT OF FURNITURE

	District September 1922	District Change from August	United States September 1922	United States Change from August
Number reporting*	35	....	91	....
Orders	$2,269,251	+18.4	$4,565,379	+26.3
Shipments	1,853,786	+ 2.2	3,465,421	+ 6.4
Cancellations	59,255	+ 0.7	107,200	+ 5.9
Unfilled orders, October 1	2,899,058	....	5,266,967	....
Production percentage of normal	84.6	....	87.5	....

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

September orders of seventeen manufacturers in this district reporting to this bank were 27.3 per cent greater than in September, 1921, while shipments increased 13.0 per cent and unfilled orders declined 2.0 per cent.

BOXES AND CONTAINERS

Although September production figures for the box and container industry indicate a slight drop from the August level, the decline may be accounted for almost entirely by the shorter working time durin the month of September. Fourteen manufacturers reporting to this bank averaged 83.9 per cent of ordinary capacity during the month, which was the same capacity averaged during August by these firms. September sales show a slight improvement over those of the preceding month, while both sales and production were substantially larger than in the corresponding period a year ago. Below are percentage comparisons of September with August, 1922, and September, 1921.

	Number Reporting	August 1922	September 1921
Sales in dollars	14	+ 4.3	+46.0
Box board consumption	8	+ 0.2	+24.3
Lumber consumption	3	—17.8	+13.8

PAPER INDUSTRY

Sales during the month by five out of seven wholesalers in the district gained over both September, 1921, and August, 1922. In general, dealers are carrying heavier stocks than a year ago.

The American Paper and Pulp Association reports favorable conditions in the paper industry as a whole, with increased orders and advancing prices.

September news print production for the United States was 125,402 tons; shipments were 126,494 tons and stocks at the end of the month were 18,810 tons.

BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

CEMENT

Cement plants of the district are again producing at a heavy rate after a curtailment of two months. The chief difficulty in this as well as in the brick and other building material industries lies in their inability to secure the necessary cars for shipments. Local yards have been busy supplying an active demand and their stocks are low. Prices have held steady since the advances made in August.

The Geological Survey report for September, covering conditions throughout the United States, shows the first declines that have taken place in either production or shipments of cement this year. Production from August to September fell off 2 per cent and shipments, 13.4 per cent. Stocks have decreased steadily since April; the reduction during September was about 18 per cent.

LUMBER

Reports from lumber dealers of the district indicate a slight falling off in sales for September. Customers are buying conservatively and do not seem anxious to carry any more stock than necessary in their inventories at the close of the year. While the demand for flooring and interior finish is still active, lumber requirements for general construction work have fallen off. An increase in demand from railroads and equipment companies has been noticeable. Several Chicago firms report that the car shortage was felt more seriously in September than in August, outbound as well as inbound shipments having been delayed, while other district reports found a distinct improvement in the situation during the latter part of September. Receipts of lumber at Chicago increased 9.5 per cent and shipments decreased 3.3 per cent, leaving net receipts 24.7 per cent larger than for August. Prices as a whole remained stable during September although some advances were made by manufacturers of yellow pine and in some instances by wholesalers in adjusting themselves to earlier increases.

BRICK

A slackening in the demand for brick has been in evidence since the latter part of August, reflecting the general slowing down in the volume of new construction work. With deliveries of previous sales retarded by lack of railroad facilities, unfilled orders are still large and greatly in excess of stocks on hand. The car situation seems no easier than in August; one company reports that for the products manufactured in September, 40 per cent of the required cars were provided by the railroads, 16 per cent of the output was delivered by trucks, and the remaining 44 per cent had to be placed in stock. This renders the supply at many consuming points low, even though production has gained appreciably in volume and stocks are accumulating at many of the plants. Some of these plants, with sheds fully stocked and facing the possible cancellation of orders unless they can be filled before winter sets in, are again on the point of suspending operations.

CONTRACTS AND PERMITS

While a large volume of building is moving towards completion, the volume of new construction work is slowing down. Contracts awarded within the district during September totaled $62,219,681, a slight recovery from the heavy slump shown by the August figures, and about 50 per cent larger than the valuation for September, 1921. Residential building fell off by 20 per cent, a decline which brought this class down to a little less than one-fourth the valuation of total building for the month, the ratio which it held in July. Total awards for Michigan and Illinois showed increases over the previous month while those for Indiana and Wisconsin fell off considerably and for Iowa to a less extent.

Permit figures are irregular; almost as many cities show increases as decreases in the comparison of valuations with those of the previous month. The heavy decreases shown by Chicago and Detroit affected the average of the reporting cities so that a decline of 20 per cent is shown for all of them. Without these two cities, there would have been a decrease of 2.5 per cent.

PERMITS AND COST OF BUILDING CONSTRUCTION

	September, 1922		Per Cent Change from			
		Estimated	August, 1922		September, 1921	
	Permits	Cost	Permits	Cost	Permits	Cost
Chicago	987	$12,268,100	— 5.8	—31.5	+ 0.2	+ 0.1
Ind'apolis	1,163	1,928,956	— 9.9	— 7.0	+15.1	+32.4
Des Moines....	127	593,645	—10.6	+56.1	—10.6	+24.9
Detroit	2,444	10,014,311	— 7.7	—23.6	+36.0	+72.8
Milwaukee	3,572	2,648,083	— 2.4	+ 2.2	+16.1	+35.3
39 other cities	4,255	7,945,458	— 0.9	— 5.4	+11.5	— 3.3
Total	12,548	35,398,553	— 4.1	—20.4	+15.8	+17.4

MERCHANDISING CONDITIONS

WHOLESALE TRADE

Of ninety-eight wholesalers reporting September sales to this bank, sixty-three made gains over a year ago. In groups according to commodity the proportion of firms showing increases ranges from 62.5 per cent for groceries to 87.5 for auto accessories. Shoe sales fell off from 1921, but compared with August this group made the most general, as well as largest gain.

The increase in hardware business, usual at this season, is reflected by six of the returns and by letters from additional firms. Most of these report the upward trend of prices continuing and spreading to more commodities. Several are experiencing difficulty in having their orders promptly shipped on account of scarcity of stocks and slow transportation.

Sales by auto accessory dealers with one exception are all ahead of 1921. For most of the firms collections are heavier than last month or September, 1921, and are larger than current sales. Accounts still outstanding, however, average business for a month and a half.

Drug dealers seem to be expecting an active fall trade and dry goods firms in general also report conditions improving.

Grocery returns are erratic, the majority showing gains over 1921, but half showing increases and half, decreases, when compared with last month. The accompanying chart shows a large reduction in stocks since January, 1921, for wholesale grocers reporting to this bank, and a largely reduced ratio of stocks to sales. The ratios given are based on dollar amounts and when comparisons are made changes in prices as well as adjustments of inventories are factors.

		Net Sales—Change from	
Merchandise	Number	Aug., 1922	Sept., 1921
Groceries	40	+ 5.9	+ 4.7
Hardware	17	— 0.5	+18.1
Drugs	13	+ 0.2	+ 2.8
Dry Goods	10	+ 6.8	+ 2.3
Shoes	10	+24.3	— 7.7
Auto Accessories	8	—16.3	+61.8

CHAIN STORE SALES

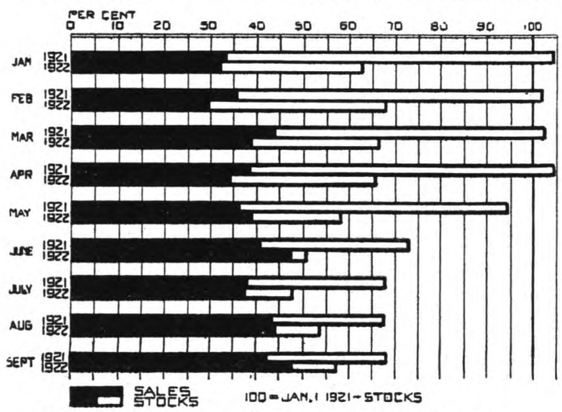
New records in monthly sales were made by three chain stores reporting to this bank. For four others sales were the heaviest in several months, and an eighth, although below last month, showed a gain over 1921.

RETAIL TRADE

September returns from sixty-seven department stores reflect encouraging conditions in the retail trade of this district. The gain over a year ago aggregating 15 per cent is twice as large as last month's increase, and is more general among individual stores. Despite fewer business days in the month, September sales were ahead of August by nearly 25 per cent, which is seven points higher than the corresponding seasonal gain of 1921.

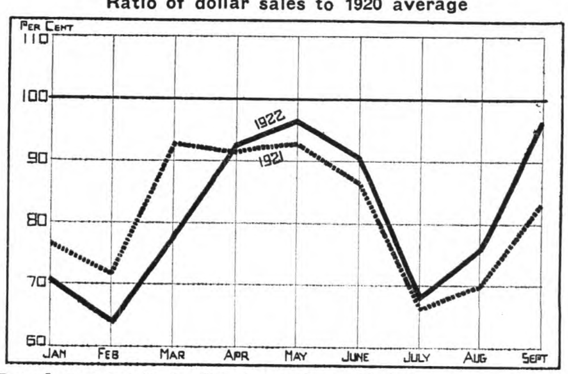
For the district as a whole, stocks on hand October 1 average to cover ninety days' business with the larger stores carrying the smaller surplus. The tendency noted last month to stock up is evident again in the increases of all but four firms. Compared with a year ago, higher inventories are reported by more dealers than in previous months. Accounts outstanding August 31 on the majority of

SALES AND STOCKS—WHOLESALE GROCERIES



Source—Reports of 13 wholesalers to this bank.

RETAIL TRADE—SEVENTH DISTRICT
Ratio of dollar sales to 1920 average



Based on reports to this bank from 64 department stores.

returns were heavier than in 1921, but were offset by increased collections.

	Number	Net Sales, Change from August 1922	Net Sales, Change from September 1921	Stocks Change from August 1922	Stocks Change from September 1921	**Turn-over rate
Chicago	11	— 6.7	+ 0.6	+6.9*	+1.2*	3.9*
Detroit	6	+36.8	+28.2	—5.1†	—2.7†	3.6†
Des Moines....	3	+23.1	+ 8.6	+5.7	+3.5	3.8
Indianapolis ..	3	+35.7	+10.6	....	....	......
Milwaukee	4	+15.7	+ 4.6	+2.5	—3.5	1.8
Outside	40	+17.8	+ 5.2	+8.1‡	—5.9‡	2.0‡
District	67	+24.9	+15.2	+2.7§	—2.5§	2.8§

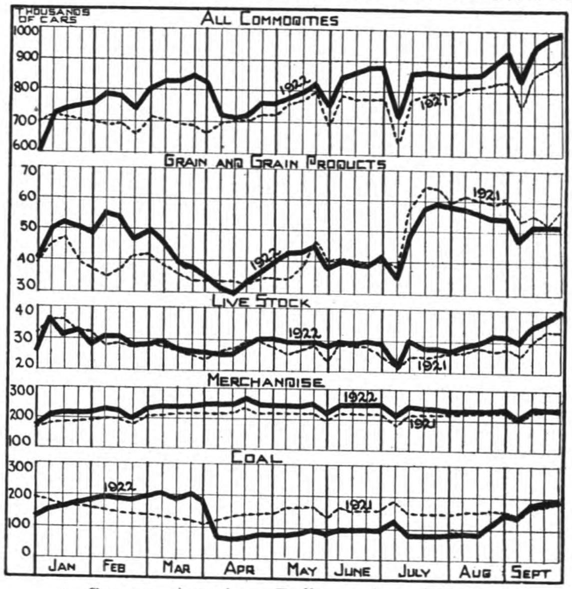
*9 firms; † 5; ‡ 34; § 57.
**Period, July to September, inclusive.

TRANSPORTATION CONDITIONS

The total number of freight cars loaded throughout the United States during September was considerably larger than in the previous month, or in September, 1921. This feature is of importance considering the shortages of freight cars. From September 15 to September 23 the number of requests which could not be filled averaged 107,666 cars, compared with 67,899 for the first week in September, in which period the car shortage exceeded the surplus for the first time since 1920.

The loadings of live stock are in excess of any records of the last five years for the month of September, while grain and grain products show a decided decrease.

WEEKLY FREIGHT CARLOADINGS—UNITED STATES



Source—American Railway Association.

BUSINESS REPORTING UNDER THE FEDERAL RESERVE SYSTEM

In solving the problem of how best to serve the business elements of the country the Federal Reserve Board found it necessary to accumulate more definite information than was available relative to trends in various lines of activity, information which would indicate the probable requirements in the volume of credit, in order that the Federal Reserve banks could be prepared to meet all legitimate demands that business might make of the system through the member banks.

This need has resulted in the systematic gathering of data of such value that the Board felt justified in authorizing the Federal Reserve banks to publish monthly reviews which are distributed to member banks and to business men requesting them as a means of acquainting the public with the trends in various lines of business activity. This was undertaken through the creation of a statistical and analytical department in each of the twelve Federal Reserve banks to co-operate with the Division of Analysis and Research of the Federal Reserve Board.

Naturally, each department engaged in this business reporting service concentrated its effort on a close study of agricultural, industrial, and financial conditions in its own district. This is being done in the most direct manner possible, that is, by *monthly* reports and statistics supplied by the business men themselves. These reports collected and tabulated in each of the districts furnish a timely and definite mass of information, much of it statistics of a confidential character which are used only when combined with other similar data, in keeping the Board informed of the trends and conditions of industry within each particular district.

Thus, from the farmers and business men of the country comes the information which guides the Federal Reserve Board and the twelve Federal Reserve banks in serving the credit needs of the nation. The service and original work involved in the preparation of this monthly report has necessitated the employment of a staff of analysts in each of the Reserve banks.

Acting under the direction of the chairman of the bank, the Statistical and Analytical Department of the Federal Reserve Bank of Chicago solicits confidential information from all lines of industry in the district; the results are analyzed, evaluated, compared, and reports written containing the facts and outstanding features of the month. There has been developed through this contact a valuable co-operation between the business men of each district and the bank, which has proved of mutual benefit to member banks and to all interested individual business men in the close study of economic conditions.

Another phase of the work of this Statistical and Analytical Department is the collection each week of a condensed statement of conditions of 109 selected member banks, representing 64 per cent of member bank resources and more than 40 per cent of the total banking resources of the district. This data is compiled in three groups, the member banks of Chicago, the Federal Reserve city; those of Detroit, the branch city, and other selected cities, including all the Reserve cities. This work carried on in all districts gives the board reliable banking statistics of the country within a week.