

BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION of basic commodities declined during September, wholesale trade continued large, while retail trade, though larger than a year ago, increased less than is usual at this season of the year. Wholesale prices, particularly those of agricultural products, advanced during the month.

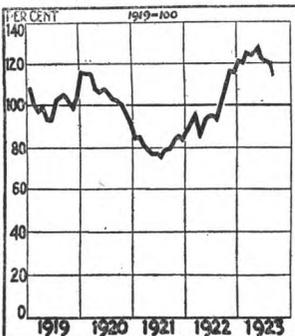
PRODUCTION—Production in basic industries, according to the Federal Reserve Board's index, declined 5 per cent during September, and was 10 per cent below the peak output of May. The principal factors in this decline were the suspension of anthracite coal mining for over two weeks and a substantial reduction in the production of iron and steel. Cement production and sugar meltings were larger than in August. The decline in the production index, which is corrected for seasonal variations and reflects chiefly changes in the output of raw and semi-finished products, was not accompanied by a reduction of employment at industrial establishments. New building construction showed about the usual seasonal decline in

September, due to a curtailment in contracts for residences. Contract awards for business and industrial buildings, however, were larger than in August.

Estimates by the Department of Agriculture on October 1 showed some reduction from the September forecasts in the yields of corn, wheat, oats, and tobacco, but increased yields of cotton, potatoes, and hay.

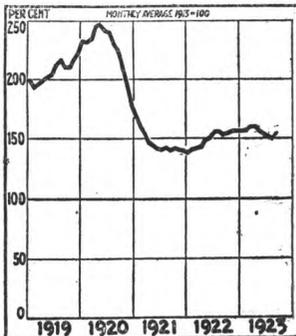
TRADE—Distribution of all classes of commodities by railroads continued at a high rate throughout September. Wholesale trade, according to the Federal Reserve Board's index, in September reached the largest total in three years and was 9 per cent larger than a year ago. Sales of meat, hardware, and drugs were considerably larger than in last September, while shoe sales were smaller. Retail trade was slightly larger in September, but the increase was much less than is usual at this season of the year. Department store sales were 6 per cent more than in September, 1922, and stocks at the end of the month were 13 per cent larger than a year ago.

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



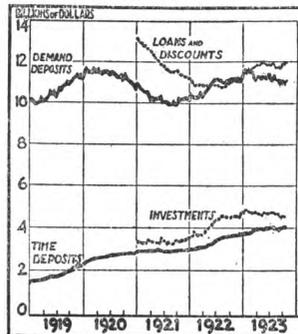
Latest figure September, 1923: 114.

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



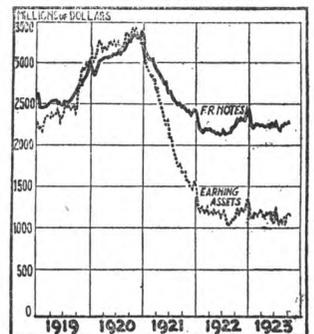
Base adopted by the Bureau of Labor Statistics. Latest figure September, 1923: 154.

BANK CREDIT
800 Member Banks in Leading Cities



Latest figures October 10, 1923: loans and discounts 11,956 million; investments 4,520 million; demand deposits 11,080 million; time deposits 4,010 million.

BANK CREDIT
All Federal Reserve Banks



Latest figures October 17, 1923: Federal reserve notes 2,272 million; earning assets 1,139 million.

COMPILED OCTOBER 27, 1923

PRICES—Wholesale prices increased over 2 per cent during September, according to the Index of the Bureau of Labor Statistics, particularly large increases occurring in the prices of clothing, farm products, and foods. Fuel prices, on the other hand, declined in September for the eighth successive month, and prices of building materials and metals were also lower. During the first three weeks of October prices of certain farm products continued to advance, wheat and cotton reaching the highest points of the current year, while prices of hogs, coal, and metals declined.

BANK CREDIT—Demand for bank credit showed a seasonal increase in September and the early part of October, loans of member banks in leading cities increasing by \$116,000,000 between September 12 and October 10.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

AUTUMN business in the Middle West has thus far held a conservative course, maintaining well the strength of previous months, but marked by no rapid expansion in activity. In general, production and distribution have continued large, guided, however, by current consumption rather than prospective needs.

This hesitancy to anticipate future business was manifested during September in slight curtailment at industrial plants. Production of iron and steel, though still high, tended downward, with new orders largely confined to immediate requirements. Automobile output fell off slightly because of fewer working days, while sales showed noticeable declines. The coal market in the district was dull. Building contract and permit figures, on the other hand, increased during September. Freight carloadings made one new weekly record. Of special interest were the firmer prices for grain and the effect of the early frost on crops.

In the money and banking situation there was the seasonal increase in demand from country banks. Cancellations of individual checks reflected little change in activity compared with August. Savings deposits continued to improve during September, and the investment market, stimulated by higher yields, began to show renewed interest in October.

MONEY AND BANKING

Seasonally increased demand in September from country banks was a feature of the general credit situation. This agricultural demand has found reflection in heavier requirements of country banks on their city correspondents as well as in enlarged volume of loans by the Federal Reserve bank to member banks in agricultural sections of the district. City member banks also increased their borrowings from the Federal Reserve bank, partially to meet needs of their country bank customers, as well as in response to heightened demand in other lines. Industrial requirements showed little change from August.

This increase reflected chiefly the demand for commercial loans, which on the latter date stood at a new high point for the year, almost \$100,000,000 above the total on September 12. Increases in the holdings of Government securities by these banks were partly offset by reductions in corporate security holdings.

The demand for accommodation at the Federal Reserve Banks in some of the agricultural districts increased, while at the Reserve Banks in the East, the volume of discounts for member banks declined. Federal Reserve note circulation continues to increase and in the middle of October was about \$100,000,000 above the July level.

In October money rates showed an easier tendency and after the fifteenth of the month, rates for commercial paper in the New York market declined from a range of $5\frac{1}{4}$ - $5\frac{1}{2}$ to 5 - $5\frac{1}{4}$ per cent.

No diminution of the cautious attitude in business and banking operations was noticeable in September. Undoubtedly the uncertainty of the European outlook plays an important part in the maintenance of prudence. Credit facilities are meeting all requirements, though reports indicate a tendency on the part of some banks in the district to scrutinize applications very carefully, with a view to keeping loans to the lowest figure possible without any curtailment, however, of legitimate credit.

Business failures in the Seventh district showed an increase over August of only 2.38 per cent in number and 0.91 per cent in liabilities. In the preceding month failures in the district increased 23.5 per cent, and liabilities 14.5. For the country as a whole, however, the number of failures reported for September was 7.1 per cent less than in August, and liabilities declined 16.4 per cent, whereas in August as compared with July, an increase of 7.1 per cent took place in the number, while liabilities were 3.8 per cent below the July figure.

COMMERCIAL PAPER AND ACCEPTANCES

The prevailing rates on commercial paper during September ranged from $5\frac{1}{4}$ to $5\frac{1}{2}$ per cent. Sales of paper decreased considerably compared with August but were larger than during September, 1922. Outlying and out-of-town banks were the largest buyers of paper, while larger Chicago banks were in the market for only limited amounts.

Purchases of bills by six bill dealers in the district were considerably smaller during the four-week period ended October 10 than in the four-week period preceding. Sales increased during the period under review, reflecting some transfers of bills from branches of reporting dealers, which are not included in purchases. Bills held at the close of the period amounted to \$6,154,000, an increase of \$641,000 as compared with holdings on September 12. Bills were

offered at and bid for at the close of the period at the same rates as September 12.

Acceptances executed during September were considerably smaller in volume than in August. Bills bought and bills sold decreased also and represented but 15 per cent and 50 per cent, respectively, of the amounts reported in August. Bills held at the close of the month decreased compared with August 31, and nearly all were the accepting banks' own bills. The liability of these banks on acceptances outstanding September 30 was 7.2 per cent less than on August 31.

Purchases of bankers' acceptances by this bank increased from 17 million in August to 27 million during September. Sales from holdings amounted to \$15,211. Holdings on September 30 were practically the same as on August 31.

MEMBER BANKS IN THE DISTRICT

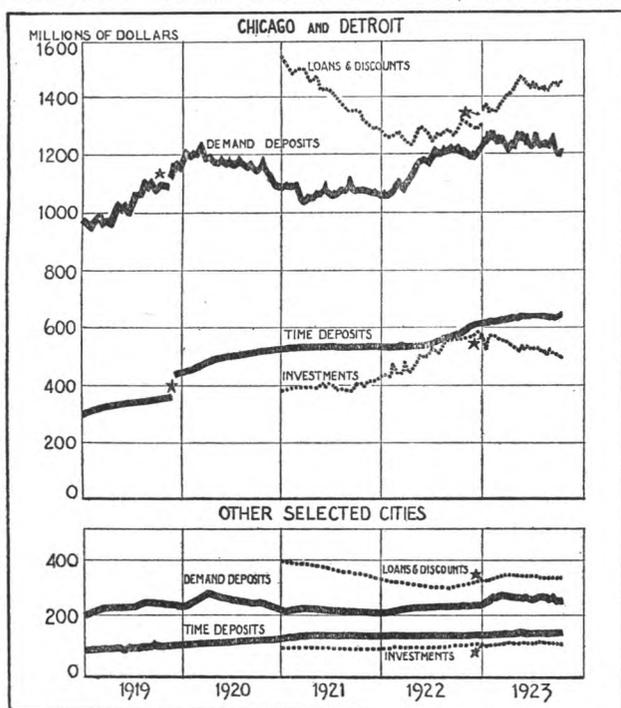
Reporting member banks in Chicago showed slight weekly increases in net demand deposits until September 12. Following that date the trend was steadily downward until on October 3 the figure shown was the lowest aggregate since December 6, 1922. On October 10, however, an increase took place. After a slight decline on September 5 and an increase September 12, a steady downward movement was shown by Detroit member banks, the figure for October 3 being the lowest since June 6 of the current year. As was the case in Chicago, on October 10, an

increase was shown. The trend in other selected cities during September and the first two weeks of October was downward.

Investments of Chicago reporting member banks in Government securities showed weekly decreases in September. On October 3, however, a slight reversal of this trend was shown, but the movement on October 10 was again downward. Following a small decline September 5, holdings of Government securities by Detroit member banks increased until September 26, when a small drop was reported, and also on October 3 and 10. Small weekly decreases were shown also in Government investments of reporting member banks in other selected cities. Holdings of securities other than Government by Chicago reporting member banks advanced in volume through the month except for a slight shrinkage September 5, but on October 3 dropped to approximately the September 5 level, and on October 10 showed a further decline. In Detroit and other selected cities little change took place.

Loans and discounts of reporting member banks underwent the usual fluctuations. Loans of Chicago banks on Government securities showed a general upward movement until October 10, when a drop occurred and those secured by stocks and bonds and by collateral other than the two classes mentioned changed little until October 10, when both classes of loans increased. Loans of Detroit reporting banks, on security other than Government and stocks and bonds, trended upward in September and the first two weeks of October. In other selected cities outside of Chicago no established trend was manifest.

POSITION REPORTING MEMBER BANKS, 7th DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures shown, October 10, 1923.

AGRICULTURAL FINANCING

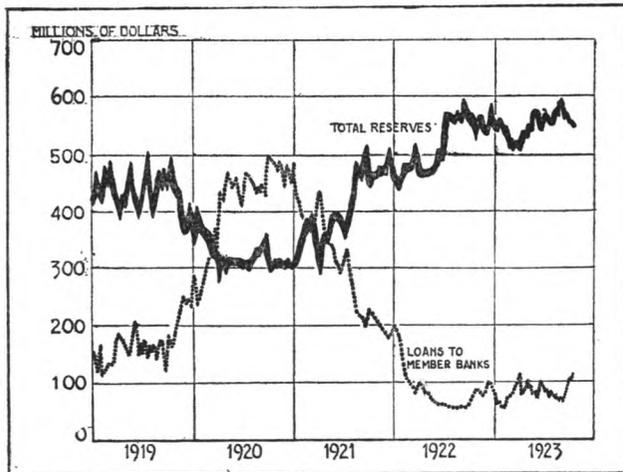
Federal and Joint Stock Land bank loans outstanding on September 30 in the five states lying largely in this district showed increases over the August reports. Loans of the Federal Land banks in the district were approximately 2 million above August, and Joint Stock Land banks nearly a million and a half.

Federal Intermediate Credit banks reported loans outstanding in the same territory September 30, as \$186,993 compared with \$119,929 at the close of the previous month. The August increase over July on the basis of the revised returns was \$26,807.

POSITION OF THE FEDERAL RESERVE BANK

Following a rather marked drop on September 12, loans to member banks by the Federal Reserve Bank of Chicago increased steadily until October 3, the highest point since April 4. On October 10 a slight decline took place, but on October 17 loans were nearly ten million above the high point of October 3. Total reserves showed an uninterrupted downward movement after the first week of September which continued in October. On October 17 they were the lowest since June 27. Federal Reserve notes fluctuated with a downward trend until September 26, followed by an upward turn October 3 and 10. On October 17 they were slightly above the September 19 level.

POSITION FEDERAL RESERVE BANK OF CHICAGO



Latest figures shown, October 17, 1923, in thousands of dollars: total reserves, 547,986; loans to member banks, 115,062.

SAVINGS ACCOUNTS AND DEPOSITS

Continued improvement in the savings deposits of the district is indicated in reports received for October 1, from banks representing approximately 40 per cent of the total savings deposits of the district. Increases of 0.3 per cent and 11.3 per cent, respectively, were shown, compared with the preceding month and a year ago. The average account on October 1 was slightly smaller than on September 1, but 2.6 per cent greater than a year ago. Iowa banks reported a small decrease in savings deposits during the month.

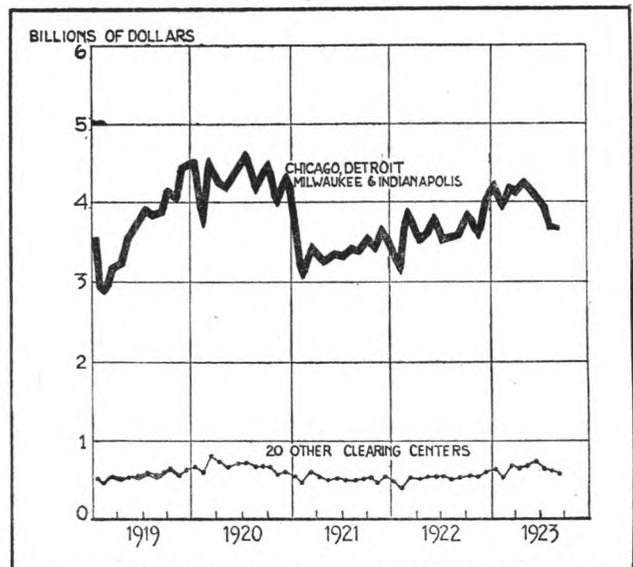
DEBITS TO INDIVIDUAL ACCOUNTS

The September volume of payment by check on clearing house banks in the Seventh district declined less than one per cent as compared with August, when the drop from July was 5.9 per cent. For the four larger cities in the district reporting debits, the aggregate decline was only 0.6 per cent in September, as compared with a shrinkage of 6.4 per cent the previous month. For the twenty smaller cities, the decline in September of 2.2 per cent was slightly less than the August drop as compared with July. In 1922 the September volume of payment by check in the twenty-four reporting cities was 1.9 per cent greater than in August of that year.

AGRICULTURAL PRODUCTION AND CONDITIONS

Fall wheat seeding is well under way throughout the country. According to reports from 159 agents representing 181,155 farmers, the acreage planted in the Seventh district this autumn embraces only 78.2 per cent of that in the fall of 1922. These reports indicate that in many counties the corn and late potatoes grown on low land did not reach full maturity before frost; also that the low temperature in September affected the potato yield

VOLUME OF PAYMENT BY CHECK Checks Drawn on Clearing House Banks, 7th District



Figures used are estimates for calendar months based on weekly reports to this bank. Latest figures shown, September, 1923, in thousands of dollars: Chicago, Milwaukee, Detroit, and Indianapolis, 3,660,396; 20 other clearing house centers, 699,349.

BONDS AND INVESTMENTS

The dullness displayed by the bond market during the preceding three months continued until the early part of October when a gradual improvement became manifest, more noticeable in the East, however, than in the Middle West. The readiness with which the market has absorbed recent issues is further evidence of maintained improvement. The \$15,000,000 Illinois soldier bonus bonds awarded by the state to a syndicate headed by the Guaranty Company of New York, were quickly taken. This was the third attempt of the state to sell, through competitive bidding, the second block of these bonds, it being necessary to raise the yield from $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent to receive a bid at par. An improved demand for tax-exempt securities was evidenced by the ready sale of the $4\frac{3}{4}$ per cent Federal Land Bank bonds and the 4 per cent Illinois State Highway bonds. Public utility bonds continue in greater demand; offerings of railroad equipment trust bonds have been well received; and high-grade first mortgage real estate bonds strengthened in October after sharing the dullness of the September market.

in the district and reduced the supply of seed corn.

Government reports show that the quality of corn was affected by frosts in practically all north-central and north-eastern states, although the greatest damage occurred in the northern part of the Seventh district. On the basis of October 1 condition, the Bureau of Agricultural Economics estimated a production of 969,465,000 bushels of corn in the Seventh district compared with their estimate of

1,002,962,000 bushels on September 1 and 984,328,000 bushels produced in 1922.

UNITED STATES CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of October 1
In millions of bushels

	ALL				
	CORN	WHEAT	OATS	POTATOES	BARLEY
Forecast, 1923	3,021	782	1,302	401	199
Final, 1922	2,891	862	1,201	451	186
Average, 1917-21	2,931	835	1,378	388	192

GRAIN MARKETING

The movement of grain from farms was somewhat limited during September. Receipts and shipments at primary markets were in smaller volume than in either the previous month or a year ago. Exports of grain were slightly more than in August, but were considerably smaller than a year ago. Grain prices at Chicago were firmer in September than in August and continued to trend upward the first part of October.

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. Figures supplied by the Secretary of the Chicago Board of Trade.

	In thousands of bushels				
	WHEAT	CORN	OATS	RYE	BARLEY
OCTOBER 13, 1923					
Warehouses and Afloat.....	65,840	1,060	18,032	15,580	3,277
Bonded	4,726		377	1,254	618
SEPTEMBER 8, 1923					
Warehouses and Afloat.....	58,182	2,371	12,515	13,812	2,095
Bonded	690		30	1,137	84
OCTOBER 14, 1922					
Warehouses and Afloat.....	33,411	9,738	36,844	9,555	2,695
Bonded	10,510		277	1,649	160

The total United States, Canadian, and British visible supply of wheat was 149,446,000 bushels on September 29, 1923, compared with 114,655,000 bushels on September 1, 1923, and 119,733,000 bushels on September 30, 1922.

FLOUR PRODUCTION

The aggregate production of flour during September at forty-one mills in the district reporting to this bank shows the usual seasonal decrease compared with August. The decline, however, was not as large as shown in 1921 and 1922, when the decreases were approximately 10 per cent. Compared with a year ago, production increased 6.9 per cent. The operating ratio, based on twenty-four working days in September, was 59.6 per cent of capacity compared with 57.2 per cent in August. Last year at this time, based on twenty-five working days, operations were 53.5 per cent of capacity. The production of wheat flour during the month was 4.9 per cent less than in August and 6.9 per cent greater than a year ago, while production of flour other than wheat increased 7.6 per cent and 7.4 per cent, respectively, over the preceding month and year.

Stocks of flour on hand September 30 were less than those of August 31, 1923, and September 30, 1922, while stocks of wheat were practically the same at the end of September as at the close of the previous month. Compared with September 30, 1922, stocks of wheat increased 23.5 per cent. Sales of flour decreased 15.9 per cent in volume and 9.2 per cent in value during September compared with August. Although the volume of flour sold during September, 1923, was only 1.0 per cent smaller than in September, 1922, the value represented was 9.2 per cent less.

MOVEMENT OF LIVE STOCK

The total live stock slaughter was slightly smaller in September than in August but the volume continued in excess of that for the corresponding period last year. Fewer hogs and calves but more cattle and sheep were received in September than in the previous month.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	SHEEP	CALVES
Eight yards in district,				
Sept., 1923	228,823	756,525	270,787	72,659
Public Stock Yards in U. S.				
September, 1923.....	763,166	2,275,930	893,852	340,945
August, 1923.....	760,176	2,283,122	902,883	408,088
September, 1922.....	748,854	1,916,818	1,005,228	358,469

The movement of sheep, cattle, and calves back to the farms for feeding purposes was larger in September than in the previous month.

AVERAGE PRICES OF LIVE STOCK

Per hundred pounds at Chicago

CLASS	WEEK ENDED		MONTHS OF	
	OCT. 13, 1923	SEPT. 1923	AUG. 1923	SEPT. 1922
Native Beef Steers (average).....	\$ 5.40	\$10.20	\$10.65	\$10.20
Fat Cows and Heifers.....	5.40	5.75	5.60	6.05
Canners and Cutters.....	2.95	3.00	2.90	3.10
Calves	11.65	12.10	11.50	12.30
Stockers and Feeders.....	6.15	6.45	6.10	6.75
Hogs	7.45	8.30	7.60	8.70
Sheep	6.00	7.10	7.15	6.30
Yearling Sheep	10.00	10.50	10.60	10.35
Lambs	13.38	13.25	13.20	13.45

MEAT PACKING

A good domestic demand for packing house products continues. Inventories on October 1, 1923, were seasonally less than a month ago and were smaller than on the corresponding date last year, although production in September was nearly equal to that in August. Fifty-eight meat packing companies in the United States reporting direct to this bank show that in September, 1923, their total sales in dollars were 7.6 per cent greater than in August, 1923, and were 17.5 per cent more than in September, 1922. Wholesale prices of fat backs and lard were firmer at Chicago during September and the early part of October than in August; other prices did not show much change until the latter part of September, when the trend was slightly downward. There was a small decline in the number employed, but hours worked and total payrolls during the last payroll period in the month were slightly more than for the corresponding dates in August.

The English market for American products was not very satisfactory in the last month, but the continental demand for United States lard and hog fats continued in large volume. Exporting companies report a larger amount of meats and lard forwarded in September for export than in August. Consignments were sold promptly so that stocks on the continent were reported less on October 1 than a month previous; inventories in the United Kingdom showed a small increase. Prices at continental markets have been satisfactory to the American packer, but in England they have fallen somewhat below a parity with those in the United States.

DAIRY PRODUCTS AND POULTRY

September production of butter reported by representative creameries in the Seventh district showed a seasonal

decline of 14.7 per cent from August, but was 6.5 per cent greater than a year ago. Statistics issued by the American Association of Creamery Butter Manufacturers indicate that the total output of the United States for September was less than in the previous month, but exceeded September production of last year. A greater quantity of cheese was produced in Wisconsin during September, 1923, than in either August, 1923, or September, 1922.

The total receipts of dairy products and poultry declined at Chicago in September compared with the previous month, but were in greater volume than a year ago. Sales of creamery butter, reported by representative companies in the district, were 14.0 per cent smaller in volume than in August and 19.5 per cent less than in September last year. Prices of dairy products were firmer, but poultry prices were easier in September than in August.

INDUSTRIAL EMPLOYMENT CONDITIONS

Employment reports for September indicate a slight slackening in industrial operations, noticeable inasmuch as September normally marks the beginning of a period of heightened activity. The situation reflects the decline that has taken place in orders for several months past and may also indicate a reactive tendency from the high level of employment maintained during the period of usual summer dullness. For 296 firms reporting to this bank the decreases shown were 0.9 per cent in volume of employment, 3.5 per cent in payrolls, and 4.5 per cent in the number of man-hours worked.

A few of the industrial groups expanded during the month. Iron and steel mills with a 3 per cent increase in the number employed made less than one per cent gain in total hours worked, and fell off slightly in payrolls. Conditions similar to this prevailed in the leather industry. More definite gains were apparent in boot and shoe manufacturing, and chemicals, paints, and dyes recovered partly from the declines experienced during August. Employ-

ment in the automobile industry was maintained at about the same level as in the previous month. As reported by the Employers' Association of Detroit the volume of employment for that city shows a decline of not more than 10 per cent from the high level reached during the year.

The majority of the industrial groups, however, show declines in line with those of the total returns. Agricultural machinery continued to decline and for the last two months has been below the corresponding figure of a year ago. Other machinery and railway equipment also made reductions, especially in payrolls and hours. Iron and steel industries as a whole, however, are only slightly below the high point of the year. Building materials and construction work are trending downward and meat packing declined slightly, as did food products in general, with the exception of bakery goods and confectionery.

Aggregate employment of reporting firms is still approximately 10 per cent above the level of a year ago, and payrolls are about 16 per cent larger.

FUEL AND POWER PRODUCTION

COAL

Reopening of the anthracite mines slightly reduced the production of bituminous coal in the United States which reached its peak of 11,737,000 tons during the last week of August, but declined to 10,700,000 tons the first week of October. In September, however, with the exception of the first week which included Labor Day, weekly output continued above the 11,000,000-ton level. Estimated stocks in hands of consumers on September 1 were 56,000,000 tons, a gain of 4,000,000 tons over the revised figure for August 1. During the first 242 working days in this year, the total output amounted to 434,945,000 tons, an increase over the corresponding period in each of the preceding six years except 1918 when 466,705,000 tons were produced. In Illinois and Indiana mine closings have grown in number because of the accumulations of coal on track at mines not yet billed for shipment. In some instances these accumulations now include lump as well as the finer sizes. Total Illinois production during September was 6,252,865 tons, an increase of 10.3 per cent over August; cumulative production for the first nine months of the year amounted to 57,890,189 tons.

Hard coal production during the week ended September 29 amounted to 2,025,000 tons, a decrease of only 140,000

tons from the year's high record reached during the week ended August 25, the last full week before the strike. Production during the first week in October decreased 10,000 tons from the preceding week, but remained above the 2,000,000-ton level; the further drop to 2,009,000 tons during the week ended October 13 was caused by a local strike at the mines of one of the largest producers. Although the cessation of operations during September caused a drop in the month's production to approximately 2,917,000 tons, a decrease of 5,951,000 from August, cumulative output for the first nine months of the year, amounting to 71,274,000 tons, has not been exceeded since the corresponding period in 1918.

Demand in the Chicago coal market has been unusually slow for this time of year. Despite the scarcity during the strike, anthracite, which is again being shipped here in some volume, remains a long time in storage yards. New circulars show company price increases of 75 to 90 cents on the larger sizes of hard coal. In the bituminous market domestic demand, which continued fair during the greater part of September, slowed down toward the end of the month, because of protracted mild weather. Little softening in domestic prices was experienced, however, as operators felt the necessity of holding these firm, to make up,

partially at least, for the heavy losses on fine coal. Demand for screenings during the latter part of September and early October steadily weakened and prices dropped to points far below the cost of production, Western Kentucky selling as low as 50 cents a ton. However, the slump in domestic demand and consequent curtailment of production, which served as checks on the former rapid accumulations of screenings, caused a slight strengthening in the screenings market during the second week of October. Southern Illinois raised its spot quotation from \$1.00 to about \$1.20, and central Illinois from 60 to about 75 cents. There is little activity in nut and egg sizes, and Pocahontas mine-run is selling at \$2.25 to \$3.00 a ton. Coke and bituminous screened coals have practically dropped out of the market as substitutes for anthracite. The average spot price of bituminous coals for the week ended October 15, as compiled by *Coal Age*, was \$2.24, the lowest point reached during the year, and a drop of 20 cents from the week ended September 17.

The car supply appears to be adequate to meet the requirements of shippers, especially since the railroad ruling

to the effect that "no-bills" on track at mines will be treated as empties in the daily distribution of cars.

ELECTRIC ENERGY

The average daily output of electric energy during September at nine central station companies in the district reporting to this bank increased 1.8 per cent, although the output for the month, amounting to 501,480,115 K. W. H., declined 1.5 per cent. Compared with September, 1922, an increase of 13.0 per cent is shown. The load factor of these plants was 54.1 per cent during September compared with 56.9 per cent in August and 56.5 per cent a year ago. The peak load demand of the reporting companies was 77.8 per cent of plant capacity during the month compared with 71.8 per cent in September, 1922.

Sales of electric energy to industrial users decreased 6.2 per cent during September as the result of two less working days; the daily average shows an increase of 1.6 per cent. Compared with a year ago the aggregate sales for the month increased 16.7 per cent, while the daily average sales, based on one more working day last year, increased 21.6 per cent.

MANUFACTURING ACTIVITIES AND OUTPUT

AUTOMOBILE PRODUCTION AND DISTRIBUTION

A decrease from August of 5.1 per cent took place during September in combined production of passenger cars and trucks. This reduction resulted almost entirely from the fewer working days in September since the daily average production increased slightly. Compared with September, 1922, combined production increased 58.2 per cent, partly the result of the temporary shutting down of the Ford plant last year. Several companies report an increasing demand for new cars, some finding it difficult to keep pace with the dealers' requirements. A few companies reduced prices of their 1924 models during September.

Manufacturers, reporting through the National Automobile Chamber of Commerce and direct to this bank, representing practically complete August production, built 298,600 passenger cars during September compared with 313,972 in August, a decrease of 4.9 per cent. The September output of trucks decreased 6.8 per cent for identical companies producing 27,841 trucks compared with 29,882 in August.

Reports received by this bank from ninety distributors and dealers in the Middle West show a falling off in wholesale and retail distribution of automobiles during September. Compared with September, 1922, the number and value of cars sold at wholesale increased, but retail sales were less. New cars on hand September 30 were considerably greater in number and value than on August 31; compared with a year ago they were more in number and less in value. Sales of used cars were less than in August but increased slightly over a year ago. Salable used cars on hand September 30 increased in number and value from August 31, the number being equivalent to 102 per cent of the used car sales during the month. Compared with a year ago used cars on hand increased.

DISTRIBUTION OF AUTOMOBILES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUG. 1923	SEPT. 1922	AUG. 1923	SEPT. 1922
Number of new cars sold				
Wholesale	-12.2	+22.4	49	38
Retail	-20.4	- 5.0	85	67
Value of new cars sold				
Wholesale	- 5.6	+19.0	49	38
Retail	- 8.6	- 6.5	85	67
New cars on hand at end of month				
Number	+22.3	+ 9.8	85	48
Value	+25.6	- 7.1	85	48
Number of used cars sold	-15.1	+ 5.0	89	61
Salable used cars on hand at end of month				
Number	+14.6	+ 7.7	82	45
Value	+ 6.8	+17.9	82	45

Shipments of automobiles reported by the National Automobile Chamber of Commerce decreased during September, but to a less extent than in the corresponding month a year ago.

Exports of passenger cars and trucks during August were considerably reduced both in value and number from July, although the value per unit exported was greater. Production of casings and inner tubes during August reported by the Rubber Association of America was again less than shipments, resulting in a large reduction in the inventories of August 31.

IRON, STEEL, AND OTHER METALS

Production of steel ingots and pig iron was at a high rate in September, but the trend continued downward from the high point reached in May, 1923. The output in September was less than the average monthly production for the twelve months ended August 31, 1923, but was considerably greater than in September, 1922. On September 30, unfilled orders were in smaller volume than a month ago. The books have been opened for the fourth quarter and some of the steel companies report new business about equal in volume to current shipments. New orders are confined largely to immediate requirements. Prices of

steel were practically unchanged; pig iron was somewhat easier. The composite of iron and steel prices in September averaged slightly lower than in August.

Statistics issued by the American Zinc Institute show production of slab zinc by all companies as 39,105 tons and shipments 42,683 tons, in September, compared with 41,625 and 36,394 tons, respectively, in August.

CASTINGS

The melt reported by casting foundries for the month of September was slightly less than in August; shipments also declined. Production in September fell below the monthly average for the eight months ended August 31, 1923.

CHANGES IN SEPTEMBER, 1923, FROM PREVIOUS MONTHS

Compiled from direct reports to this bank

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1923	Mo. Av. 8 Mo. 1923	AUGUST 1923	Mo. Av. 8 Mo. 1923
Pig iron consumed.....	- 3.9	- 2.9	27	26
Iron scrap consumed.....	+15.1	+10.1	27	26
Steel scrap consumed.....	- 9.4	-12.9	27	26
Total tonnage consumed.....	- 7.3	-10.0	27	26
Castings shipped (tonnage)...	- 9.5	- 7.2	26	21
Castings shipped (dollars)...	- 7.7	+ 1.9	24	20

STOVES AND FURNACES

The usual seasonal demand for stoves and furnaces was experienced during September, with bookings slightly in excess of a year ago. Total shipments were considerably larger in September, 1923, than in September, 1922, and were seasonally more than in August, 1923. Moulding rooms were operating 1.1 per cent nearer capacity than a month ago, and the ratio was 5.2 per cent higher than in September, 1922.

CHANGES IN SEPTEMBER, 1923, FROM PREVIOUS MONTHS

Compiled from direct reports to this bank

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUG. 1923	SEPT. 1922	AUG. 1923	SEPT. 1922
Shipments	+32.2	+30.7	19	19
Orders accepted	+52.1	+ 5.6	12	13
Inventories	-15.6	+22.5	13	13
Operations (moulding room) ..	+ 1.8	+ 8.1	18	18

AGRICULTURAL MACHINERY AND EQUIPMENT

September sales of agricultural machinery and equipment decreased as compared with August, but comparison with September, 1922, indicates an increase.

Reports to this bank from 108 manufacturers in the United States show a decrease of 12.8 per cent compared with August. Domestic sales during the month were 14.4 per cent less than in August, while foreign sales were 7.2 per cent less. Comparisons, available from ninety-two of these manufacturers on both foreign and domestic sales, of September, 1923, with September, 1922, show a total this year 9.6 per cent greater. Domestic sales decreased 3.1 per cent, while foreign sales were 70.2 per cent larger than in September, 1922. Decreased sales in September compared with the previous month were general throughout the industry, although some companies, including a few of the larger firms, made a better showing than in August. Production during September as indicated by employment statistics was 60.6 per cent of normal compared with 60.3 per cent in August.

Several manufacturers reported that their September business did not reach expected proportions, while others have orders booked to cover October and a large part of November. Labor conditions are easier.

SHOE MANUFACTURING, TANNING, AND HIDES

A high rate of activity continues in the Seventh district shoe manufacturing industry. September shipments were 12.2 per cent greater than current production and inventories again declined. Unfilled orders were greater on October 1 than a month previous and were equivalent to 150.8 per cent of September shipments. On September 30, 1923, twenty-six companies had stocks on hand equal to 51.7 per cent of their shipments in September.

CHANGES IN SEPTEMBER, 1923, FROM PREVIOUS MONTHS

Based on pairs and compiled from direct reports to this bank

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUG. 1923	SEPT. 1922	AUG. 1923	SEPT. 1922
Production	- 3.6	+5.9	33	33
Shipments	+ 0.7	+6.2	33	33
Inventories	-13.0	-3.5	26	22
Unfilled orders	+20.3	-0.5	24	20

Reports from tanners in the Seventh district to this bank indicate that the sales of leather were in smaller total volume in September than in the previous month or a year ago; production also declined. Because of uncertainty regarding the future trend of prices, purchasing has been limited to current requirements. The demand for suede and staple leathers declined in September, but that for patent and novelty tends to increase. Production and shipments of harnesses and belting increased in September over August, 1923, and September, 1922.

Despite increased activity in the packer hide market, the total volume of green hides and skins shipped from Chicago in September was less than in the previous month. Prices of green hides were easier in September than in August, but lamb skins were firmer than a month ago.

CLOTHING

The tailor-to-the-trade industry showed further seasonal gains during September. Orders, production, and shipments increased 9.8 per cent over a year ago. There was a 34.9 per cent increase in orders and a 35.2 per cent increase in production and shipments, over the previous month.

TAILORS-TO-THE-TRADE

Changes in September, 1923, from previous months

Compiled from direct reports to this bank

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUG. 1923	SEPT. 1922	AUG. 1923	SEPT. 1922
Orders for suits.....	+34.9	+9.8	14	13
Number of suits made.....	+35.2	+9.8	14	13
Number of suits shipped..	+35.2	+9.8	14	13

RAW WOOL AND FINISHED WOOLENS

Woolen mills operated at approximately the same rate in September as in August, but are approaching the between-seasons period with some uncertainty. Because orders for fall duplicates and spring lines are not arriving in sufficient volume, some of the mills are now reducing operations.

Demand for raw wool has shown a little improvement in the last month, but mills continue to limit purchases to immediate requirements. The shipments of raw wool from Chicago were in excess of current receipts for September, although both were in smaller volume than in August. The downward trend of prices seems to have been checked.

FURNITURE

According to direct returns from nineteen furniture manufacturers in this district, orders booked during September increased 18.9 per cent over the previous month, but decreased 14.7 per cent from a year ago. Shipments, which declined 12.8 per cent from August, showed little change from last year. Seventeen firms reported the volume of unfilled orders at the end of the month as 2.9 per cent smaller than at the end of August and 17.7 per cent below September 30, 1922. Based on September shipments, these firms show an average of about six weeks' business on hand October 1. According to figures from sixteen manufacturers, plants were operating at an average capacity of 84.5 per cent in September compared with

85.3 per cent during the previous month. Collections were reported a little better than in August.

BOXES AND CONTAINERS

Reports of fifteen companies indicated a slight decrease in the sales of boxes and containers during the month of September. Sales reported were 4.9 per cent lower than for August, but 12.5 per cent greater than for September, 1922. Thirteen large companies were operating at an average of 79.9 per cent of full capacity.

Six manufacturers of fiber containers reported a decrease averaging 5.1 per cent in sales and 1.3 per cent in the amount of boxboard consumed. Sales of wooden boxes by three large producers decreased 18.2 per cent, but were 18.7 per cent higher than for the corresponding month last year.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

CEMENT

Producers of cement in this district report little change either in demand or stocks on hand for the month of September. The demand in the district as well as in the country as a whole continues heavy and mills are operating at full capacity. There have been no changes in prices.

Figures compiled by the Geological Survey show that the September production of 13,109,000 barrels was the highest ever attained in any one month, being 1.1 per cent higher than August, the previous high month, and 6.7 per cent higher than October, 1922, the high month of last year. Shipments in September were 8.6 per cent less than for August. Stocks on hand at the end of the month were equal to 41.9 per cent of the amount produced during the month.

LUMBER

A weakening tendency characterized the lumber industry during the month of September despite the reports of increasing business at the end of August. Dealers throughout the district report that business improved as compared with September, 1922, but was below that of the previous month. Prices with few exceptions have remained the same, and many dealers feel that there can be no further reductions. There is a fair volume of orders for immediate delivery, but practically none were reported for future shipment. Industries continued their policy of buying only for immediate use. At Chicago receipts of lumber dropped 11.1 per cent from the August figure and 6.6 per cent below September of last year. Shipments for the month decreased 8 per cent, but were 13.5 per cent in excess of the same period last year.

Production at mills remained approximately at the August level and stocks are growing. According to the report of the National Lumber Manufacturers Association, orders have averaged about 95 per cent of the total cut during the month. For the week ended September 29, however, orders reported by 403 mills were 104 per cent of the cut for the week.

BRICK

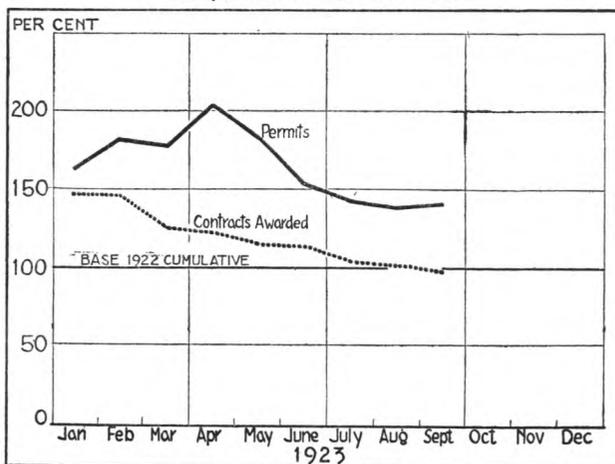
There was a general weakening in demand for common brick during September throughout the district. At many plants stocks are accumulating and operations have been curtailed. Prices remained unchanged. In the Chicago territory the demand has held up better than in other parts of the district, but some producers are working at only 65 per cent of capacity.

In rural communities, where the demand has been slow for some time, there are heavy stocks, and plants are producing only enough to fill orders. The demand for face brick is good and many plants are operating at full capacity even in localities where the demand for common brick is slow.

CONTRACTS AND PERMITS

Contracts awarded, as well as permit cost figures, gained during September. Total awards during the month

CUMULATIVE BUILDING VALUATIONS, 7th DISTRICT
Comparison of 1923 with 1922



Comparison of monthly cumulative valuation through September, 1923, with corresponding periods, 1922. Contracts awarded based on reports of the F. W. Dodge Co. Permits based on reports from 50 cities direct to this bank. Latest figures shown, September, 1923: permits, 140.6; contracts awarded, 98.7.

amounted to \$50,829,785, an increase of 11 per cent over the previous month; the percentage comparison with last year remained about the same as in August, both months showing a decrease of nearly 20 per cent. The gain in the district during the month was due to the increases in Michigan and Illinois, as Indiana remained approximately at the August level, and Iowa and Wisconsin showed rather marked decreases. Contracts awarded for residential construction in the district dropped to \$14,311,904, the lowest point reached during the year.

The rise in total permit cost figures during the month

aggregated 3.6 per cent. Of the five larger cities, the rather heavy increases in Chicago and Des Moines were offset by proportionate decreases in Indianapolis and Detroit, Milwaukee showing only a slight increase. Twenty-six cities showed increases and twenty-four decreases in the cost represented by permits issued.

In September, for the first time, cumulative valuation of contracts awarded during 1923 fell below that for the corresponding period last year. The accompanying chart shows, however, that permits remained practically at the same high proportionate value which has been maintained since June, or about 40 per cent above 1922.

MERCHANDISING CONDITIONS

WHOLESALE TRADE

At the beginning of the fall quarter, wholesale trade in the Seventh district was still maintaining an excess over 1922, less pronounced, however, than in the early part of the year. Cumulative gains over last year for the nine months ended September 30, nevertheless, reached 7 per cent for groceries, 14 for drugs, 16 for dry goods, 20 for automobile accessories, and 24 for hardware. Shoe sales alone showed an average decline for the period.

Shoe sales also reflect the only general falling off from a year ago, when September sales are considered separately, the large majority of other dealers reporting gains. About one-half of the firms made better records than in August, although the only group gain was in groceries. The sales index for reporting dry goods firms fell off slightly from August, whereas in 1921 and 1922 September was the peak month. The 4 per cent drop in shoe sales likewise compares with marked increases in the two preceding years. In hardware much of the month's business was based on small orders for immediate use.

Stocks on hand at the end of September were lower than at the beginning of the month for all commodities except automobile accessories, which also show the largest increase over a year ago. Shoe stocks continued below the 1922 level; drug and grocery inventories fell below for the first time this year; and hardware and dry goods each averaged 12 per cent gain.

Of seventy-six returns giving accounts outstanding September 30, all but nineteen were larger than last year, with group comparisons varying from 6.5 per cent decrease for shoes to 20.0 per cent gain in automobile accessories. For the majority of firms September collections were heavier than a year ago.

DEPARTMENT STORE TRADE

Over four-fifths of the department stores sending returns to this bank reported expansion of business during September. For the district as a whole, the increase over August amounted to 7.1 per cent as against 23.4 per cent in 1922. Combined sales during August and September, however, increased in about the same proportion as last

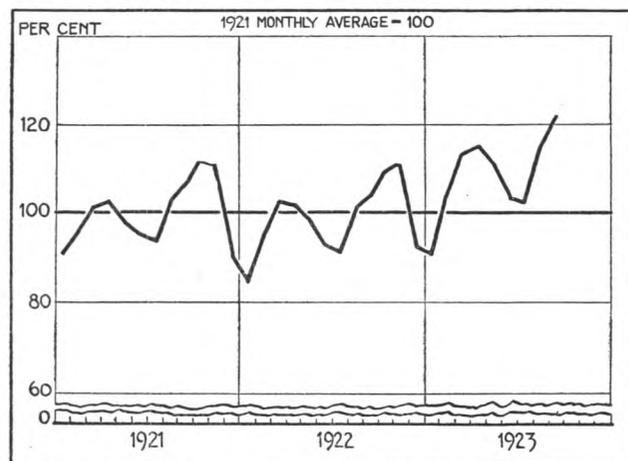
year, indicating that the smaller rate of expansion apparent in September this year is the result of comparison with a very large August business.

Also affecting the comparison with August were the fewer trading days in September, as average daily sales showed an increase of 16.0 per cent. The same factor enters the comparison with September, 1922, the 7.3 per cent gain being the smallest in over a year. Furthermore, current comparisons between the two years would tend to be less striking than those noted early in 1923, because of the improvement that took place during the latter half of 1922.

With all but five stores reporting heavier inventories on September 30 than at the end of August, the index for the entire district rose to 121.4, the highest level since January, 1921, the first month figures were available, as may be seen from the accompanying chart.

Accounts outstanding at the beginning of September for forty-six firms were 16.0 per cent larger than last year; collections during the month for the same firms increased 21.1 per cent.

DEPARTMENT STORE STOCKS



Based on reports to this bank from 48 department stores in the district. Latest figure shown, September, 1923: 121.4.

CHAIN STORE TRADE

Nine chain store systems reporting to this bank increased their sales during September 7.3 per cent over August, with individual declines for only two firms. Compared with September, 1922, sales in all commodities except musical instruments were heavier this year, the drug group showing the most marked increase—36.2 per cent. In this group, as well as in groceries, however, part of the gain over last year results from the opening of new stores.

MAIL ORDER TRADE

Combined sales of Chicago's two leading mail order houses during September were more than 20 per cent larger than in September, 1922, or 1921, and for the first time this year showed an increase over the corresponding month of 1920. Compared with August, September sales averaged 16.6 per cent higher. Business was reported by one house as well distributed in the various lines of merchandise.

TRANSPORTATION

Aggregate carloadings of revenue freight for September were slightly less than in August, although live stock, merchandise, and miscellaneous shipments increased. Another peak record was attained during the week ended September 29, when 1,097,274 cars were loaded. The total surplus cars for the same period were 41,745, whereas shortages reported from various districts amounted to 15,331 cars.

The fifth statement of the American Railway Association reviewing the progress made on the "Program to Provide Adequate Transportation" indicates general improvement in several particulars. Fewer freight cars and locomotives are now in need of repair than at any time within the past three years. The stock of bituminous coal held by railroads on September 1 was 16 million tons compared with 8 million on June 1. The average tons per loaded car and the miles per car per day have increased over previous years, especially the latter, which shows an average of 27.9 miles per day for July, 1923, against 20.9 for July, 1922, and 21.6 during July, 1921.

SEVENTH FEDERAL RESERVE DISTRICT SHOWING CLEARING CENTERS REPORTING DEBITS



MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1919 as a base, unless otherwise indicated. Figures for latest month shown partly estimated on basis of returns received to date. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Sept. 1923	Aug. 1923	Sept. 1922	Aug. 1922		No. of Firms	Sept. 1923	Aug. 1923	Sept. 1922	Aug. 1922
Employment—						Wholesale Trade—					
Iron and Steel Products:						Net Sales (in dollars):					
Number Employed.....	56	89.9	90.2	79.1	77.9	Groceries	40	85.5	83.0	81.8	81.2
Amount of Payroll.....	56	84.5	89.2	68.1	65.7	Hardware	21	107.5	109.6	99.6	97.0
All Industries:						Shoes					
Number Employed.....	296	97.2	98.1	88.3	85.1	Drugs	14	103.2	107.3	94.2	92.4
Amount of Payroll.....	296	112.7	116.8	96.8	90.8	Dry Goods.....	13	116.7	117.0	106.5	100.4
Meat Packing—(U. S.)—						Automobile Accessor-					
Sales (in dollars) ¹	63	106.4	98.9	92.0	86.1	ies	7	83.0	85.4	77.5	88.9
Stoves and Furnaces—						Retail Trade (Depart-					
Shipments (in dollars)....	18	114.0	86.2	92.9	73.9	ment Stores)—					
Agricultural Pumps—(U. S.)—						Net Sales (in dollars):					
Shipments (in dollars)....	21	86.5	102.1*	97.1	105.4	Chicago	9	117.5	129.9	104.0	113.3
Furniture²—						Detroit					
Orders (in dollars).....	13	126.9	106.8	143.3	113.0	Des Moines.....	3	109.6	89.1
Shipments (in dollars)....	13	124.4	152.1	131.3	125.5	Indianapolis	4	136.8	116.3	130.4	102.2
Shoes³—						Milwaukee					
Production (in pairs).....	37	149.6	155.2	147.3	149.1	Outside	43	104.6	94.2	93.3	80.2
Shipments (in pairs).....	37	173.2	172.0	162.3	175.6	Seventh District	70	126.6	118.2	118.0	95.6
Electric Energy—						Retail Trade (U. S.)—					
Output of Plants						Department Stores.....					
(KWH)	10	143.4	145.6	127.6	128.7	Mail Order Houses.....	4	91.7	73.3	75.1	57.2
Industrial Sales (KWH) ..	10	169.3	180.5	147.0	149.3	Chain Stores:					
Flour Production—						Grocery					
(In barrels)	45	104.2	108.3	97.4	107.1	Drug	10	142.6	145.4	129.0	128.7
Freight Carloadings—(U. S.)—†						Shoe					
Grain and Grain Prod-						Five and Ten Cent....					
ucts						Music					
Live Stock		128.3	133.3	129.3	142.5	Cigar	3	139.8	135.3	135.4	126.9
Coal		120.0	103.3	106.5	89.7	Boxes and Containers—					
Coke		108.8	118.7	105.3	61.8	Sales (in dollars).....					
Forest Products		145.0	146.2	93.8	90.6	Boxboard Consumption					
Ore		127.1	133.9	98.5	100.5	(tons)					
Merchandise and Miscel-		196.9	216.2	139.7	178.2	Movement of Grain at					
laneous		131.0	126.8	118.2	117.8	U. S. Interior Pri-					
Total		128.8	129.3	114.9	107.7	mary Markets—					
Iron and Steel—						Receipts:					
Pig Iron Production:						Oats					
Illinois and Indiana....		145.4	155.9	85.7	84.7	Corn		124.8	139.3	231.3	155.4
United States.....		122.6	135.1	79.8	71.3	Wheat		147.1	202.8	182.0	189.6
Steel Ingot Production						Shipments:					
(U. S.)		114.7	127.3	97.5	91.0	Oats		86.6	88.4	89.6	94.4
Unfilled Orders U. S.						Corn		77.5	83.5	130.3	143.7
Steel Corp.....		84.0	90.3	111.6	99.3	Wheat		86.1	85.0	106.0	153.4
Automobiles—(U. S.)—						Building Construction—					
Production:						Contracts Awarded (in					
Passenger Cars.....		216.2	227.3	135.7	179.6	dollars):					
Trucks		107.7	115.6	72.8	93.2	Residential		89.0	99.3	93.4	117.1
Shipments (Monthly						Total					
Average, 1920=100):						Permits:					
Carloads		176.3	182.8	125.9	156.9	Chicago	Number	220.2	262.3	168.3	190.9
Driveaways		95.3	117.1	76.9	92.7	Cost		321.0	231.9	141.2	206.4
Boat (Base Figures						Indianapolis	Number	240.9	260.4	187.3	207.9
(1920), partly esti-		250.6	295.6	239.3	297.9	Cost		154.8	247.8	180.9	194.6
imated)						Des Moines.....	Number	289.2	224.5	124.5	139.2
Stamp Tax Collec-						Cost					
tions—(First Illinois						Detroit					
Internal Revenue						Number					
District)—						Cost					
Sales or Transfer of						Milwaukee	Number	202.4	216.2	216.1	221.3
Capital Stock.....		123.9	74.9	94.7	102.5	Cost		166.8	154.5	136.0	133.0
Sales of Produce on						Others (45).....	Number	213.0	223.8	166.6	173.5
Exchange—Futures		42.0	43.9	57.2	55.2	Cost		170.8	163.5	132.1	143.8
						Fifty cities.....	Number	207.7	220.4	171.5	181.5
						Cost		210.6	203.4	140.5	175.8

† August figures revised to include week ended September 1. * July index revised to 108.5.

1. Monthly Average 1920-1921=100; 2. Monthly Average 1919-1920-1921=100; 3. Monthly Average of mean of production and shipments in 1919=100.

The following are sources of data used in obtaining the index numbers in cases where they are not based on direct returns to this bank; Iron and Steel—Iron Age, Iron Trade Review, and Steel and Metal Digest; Automobile shipments—National Automobile Chamber of Commerce; Freight Carloadings—American Railway Association; Retail Trade, United States—Federal Reserve Board; Movement of Grain—Howard, Bartels & Co., Daily Trade Bulletin.