

BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

VOLUME 6, NUMBER 2

CHICAGO, FEBRUARY 1, 1923

BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION and prices remained relatively constant in December, while trade and credit showed the usual increases in the holiday season, followed by declines in January.

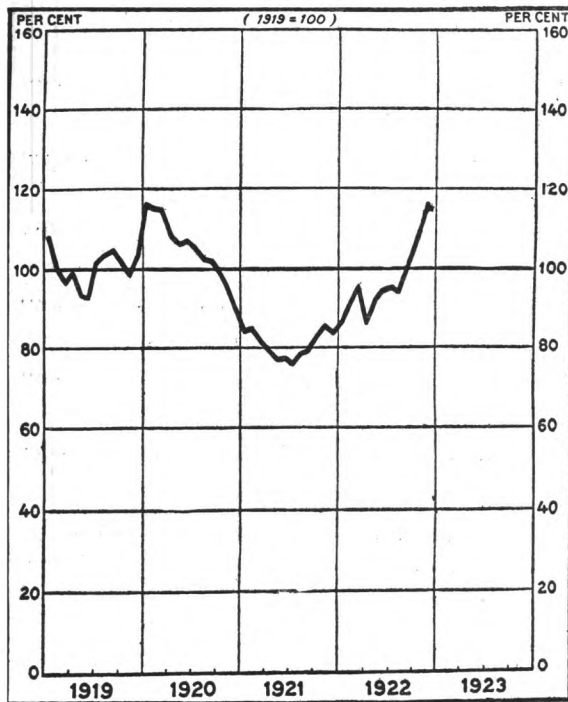
PRODUCTION. Basic industries, after rising rapidly since last August, showed a slight recession in December, though production was maintained at a level near the peak of 1920. The output of pig iron and coal continued to increase, but the production of certain other commodities, particularly of cotton

textiles and flour, showed declines. In southern districts the building industry continued active and in all parts of the country much new construction was projected.

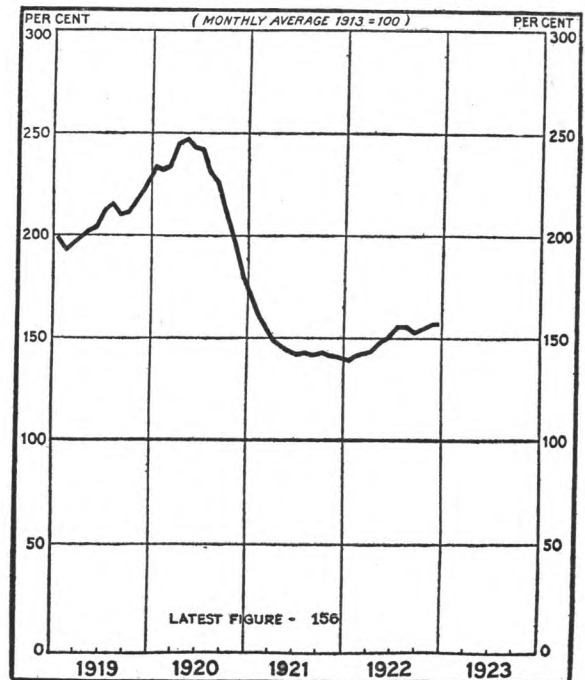
Railroad traffic continued heavier than a year ago, though the seasonal decline in carloadings and the reduction in bad order cars partially relieved freight congestion.

Employment at industrial establishments made a further advance in December, accompanied by wage increases in certain industries. Some shortage of labor in the eastern districts

INDEX OF PRODUCTION IN BASIC INDUSTRIES
Combination of 22 Individual Series
Corrected for Seasonal Variation



PRICES
INDEX NUMBER OF WHOLESALE PRICES
U. S. Bureau of Labor Statistics



Base adopted by Bureau of Labor Statistics

COMPILED JANUARY 27, 1923

was still reported, but in the Pacific states a substantial surplus of unskilled labor was indicated.

WHOLESALE PRICES. The general level of wholesale prices remained unchanged in December. Among various groups of commodities the price tendencies of recent months were continued. Prices of farm products, cloth, chemicals, and house furnishings registered further increases, while fuel and metal prices continued to decline.

During January a number of basic commodities advanced in price, and cotton, rubber, and lead rose to the highest points since 1920.

TRADE. Wholesale trade in most reporting lines showed a seasonal decline during December, but was considerably larger than a year ago. Farm implement dealers, however, reported larger sales than in November, and more than doubled their December, 1921, business. Retail sales of reporting stores during December reached the largest volume in the last four years.

BANK CREDIT. Dividend and interest payments and the disbursement of Government funds in connection with the redemption of Victory notes and

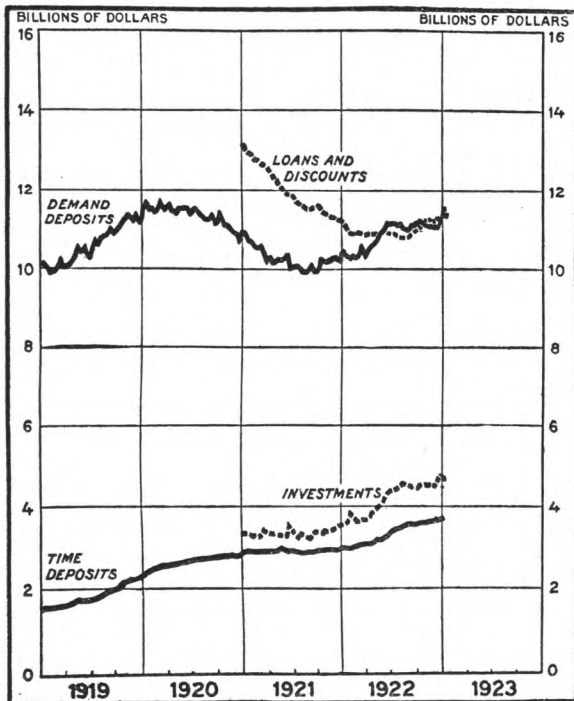
war savings certificates, together with the usual decline in the demand for currency after the holiday season, were attended by a large increase in the volume of new security issues and by somewhat easier money conditions. Open market commercial paper rates in financial centers which were $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent in December declined to $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent in January.

Member banks in leading cities reported an increase in demand deposits, an important factor in which was the usual seasonal flow of funds from country districts to financial centers. While the volume of loans on stocks and bonds decreased in the first two weeks of January there was a somewhat larger increase in the investments owned by the banks.

At the Federal Reserve banks the principal change between December 20 and January 24 was a reduction of \$230,000,000 in Federal Reserve note circulation caused by the seasonal decline in currency requirements. Reserves increased \$65,000,000, while earning assets declined \$171,000,000. These changes are similar to developments during the same period a year ago, although the decline in earning assets was less than last year.

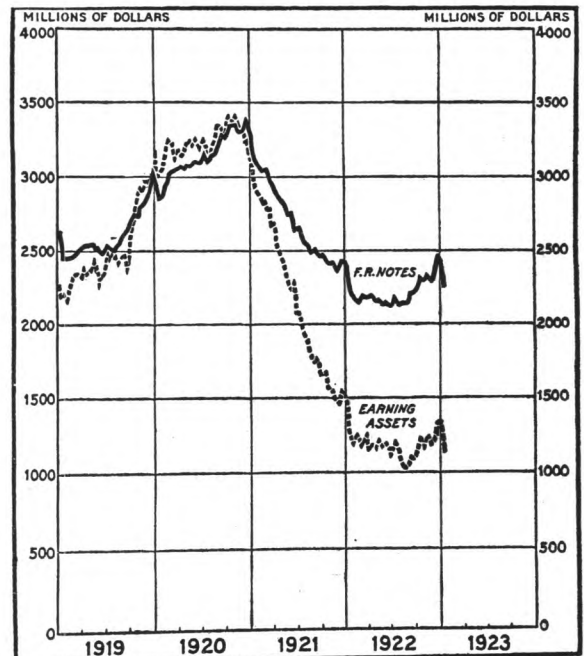
BANK CREDIT

800 Member Banks in Leading Cities



BANK CREDIT

All Federal Reserve Banks



BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

DECEMBER business in the Seventh Federal Reserve District was characterized not only by a large holiday trade but by smaller seasonal declines than last year in several branches of production and primary distribution.

For the year as a whole, comparisons with 1921 are very encouraging largely on account of improvement during the latter part of 1922. Employment, especially, is in a much better position than last year, most of the manufacturing industries having made important gains. Building operations continued later than usual because of the propitious weather conditions. Merchandising as reflected by total sales of department stores, mail order houses, and several groups of wholesalers, is well in advance of 1921. Carloadings also are ahead of the previous year by several million cars.

Banking during December was affected by government financing operations and by the holiday trade. The former resulted in increased government deposits and both contributed to gains in individual deposits. The holiday trade and year-end financing are reflected in the largest debits to individual accounts at clearing house banks since December, 1920, and in marked increase of Federal Reserve note circulation, the latter showing reductions after the first of the year.

MONEY AND BANKING

The large volume of holiday trade stimulated payments and as a result merchandise credits were reduced at the turn of the year. Trade was reported very heavy in all parts of the district and, in some cases, the largest ever experienced, indicating a large buying power with a disposition to exercise it.

In the agricultural sections funds have been furnished by the seasonal marketing of farm products. This includes cattle on short feed; spring hogs, which have been going to market in considerable numbers; and also the movement of grain which has been heavier than usual at this season of the year, partly on account of the inability to ship in the earlier months.

Although there was little noticeable change in credit conditions at banks during December, the turn of the year was made under much more favorable conditions than the year previous. The thawing out of frozen credits during the year has resulted in a better general banking condition than has existed for three years. Not only is improvement shown in actual conditions, but also the more optimistic sentiment which appeared during the year has resulted in increased confidence in making conservative commitments.

The customary discount rate charged customers, reported by Chicago banks in the thirty-day period ending January 15, was 5 to 5½ per cent, showing no change from the preceding thirty days; rates ranged,

however, between 4¾ and 6 per cent, compared with 5 and 5½ per cent in the preceding period.

While the number of commercial failures in this district during the month of December was only slightly in excess of the November figure, the total indebtedness involved was more than 50 per cent greater. An upward trend is also noticeable in figures for the country as a whole, though not so marked.

COMMERCIAL PAPER AND ACCEPTANCES

The range in selling rates on commercial paper during December, as reported to this bank by eight dealers in the district, was from 4¾ to 5¾ per cent, a decrease of one-quarter of one per cent from November; however, the 4¾ per cent rate was reported by only one dealer. The prevailing rates reported were 4½ to 5 per cent during the month, although the majority of sales were at the 4¾ per cent rate. Four dealers report that selling rates showed an easing tendency the first week in January.

Sales of commercial paper decreased during December compared with November, but a rather large gain was made compared with a year ago. Five of the eight dealers reporting show increased sales for December over November and all show increases over a year ago. The supply of paper varied, with one dealer reporting it limited, and others reporting a moderate to increasing supply. The demand for paper was moderate, increasing the first week of January.

Except for considerable increase in sales, there was little change from November in transactions in bankers' acceptances during December, as indicated by reports to this bank from twenty-seven banks in the district; bills accepted increased while bills bought decreased slightly. In December, 1921, bills accepted, bought, and sold showed decreases from November. Twelve banks report no transactions in bankers' acceptances.

Purchase rates during the month were 4 and 4¾ per cent showing no change from the previous month. The distribution of bills purchased according to maturities was: 30-day, 16.6 per cent; 60-day, 36.2 per cent; 90-day, 44.0 per cent; and 180-day, 3.2 per cent. Commodities against which bills were reported drawn were: grain, provisions, meats, coffee, raisins, agricultural implements, and miscellaneous merchandise.

Bankers' acceptances purchased by this bank during December amounted to twenty-two million, an increase of seven million from November; while sales from holdings decreased from nine million in November to eight million in December. Bills held at the close of December increased two million over those held at the close of November.

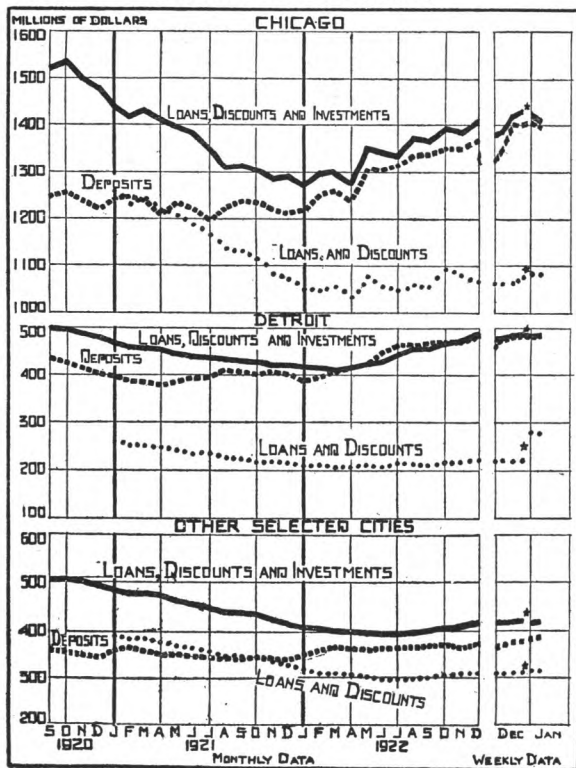
Open bill market operations as reported to this bank by six dealers in the district indicate greater

activity in the four-week period ended January 13 than in the five-week period ended December 16. The average weekly purchases of bankers' acceptances increased from \$2,453,000 to \$3,472,000 in the period under review, while average weekly sales amounting to \$3,755,000 were \$1,031,000 greater than in the preceding period. Bills held at the close of the period increased slightly from those held at the close of the period ended December 16. Sales to the reserve bank were 17 per cent of the total sales; the average weekly sales to other banks were again double those of the preceding period.

MEMBER BANKS IN THE DISTRICT

Considerable increase was shown in deposits at reporting member banks of the district during December, although a large part of this increase was due to government deposits resulting from government financing the middle of the month. Loans and discounts decreased from those of November in Chicago, while at Detroit and other selected cities increases were shown. Investment holdings increased in all groups of cities, the most marked increase being in the holding of government securities following the period of government financing. Time and demand deposits increased markedly in all groups of cities the first part of January, although the increase was largely offset by withdrawal of government deposits.

REPORTING MEMBER BANKS, SEVENTH DISTRICT
COMPARATIVE POSITION



Monthly data are averages of weekly figures.
*Loans and discounts, beginning January 3, 1923, not entirely comparable with previous data on account of change in form of reports.

JOINT STOCK AND FEDERAL LAND BANKS

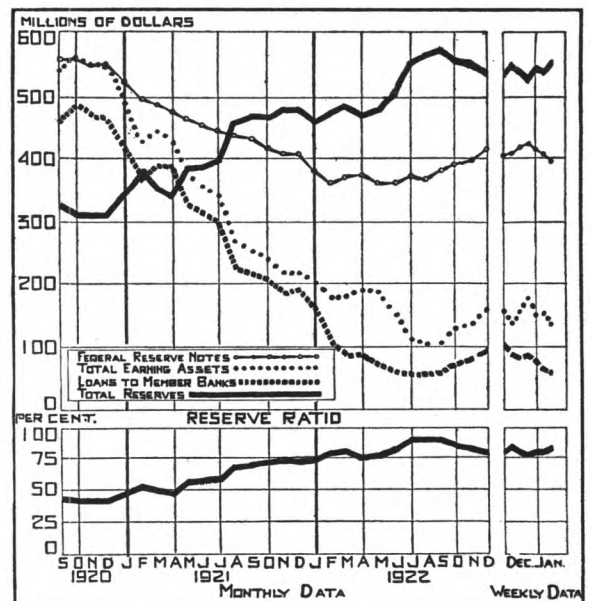
Accommodation extended by Joint Stock and Federal Land banks has shown steady increase during the year. Loans outstanding made by Joint Stock Land banks in the five states lying largely in this district were \$91,642,000 on December 31, 1922, compared with \$88,311,000 on November 30, 1922, and \$45,193,000 on December 31, 1921; while those made by Federal Land banks were \$94,830,000 on December 31, 1922, compared with \$92,899,000 and \$66,882,000 for the preceding month and year, respectively.

POSITION OF THE RESERVE BANK

Federal Reserve notes in circulation continued to increase during December, reflecting the holiday demand for currency. Loans to member banks averaged higher in December than in November, although the amount at the end of the month was less than at the beginning. Cash reserves fluctuated considerably, but averaged about ten million dollars less in December than in November. The ratio of cash reserves to deposit and Federal Reserve note liabilities averaged 78.7 per cent compared with 82.9 per cent in November.

During the first part of January there were marked decreases in Federal Reserve notes and loans to member banks.

FEDERAL RESERVE BANK OF CHICAGO
COMPARATIVE POSITION



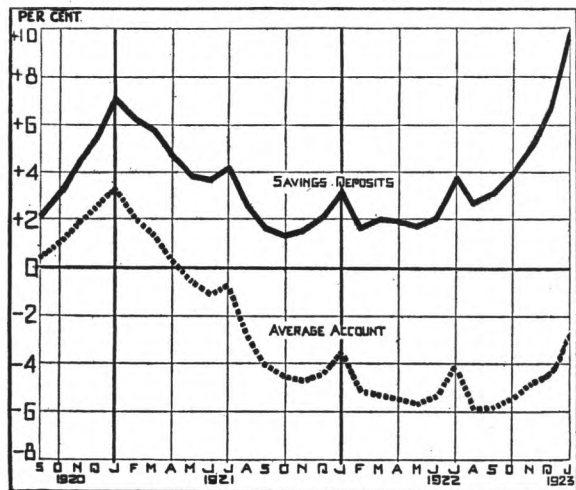
Monthly data are daily averages; weekly data are those of statements published each week.

SAVINGS ACCOUNTS AND DEPOSITS

The crediting of semi-annual interest, and of proceeds from the redemption of Victory notes on December 15, and of War Savings Stamps on January 1, were large factors in the substantial gain in savings deposits on January 1, shown by banks in the district reporting direct to this bank. The gain over

last year while affected in extent by the large increase at Michigan banks, was general throughout the district. The average account on January 1 also shows a marked increase over the preceding month, but the increase over a year ago is somewhat smaller. On January 1 in both 1921 and 1922 increases were also shown but smaller than this year. Other reasons given for increased savings deposits were the transferring of Christmas Club funds to savings, and general improvement in business conditions. Some banks reported withdrawals for holiday expenditures.

SAVINGS COMPARED WITH 1920 AVERAGE



Data as of the first of each month.

DEBITS TO INDIVIDUAL ACCOUNTS

The increase in debits to individual accounts at clearing house banks in the district reflects the large volume of holiday trade. December debits were the largest of any month since December, 1920, and debits for the week ended January 3 were the largest of any week since October 20, 1920. The December increase for the four largest centers was 14.0 per cent over November and 9.6 per cent over December, 1921; while in the twenty smaller centers the increases over the preceding month and year were 13.0 and 12.5 per cent, respectively.

Beginning with February, in the four largest centers, and with May, in the twenty other centers, the volume of debits for each month of 1922 has been larger than that for the corresponding month in 1921; but has been less than in 1920 for every month of the

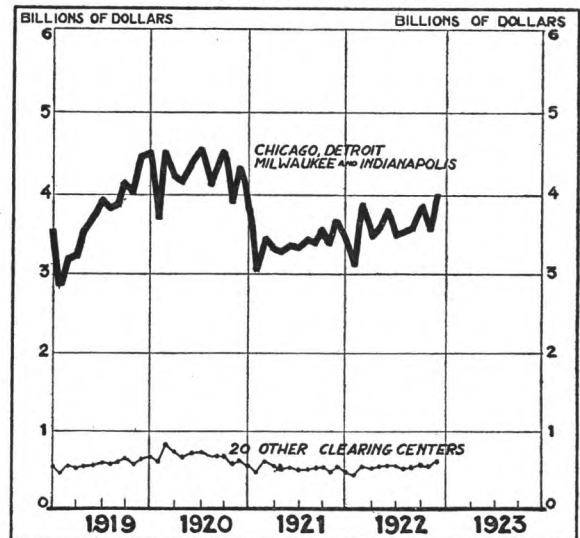
AGRICULTURAL PRODUCTION AND CONDITIONS

The government live stock report, just made public, shows an increase over a year ago in the amount of live stock on the farms in the United States; the estimates were:

	JANUARY 1, 1923	JANUARY 1, 1922
Hogs	63,424,000	57,834,000
Sheep	37,209,000	36,327,000
Milk Cows	24,429,000	24,082,000
Other Cattle	41,923,000	41,550,000
Horses	18,853,000	19,056,000
Mules	5,506,000	5,467,000

year in both groups of centers, except for a slight increase in December for the smaller cities. In the four largest centers the volume for the year 1922 was 5.7 per cent more than for 1921 and 15.7 per cent less than for 1920; while in the twenty other centers it was 2.4 per cent more than 1921 and 20.6 per cent less than 1920.

VOLUME OF PAYMENT BY CHECK Checks Drawn on Clearing House Banks, Seventh Federal Reserve District



Figures used are estimates for calendar months based on weekly reports to this bank.

BONDS AND INVESTMENTS

The December investment market displayed the usual seasonal dullness. Public utility and high-grade industrial issues were in fair demand; municipal bonds remained inactive until the end of the month when they showed a little strength with slightly advancing prices; and demand for tax exempt securities increased. Foreign bonds have been particularly weak. The bond market responded early in January to the additional funds made available by the January disbursements.

Subscriptions to the issue of 4½ per cent United States Treasury notes dated January 15 were considerably in excess of the quota for the district. The quota for cash subscriptions was \$42,000,000 and subscriptions were received amounting to \$65,000,000, of which approximately \$50,000,000 was allotted.

The number of litters of pigs farrowed in the United States during the fall of 1922 was 18.8 per cent more than in the previous autumn, according to a survey made by the Department of Agriculture, in co-operation with rural mail carriers. For the eleven corn belt states the increase was 27.8 per cent.

The American, Canadian, and British visible supply of wheat was 190,559,000 bushels on January 6, 1923, compared with 190,545,000 bushels on December 2, 1922, and 178,297,000 a year ago.

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, January 13, 1923. Figures supplied by the Secretary of the Chicago Board of Trade.

		In thousands of bushels.				
		WHEAT	CORN	OATS	RYE	BARLEY
JANUARY 13, 1923						
Warehouses and Afloat	40,193	18,816	31,116	10,772	3,248	
Bonded	29,722		3,019	2,894	1,668	
DECEMBER 9, 1922						
Warehouses and Afloat	33,516	11,336	32,130	8,713	2,791	
Bonded	28,739		1,769	1,527	1,473	
JANUARY 12, 1922						
Warehouses and Afloat	46,398	24,259	67,231	7,028	2,621	
Bonded	21,065		1,067	1,335	621	

GRAIN MARKETING

A larger movement of grain from country elevators to primary markets in December and a decrease in shipments from these markets have permitted a nominal increase in the stocks at terminals. Receipts of oats were not quite so large as in the previous month. Primary market receipts and shipments of wheat and oats were more than a year ago, but corn declined. All grain prices were firmer at Chicago during December than in November, but a slight decline took place the first week in January.

CHICAGO SHIPMENTS OF FLOUR AND GRAIN

	In thousands					
	FLOUR BBLs.	WHEAT BU.	CORN BU.	OATS BU.	RYE BU.	BARLEY BU.
December, 1922	1,054	1,785	5,121	4,847	727	304
November, 1922	1,341	2,393	6,205	7,292	708	373
December, 1921	638	724	6,311	4,448	538	242

FLOUR PRODUCTION

The usual holiday curtailment of operations during December is evidenced in reports submitted to this bank by thirty-eight millers in the district, although there is again an increase compared with a year ago. The total yearly production of flour at thirty-seven of these mills increased approximately 12 per cent for 1922 compared with 1921.

	PRODUCTION DECEMBER 1922	PER CENT CHANGE FROM NOVEMBER DECEMBER 1922	
		1922	1921
Wheat flour (bbls.)	304,535	-24.5	+ 8.5
All other flour (bbls.)	28,990	-27.9	+19.9
Total (bbls.)	333,525	-24.8	+ 9.4

The operating ratio of these mills—based on a 24-hour working day—was 46.6 per cent during December, compared with 62.0 per cent in the preceding month and 41.0 per cent in December, 1921.

Sales of flour in barrels at ten mills decreased 17.1 per cent during the month, while dollar sales decreased 13.0 per cent; at the same mills production showed a decrease of 23.3 per cent. The stocks of flour on hand at twenty-five mills on December 31, were 1.7 per cent less than those on hand November 29. Stocks of wheat increased 7.9 per cent during the month.

MOVEMENT OF LIVE STOCK

Movement of live stock showed the usual seasonal tendencies in December. Receipts and slaughter of cattle, calves, and sheep declined compared with November, but hogs increased. With the exception of sheep receipts and slaughter, which declined, all

live stock movements were greater than a year ago

SLAUGHTER IN DECEMBER

	CATTLE	HOGS	SHEEP	CALVES
Eight yards in district, December, 1922	215,125	1,157,392	236,450	103,096
Sixty-eight markets in the United States: December, 1922	688,946	3,361,854	820,705	305,333
November, 1922	778,823	2,917,935	880,648	359,230
December, 1921	495,130	2,147,287	803,824	246,931

Receipts, slaughter, and feeder shipments back to the farms in 1922 were in excess of those for 1921. Sheep receipts and slaughter showed a decline from the previous year.

AVERAGE PRICES OF LIVE STOCK

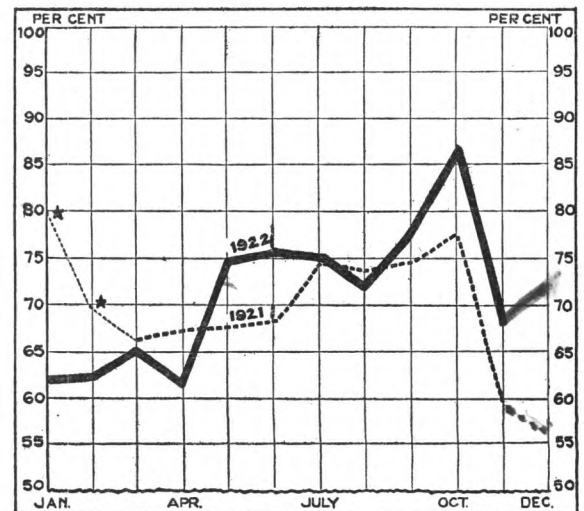
CLASS	Per hundred pounds at Chicago			
	WEEK ENDED JANUARY 13, 1923	MONTHS OF DECEMBER 1922	NOVEMBER 1922	DECEMBER 1921
Native Beef Steers (general average)	\$ 9.20	\$ 9.85	\$ 9.85	\$ 6.95
Fat Cows and Heifers	5.45	5.10	4.90	4.50
Canners and Cutters	3.20	3.10	3.10	2.30
Calves	10.65	9.55	9.40	8.70
Stockers and Feeders	6.75	6.30	6.30	5.75
Hogs	8.37	8.20	8.10	6.90
Sheep	7.38	7.35	7.05	4.60
Yearling Sheep	11.85	11.15	11.20	9.00
Lambs	13.77	14.20	14.10	10.10

MEATS AND PROVISIONS

Forty-seven meat packing companies in the United States, reporting direct to this bank, show a seasonal decline in total dollar sales of 0.1 per cent from November, but an increase of 17.4 per cent over a year ago. The steady improvement during the last half of the year over the corresponding period of 1921 overcame to a considerable extent the unfavorable comparison of the first half, so that total dollar sales for 1922 show little change from the previous year. The volume will show a slight variation from these figures because of price changes in the two years. Shipments of meats and lard from Chicago in December showed a small decline from November,

TOTAL SALES IN DOLLARS—40 MEAT PACKERS IN THE UNITED STATES

1919-1920-1921 Average Monthly Sales=100



*January, 1921—29 companies
*February, 1921—31 companies.

but were more than a year ago. Reports indicate a slight increase in number of factory employees for the entire United States.

Wholesale prices at Chicago, excepting for pork, which declined, showed little change from the previous month. Compared with prices a year ago, pork and mutton increased, but beef and veal were unchanged. Cold storage holdings of meats and lard in the United States on January 1, 1923, were seasonally more than in the previous month. Stocks on hand were larger than a year ago, but smaller than the five-year average.

Exporting companies reporting direct to this bank indicate that a larger volume of products was forwarded in December for export than in November. A large portion of the shipments were in fulfillment of straight sales. Continental demand for fats was exceptionally good in December, but English buying of American products was affected somewhat by the holiday period and the strong competition with Danish goods.

Prices abroad, although showing a slightly downward trend in the latter part of December, were in line with those in the United States.

INDUSTRIAL EMPLOYMENT CONDITIONS

Employment figures at the close of December for 273 manufacturing plants within the Seventh Federal Reserve District were markedly below those of a month earlier. The declines, 2.6 per cent in men and 5.0 per cent in payrolls, were, however, indicative of the curtailment incident to the holiday season and the customary inventory period rather than of a decrease in demand for labor. Many plants report that lay-offs and shut-downs necessary for repairs and inventories were of an unusually short duration and affected payroll and production figures more than the volume of employment, as in many cases the total number of men were retained on the records. At Detroit, where, according to the Employers' Association report, employment dropped off 7.4 per cent during the Christmas week, practically the whole of this loss was regained the first week of January.

Throughout the greater part of December, industrial labor as a whole was well employed. Iron and steel industries, represented by 65 concerns and an employment of 52,758 men, made a further gain of 1.2 per cent in employment. One of this group, the railway equipment industry, showed an increase also in payrolls for the month. Gains in both employment and payrolls were also made at railroad repair shops, and in the manufacture of chemicals, dyes, and paints. In lumber and millwork there was a noticeable increase, but in all other building materials, such as stone, cement, brick, and clay products, a seasonal curtailment was apparent. Seasonal declines were also in evidence in automobiles and accessories, electrical goods, confectionery and certain other food

BUTTER, CHEESE, EGGS, AND POULTRY

Production of butter* increased in December compared with November and a year ago. Sales of creamery butter by reporting companies in the district were also more than in the previous month or December, 1921. The Wisconsin output of cheese receded from November, but increased compared with a year ago. Receipts of butter and poultry increased at Chicago compared with the previous month or December, 1921; cheese and eggs declined.

The price of butter trended downward after the first week in the month, but the average for December was higher than in November. Cheese prices were higher than in the previous month; poultry declined.

Cold storage holdings of butter and eggs in the United States on January 1, 1923, showed a seasonal decline from the previous month, but butter holdings were less than 60 per cent of those for a year ago. Poultry holdings were considerably more than in the previous month, and only slightly less than a year ago.

*Based on direct reports to this bank by manufacturers in the district and on statistics furnished by the American Association of Creamery Butter Manufacturers and by the Iowa Butter Manufacturers' Association.

products, and to some extent in the shoe industry. A certain amount of unemployment has been caused by the influx of farm and road labor to the cities and by the slowing up of extensive building operations. State employment offices report an increase in the number of men looking for work; in Illinois a surplus of 16.6 men for each 100 jobs available was shown for December, as against 12.2 for November. A year ago this surplus was over a hundred per cent.

Yearly comparisons show important gains for practically all of the manufacturing industries. The greatest expansions have taken place in iron and steel industries, automobiles and accessories, and in construction work. Metals other than iron and steel, building materials, furniture, musical instruments, and boots and shoes, are other industries that have recovered to a large extent from the depression of a year ago.

LABOR REPORTS FROM FIRMS IN THE SEVENTH DISTRICT

	DISTRICT	CHICAGO
Number of firms reporting.....	273	59
Total number employed December 31, 1922....	182,473	65,470
Percentage change in number employed as compared with		
(a) the preceding month	- 2.6	- 3.1
(b) the same month a year ago.....	+28.5	+17.8
Percentage change in amount of payroll as compared with		
(a) the preceding month	- 5.0	- 2.2
(b) the same month a year ago.....	+26.3	+ 5.2
Percentage change in pay per man as compared with		
(a) the preceding month	- 2.5	+ 1.0
(b) the same month a year ago.....	- 1.7	-10.7
Percentage of production to ordinary capacity		
(a) December, 1922	75	75
(b) November, 1922	79	74
(c) December, 1921	57	62

FUEL AND POWER PRODUCTION

COAL

Bituminous coal production recovered early in January from the slump it had taken during the holiday season, and since the second week of the month production has been maintained at about the tonnage averaged during the latter part of November and early December. Nearly 11,000,000 tons were mined during the week ended January 20, as compared with the low level of 10,171,000 tons for the last week of December and the peak of 11,500,000 tons for the week ended December 9. Production figures now available for the calendar year 1922 show the effects of reduced mining operations during the strike, with a total output of only 407,909,000 tons of soft coal, a decline of approximately 28 per cent from the total for 1920. Conditions in the Illinois and Indiana fields also reflect the general lull in production during the latter part of December, but transportation continues to be the principal reason for limited output. While the operating time in Illinois has been slowly improving, Indiana mines are reported as working only about two days a week, and the present output of these grades is entirely absorbed by current consumption. Total production for Illinois during the month of December amounted to 7,335,530 tons, a decrease of 0.1 per cent from November.

Anthracite production also experienced a sharp decline during the last two weeks of 1922, dropping from the high level of 2,200,000 tons, reached on December 16, to 1,560,000 tons for the week ended December 30. The estimated output of 2,113,000 tons for the second week of January indicates a steady recovery, though not sufficient to meet the heavy demand for domestic grades. Final production figures for the year 1922 show a total of only 52,485,000 tons, as compared with 90,473,000 tons for 1921, a decrease of 42 per cent.

There has been no material increase in the demand for storage coal, although the uncertainty of an adequate supply after April 1 is bringing some inquiries into the market. Demand for immediate requirements continued steady during the latter part of December and early part of January, but was more marked because of the reduced offerings at that time. Later reports indicate a general weakening in steam grades, while domestic consumers are ordering more frequently, though not in large lots. Demand, espe-

cially in the east, for anthracite in domestic sizes is greater than the supply in all markets.

Prices took a sharp upward trend the latter part of December, due to a three-fold stimulus: colder weather, locomotive disability, and declining production; but with the increased mining activity early in January, prices softened somewhat and have been fluctuating with the car supply and the weather. Eastern coals are holding firm, while screenings are rather uncertain in all markets. December 25 spot (mine) prices on Illinois coal ranged from \$1.25 to \$5.50 per ton, while Western Kentucky was quoted at from \$1.75 to \$4.75. Eastern Kentucky ranged from \$3.50 to \$7.00 and Pocahontas from \$6.50 to \$9.00; anthracite remains at \$3.57 to \$12.00 per ton.

ELECTRICAL ENERGY

The aggregate output of eight central station companies in the district reporting direct to this bank, amounting to 477 million K. W. H., increased 6.0 per cent during December compared with November, although the average daily output increased only 2.5 per cent because of the longer month. An increase of 21.0 per cent was made over a year ago, the largest gain shown in figures available (since August). The load factor of these companies was 51.3 per cent during the month, compared with 51.5 per cent in November and 52.0 per cent a year ago.

The consumption of electric power by industrial power users decreased 3.5 per cent in December from November, but an increase of 40.4 per cent is shown when compared with a year ago. The average daily consumption during December increased 46.0 per cent over December a year ago, when there was one more working day. The number of industrial users increased at approximately the same rate as last month.

ELECTRIC ENERGY IN THE DISTRICT FOR NOVEMBER, 1922*

	NUMBER REPORTING	NOV. 1922	PER CENT CHANGE FROM	
			OCT. 1922	NOV. 1921
**Plant Capacity (K.W.).....	11	1,819,880	+ 2.4	+ 8.7
Plant Output (K.W.H.).....	11	542,653,106	+ 1.7	+19.7
Peakload (K.W.).....	11	1,434,000	+10.1	+17.8
Number of Industrial Users	11	67,270	+ 0.3	+10.8
Connected Industrial Load (H.P.)	8	1,044,679	+ 1.0	+14.0
Sales to Industrial Users (K.W.H.)	11	198,868,888	- 3.5	+42.5

*Complete December comparisons not available.
**Plant capacity includes battery capacity.

MANUFACTURING ACTIVITIES AND OUTPUT

AUTOMOBILES

Automobile production was well maintained during December, showing only a slight seasonal decline from November. Manufacturers reporting through the National Automobile Chamber of Commerce and direct to this bank, representing practically complete November production, built 207,501 passenger cars, compared with 215,225 in November, a decrease of 3.6 per cent. December truck production by report-

ing manufacturers was 19,640, compared with 21,291 in November, a decrease of 7.8 per cent.

Passenger car production during the year 1922 was approximately 2,335,000, an increase of more than 50 per cent over 1921, and of almost 25 per cent over 1920, the largest production year previous to 1922. Truck production was approximately 65 per cent more than 1921, but 25 per cent less than 1920. The increased demand for closed cars has resulted in more uniform production through the year, with the sea-

sonal effect of the winter months being felt to a much less extent than formerly.

December carload shipments show only a slight decrease from those of November, while driveaways increased slightly and boat shipments decreased very materially on account of the winter season. Factory shipping figures reported by the National Automobile Chamber of Commerce are as follows:

	CARLOADS		DRIVEAWAYS		BOAT	
	1922	1921	1922	1921	1922	1921
January	15,357	6,485	7,479	3,185	143	93
February	19,636	9,986	10,173	7,507	180	99
March	27,753	16,287	16,917	9,939	560	75
April	31,334	20,187	22,381	14,197	2,960	1,619
May	33,416	18,608	28,827	15,193	7,406	2,381
June	34,230	20,269	33,857	18,834	7,737	3,947
July	29,116	19,514	28,100	15,533	7,030	3,726
August	32,817	20,758	36,768	15,218	10,104	3,595
September	26,335	19,002	30,177	13,840	8,118	2,959
October	27,100	17,808	35,203	12,971	7,605	2,226
November	27,232	14,264	27,376	10,528	5,070	1,402
December	26,900	12,310	*27,500	7,501	1,300	188
Year	331,226	195,478	304,758	144,446	58,213	22,310

*December partly estimated.

Production of casings and inner tubes during November was larger than shipments, and inventories were increased, according to reports by the Rubber Association of America.

IRON, STEEL AND OTHER METALS

Demand for iron and steel continues with output well sold up to the end of the first quarter. Coking coal is not arriving in sufficient quantities to permit operations in the steel industry to keep pace with the complete requirements of their customers. Prices were lower in December than in November; an upward trend took place in the early part of January.

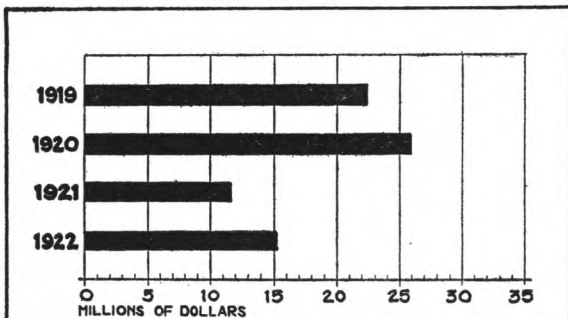
PIG IRON AND STEEL PRODUCTION IN GROSS TONS

	DECEMBER		NOVEMBER		DECEMBER	
	1922	1921	1922	1921	1922	1921
PIG IRON PRODUCTION						
Illinois and Indiana.....	500,972	458,956	299,186			
United States	3,086,898	2,849,703	1,642,775			
STEEL INGOT PRODUCTION						
(Thirty Companies).....	2,779,890	2,889,297	1,427,093			
*Unfilled Orders—United States						
Steel Corporation	6,745,703	6,840,242	4,268,414			

*At close of month.

Zinc and lead ore shipments from the Joplin field increased from 48,742 and 8,038 tons, respectively, in November to 97,341 and 12,109 tons in December. Zinc ore prices trended slightly downward, but lead increased. The American Zinc Institute shows December production and shipments of slab zinc as 42,841 and 44,086 tons, respectively, compared with 40,200 and 38,746 tons in November.

YEARLY SHIPMENTS BY 19 MANUFACTURERS OF STOVES AND FURNACES SEVENTH FEDERAL RESERVE DISTRICT



Figures for one company estimated for 1922; estimate based on trend as shown by returns of 18 companies.

STOVES AND FURNACES

Production and shipment of stoves and furnaces show further seasonal declines in December. Operations were on a considerably larger scale than a year ago, when plants were on reduced schedules, but production was about 7 per cent lower than in November. December shipments were more than double those of December, 1921. Shipments for the year 1922 were 32.2 per cent more than for 1921, and only 23 per cent less than for the three-year average, 1919-1921.

PERCENTAGE CHANGES IN DECEMBER FROM PREVIOUS MONTHS

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

	NUMBER OF FIRMS	DECEMBER 1922	NUMBER OF FIRMS	DECEMBER 1921
Shipments	17	-25.2	17	+180.7
Orders accepted	12	-1.2	11	+408.9
Stocks of finished goods on hand at end of month	11	-0.3	12	-30.5

AGRICULTURAL MACHINERY

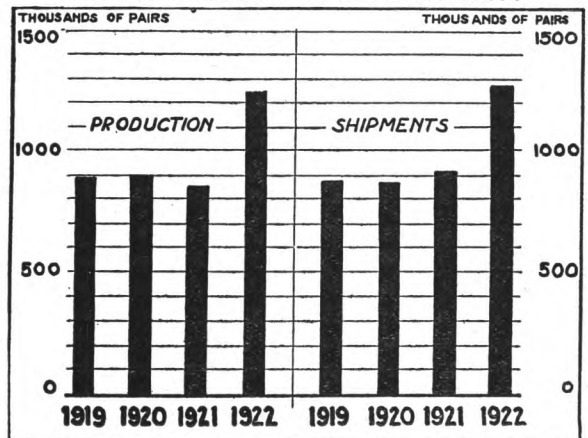
Production of agricultural machinery increased slightly in December compared with November, but was considerably ahead of the low point a year ago. Sales were seasonally slow in December, but contracts for 1923 delivery now being placed are larger than a year ago. Prices announced for 1923 are showing a distinct trend upward compared with 1922.

Sales of agricultural pumps showed a decline in December compared with November, both for the district and for the United States.

SHOE MANUFACTURING, TANNING AND HIDES

Production and shipments of shoes were about equal for December; production shows a slight seasonal recession from November. December production and shipments maintained the noticeably large increase evidenced each month in 1922 over 1921. Production and shipments in the district for the year were fully 40 per cent greater than for the three-year average, 1919-1921. Eliminating all companies which began

TOTAL AVERAGE MONTHLY PRODUCTION AND SHIPMENTS OF SHOES—35 COMPANIES SEVENTH FEDERAL RESERVE DISTRICT



Figures of four companies for December, 1922, estimated.

operations after 1919, the increase by reporting firms was more than 25 per cent, compared with the three-year average and about 15 per cent greater than in 1919. Unfilled orders held by twenty-one companies were 144.2 per cent more than the December shipments.

PERCENTAGE CHANGES IN DECEMBER FROM PREVIOUS MONTHS

	NUMBER OF COMPANIES		NUMBER OF COMPANIES		DEC. 1921
	1922	Nov. 1922	1922	Nov. 1921	
Production	35	-6.6	33	+23.3	
Shipments	34	+1.9	32	+47.8	
Unfilled orders on hand.....	20	-9.1	18	+53.3	
Stocks on hand.....	22	+8.1	20	+16.8	

The volume of leather sales reported by companies in the district was less in December than in November, except for belting and harness, which increased. All sales were ahead of a year ago. Production showed little change from November, although more harness leather was made. Prices remain firm despite lower trends in the values of packer green hides.

The market for green hides and skins was more active at Chicago during December than in the previous month. Large sales of packer light native cow and branded hides, which had been in accumulation, resulted in shipments from Chicago being almost double those of November. A large movement at slightly lower prices took place at Chicago during the first week in January. December prices of green hides and skins were considerably higher than a year ago; lamb skins averaged lower at Chicago than in the previous month.

RAW WOOL AND FINISHED WOOLENS

On account of a quiet market the last half of December, dealers of raw wool report sales for the month on a par with those of November. Shipments from Chicago showed a small increase over the previous month. More inquiries were received and increased trading was in evidence the first part of January. Prices remained firm.

Demand for woolen and worsted goods was practically unchanged from November, although a few companies reported a larger number of inquiries in the early part of January. While the fall season has not formally opened, some orders are being placed with mills, and higher prices for the 1923 season are in evidence.

CLOTHING AND TAILORING INDUSTRY

A further seasonal decline is apparent in the Tailor-to-the-Trade industry. Reports from manufacturers in this district indicate that the decrease in orders, production, and shipments during the month of December was considerably greater than that shown a month ago. However, the industry is in a much better position than it was a year ago, with the present volume of orders approximately 56 per cent greater than that booked during December, 1921, and

with a total volume of business for the successful season just ended considerably in excess of the previous season.

PERCENTAGE CHANGES IN TAILORS-TO-THE-TRADE

Number of firms reporting.....	7
Orders for suit compared with—	
(a) November, 1922	-32.5
(b) December, 1921	+56.1
Number of suits made as compared with—	
(a) November, 1922	-32.4
(b) December, 1921	+56.4
Number of suits shipped as compared with—	
(a) November, 1922	-30.4
(b) December, 1921	+59.5

FURNITURE

Activity in the furniture manufacturing industry of this district was maintained during the month of December, in spite of the fact that orders and shipments declined somewhat on account of the proximity of the semi-annual markets held this month in Grand Rapids and Chicago. Collections were reported on a par with those of November.

PERCENTAGE CHANGES IN MOVEMENT OF FURNITURE

	District		United States	
	DECEMBER 1922	CHANGE FROM NOVEMBER	DECEMBER 1922	CHANGE FROM NOVEMBER
Number reporting*	30	81
Orders	\$ 731,650	-36.7	\$ 1,915,894	-38.9
Shipments	1,040,718	-14.5	2,826,363	-8.8
Cancellations	88,428	+82.6	172,472	+41.7
Unfilled orders, January 1, 1923	1,641,479	3,759,888
Production percentage of normal	92.6	91.9

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

December orders of ten manufacturers in this district were 118.7 per cent greater than in December, 1921, while shipments increased 45.9 per cent and unfilled orders 192.7 per cent. Cancellations were 45.9 per cent heavier.

BOXES AND CONTAINERS

December sales in the box and container industry of this district were maintained at practically the same level reported for the month of November, while production figures reflect the seasonal lull in manufacturing activity generally felt by the industry at this time. Eight reporting firms averaged 74.5 per cent of ordinary capacity during the month. Below are percentage comparisons of December with November, 1922, and December, 1921.

	NUMBER REPORTING	NOVEMBER 1922	DECEMBER 1921
Sales in dollars.....	8	- 3.3	+43.2
Boxboard consumption	5	-27.9	+50.1
Lumber consumption	3	- 6.4	+13.0

PAPER INDUSTRY

An increase of 13 per cent over a year ago in the number of men employed, with a smaller change in amount of payroll, is shown by December returns from sixteen paper factories in the district.

Three wholesalers report sales ahead of November, 1922, and December, 1921, while a fourth dealer shows declines. Reports on collections were favorable. December 31 inventories were higher than at the beginning of the year.

BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

CEMENT

With demand still active, conditions in the cement industry of the district continue favorable. Shipments for the season have been unusually large and stocks are low. A general price decline of 15 cents per barrel appeared in quotations after the lull of the holidays.

For the country as a whole the Geological Survey shows a decrease of about 24 per cent in total production and of 52 per cent in shipments for the month. Stocks increased from approximately 5.3 to 9.1 million barrels, and are now 76.5 per cent of what they were at the close of 1921.

LUMBER

Despite the holidays and the winter season, an unusual amount of activity prevailed within the lumber industry during December. Building requirements continued all through the month and the industrial demand was strong, especially for the lower grades of softwood used for crating and boxing. As in the last few months, a heavy percentage of the business has been for car building material. Reports from Iowa are that factories are well supplied with business for the next ten weeks. Twenty-two members of the Maple Flooring Association report a heavy increase in unfilled orders, with shipments about the same as in November and production and stocks showing slight increases.

Lumber mills are doing their utmost to speed up production and report increases in employment and payrolls. But while lumber is being put in pile rapidly, this will not be ready for shipment until well along next spring. In the meantime some concern is expressed over a possible shortage of good lumber both in hardwood and building items. Many companies entered the new year with unusually large unfilled order files. Prices are stronger on all grades.

BRICK

Production and deliveries of brick during December were reported very satisfactory considering the season, and heavier than a year ago. Demand, however, has slackened appreciably with more of the yards closed for the winter. Some of these report that they are planning to resume operations February 1. Stocks are unusually low. Price quotations on common brick have remained steady.

CONTRACTS AND PERMITS

Although construction work declined during December, it continued to be of an unusually large volume for the season. Reports from contractors in two of the larger cities in the district showed a curtailment of approximately 20 per cent in the employment of 5,000 men. The contracts awarded in December amounted to \$45,128,035, a decrease of less than one per cent from November. The gain for the year remained about 40 per cent. Of the total valuation, \$17,949,393 was for residential building, a decline of 19.5 per cent from the previous month and a gain of 67 per cent over a year ago. In the states covered by the figures, Indiana, Iowa, and Wisconsin show gains for the month, Michigan remained the same, and Illinois fell off considerably.

Permits continue to gain in valuation, although not in numbers. Chicago permits were the highest for the year, and the majority of the smaller cities also made appreciable gains. The large cities outside of Chicago generally showed decreases.

NUMBER OF PERMITS AND ESTIMATED COST

	DECEMBER, 1922		PER CENT CHANGE FROM			
	PERMITS	ESTIMATED COST	NOVEMBER, 1922	DECEMBER, 1921	PERMITS	COST
Chicago	806	\$34,403,200	-28.7	+68.3	+48.4	+258.7
Ind'apolis ..	610	1,729,503	-37.9	-30.9	+25.0	- 7.2
Des Moines ..	117	640,050	-33.9	-84.6	+37.6	+223.6
Detroit	1,506	7,064,832	-31.6	- 8.7	+74.1	+108.6
Milwaukee....	2,353	2,234,963	-23.3	-11.4	+ 3.7	+ 25.1
39 other cities	2,084	9,855,149	-41.2	+38.7	+32.1	+155.9
Total	7,476	55,927,697	-32.7	+25.8	+28.3	+170.5

MERCHANDISING CONDITIONS

WHOLESALE TRADE

For the second time in 1922 all groups of reporting wholesalers show increases in dollar sales compared with a year ago, the gains for groceries, hardware, drugs, and shoes being the largest of the year. Individually, only fourteen firms out of eighty report declines from December, 1921. The seasonal falling off from November is less than last year except for groceries.

Total sales for the year in dry goods, drugs, hardware, and automobile accessories are ahead of 1921. Compared with 1920, with two exceptions all firms are below. A slight gain over 1919 was made by the drug group, while automobile accessories aggregated the most marked decrease.

Stocks on hand December 31 averaged to cover two months' business in groceries and three in all other groups. Shoe dealers made the largest increase in stocks during the month, their first gain, however, since August.

Although collections during December were heavier than sales for all groups, accounts outstanding at the end of the month for the majority of firms in each group except groceries were in excess of the month's sales.

MERCHANDISE	NUMBER	NET SALES—CHANGE FROM	
		Nov., 1922	Dec., 1921
Groceries	33	-12.3	+ 8.2
Hardware	14	-12.1	+34.8
Dry Goods	10	-16.6	+35.5
Drugs	10	- 1.6	+13.0
Shoes	9	- 5.4	+24.3
Automobile Accessories	4	- 1.8	+45.4

CHAIN STORE TRADE

December sales of eight chain stores reporting to this bank were the largest yet recorded. A ninth made substantial increase over a year ago, although less than during November. With one exception, total 1922 sales were heavier than in 1921. Compared with 1920, five out of seven chain stores show increases and all but one are ahead of 1919. Additional stores, however, partly account for the gains in dollar sales over previous years.

FEDERAL RESERVE BOARD STATISTICS OF RETAIL TRADE THROUGHOUT THE UNITED STATES (1919 Monthly Average—100)

	NUMBER	DEC., 1922	NOV., 1922	DEC., 1921
Department Stores.....	176	188.2	130.0	175.8
Mail Order Houses.....	4	108.7*	112.5*	80.3
Chain Stores				
Grocery	17	165.5*	159.1	143.5
Drug	7	161.0	122.3	146.1
Shoe	5	164.7	122.0	149.6
Five & Ten.....	4	279.2	152.3	241.6
Music	4	203.7	120.7	172.6
Cigar	3	178.7	126.9	172.7

*Partly estimated.

RETAIL TRADE

Active holiday trade was general among department stores in the district. Of fifty-two firms reporting dollar sales to this bank all but five show increases over December, 1921, averaging for the whole the heaviest gain of the year. Data available for comparisons of eighteen firms show sales of nine larger in December this year than 1920.

Total sales during 1922 were 5.1 per cent ahead of 1921, due to gains in the latter part of the year offsetting the decreases of the early months.

An average reduction in stocks during the month of 16 per cent left December 31 inventories nearly the same as a year ago. Collections for the month were 17 per cent heavier than last December. Of

thirty-six firms, however, twenty-four closed the year with larger accounts outstanding than at the end of 1921.

	NUMBER	SALES CHANGE FROM		STOCKS CHANGE FROM		TURN- OVER RATE*
		NOVEMBER 1922	DECEMBER 1921	NOVEMBER 1922	DECEMBER 1921	
Chicago	9	+50.0	+15.1	-22.8**	+10.3**	4.7**
Detroit	6	+34.3	+25.1	-16.4†	+ 3.9†	4.3†
Des Moines ..	3	+53.3	+11.2	-19.7	+ 1.5	4.2
Outside	34	+44.4	+ 9.6	-14.1‡	- 1.1‡	2.7‡
District	52	+40.2	+17.2	-16.0‡	+ 1.8‡	3.6‡

*Period, July to December, inclusive.

**6 firms; † 5; ‡ 27; § 41.

MAIL ORDER TRADE

For Chicago's two leading mail order houses, December was the outstanding month in 1922, combined sales being 11.8 per cent of the total sales for the year. Compared with December, 1920 and 1921, gains were made of 10.8 and 32.2 per cent, respectively. Prices show an upward trend.

TRANSPORTATION CONDITIONS

The seasonal drop in December carloadings was not so pronounced as in 1921 or 1920. Using an estimated figure for December, the total carloadings for the year were over four million cars more than in 1921, and nearly two million less than in 1920. The average carload during most of this year was about one and one-half tons less than in 1921 and about two and one-half tons less than in 1920 when the railroads were urged to load their cars heavier.

Labor difficulties in both the railway shops and in the coal fields, together with a later movement of crops, are responsible for the peak loading arriving later this year than in any of the past four years.

Considerable improvement is shown in the number of serviceable freight cars during September and October compared with the earlier months of this year. This, however, is not true of freight locomotives.