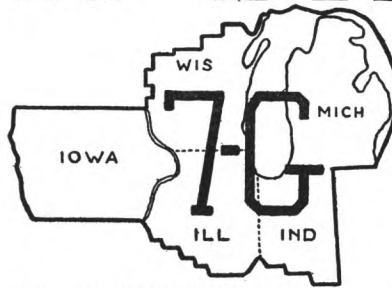


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 7, No. 7

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

July 1, 1924

## BUSINESS CONDITIONS IN THE UNITED STATES

**P**RODUCTION of basic commodities and factory employment showed unusually large declines in May and were considerably below the level of a year ago. Purchases at wholesale and retail also declined during the month and were somewhat below last year's volume. Commercial loans at member banks decreased and there was a further decline in money rates.

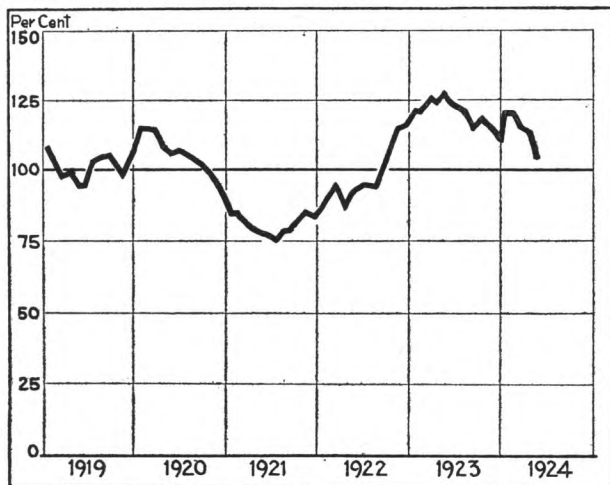
**PRODUCTION**—The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, declined about 10 per cent in May to a point about 18 per cent below the peak reached a year ago. Particularly marked decreases were shown for production of iron and steel and mill consumption of cotton. Output of anthracite, cement, and tobacco products, on the other hand, was slightly larger than

in April. Factory employment declined 4 per cent in May, the number of employees being reduced in almost all reporting industries. The largest reduction of working forces occurred in the textile, metal, automobile, and leather industries. The value of building contracts awarded in May was 13 per cent less than the month before and for the first time since the beginning of the year fell below the corresponding month in 1923.

The Department of Agriculture forecasts as of June 1 indicated smaller yields of wheat, oats, and barley as compared with the harvests of 1923. The condition of the cotton crop on May 25 was 5 per cent lower than a year ago and 7 per cent below the average condition for the past ten years.

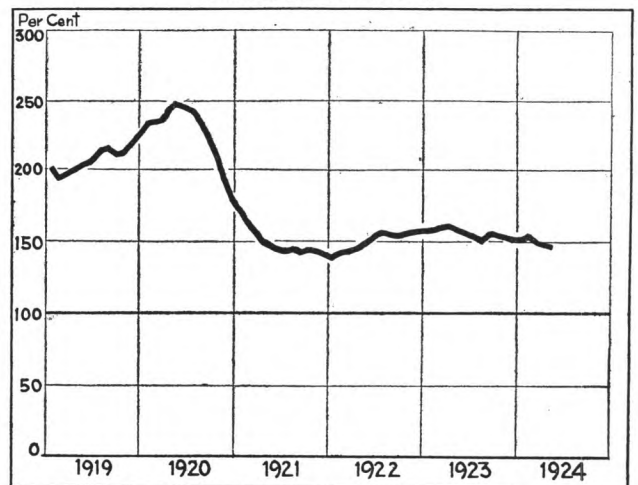
**TRADE**—Railroad shipments showed a slight

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, May, 1924: 103.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, May, 1924: 147.

Compiled June 27, 1924

increase in May, but were 8 per cent smaller than a year ago. Carloadings of all classes of freight, with the exception of grain and livestock, were smaller than in May, 1923.

Wholesale trade decreased slightly in May and was 6 per cent less than in May, 1923. Sales of dry goods, shoes, and hardware were much smaller than a year ago, while drug sales were slightly larger. Retail trade at department stores and mail order houses declined during May more than usual at that season and was smaller than last year. Department store stocks were 4 per cent smaller in May than in April and 3 per cent larger than a year earlier.

**PRICES**—Wholesale prices, as measured by the index of the Bureau of Labor statistics, declined 1 per cent during May to a level about 8 per cent below the high point reached in the spring of 1923. Prices of all commodity groups, with the exception of food, declined in May. During the first half of June quotations on wheat, corn, rye, and milk increased, while prices of hogs, beef, cotton, and lumber declined.

**BANK CREDIT**—Decreased demand for credit for current business requirements between the middle of May and the middle of June was reflected in a smaller volume of borrowing for commercial purposes at member banks

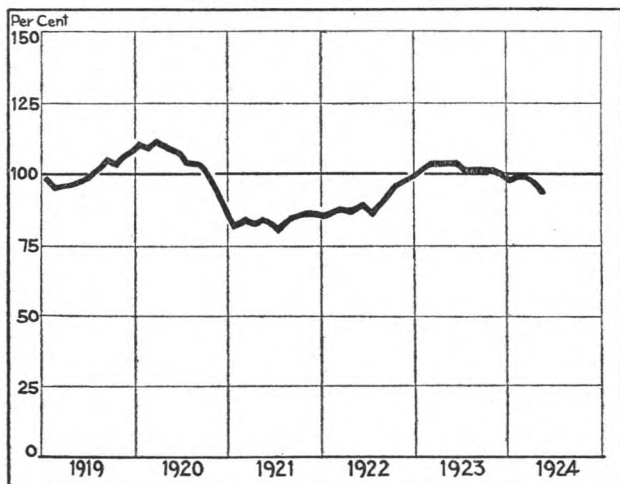
in leading cities. Further purchases of corporate securities by these banks and larger loans on stocks and bonds, however, resulted in an increase for the month in their total loans and investments. There was an unusually large increase in net demand deposits of these banks, which carried the total of these deposits to the highest figure on record.

At the Federal Reserve Banks between May 21 and June 18 there was a further decline in discounts for member banks and in acceptances purchased in the open market. Government security holdings, on the other hand, increased, and total earning assets were somewhat larger than a month ago.

The prevailing ease in the money market was reflected in a further decline from  $4\frac{1}{4}$  to  $3\frac{1}{2}$ - $3\frac{3}{4}$  per cent rates on prime commercial paper in New York. The June 15 issue of six-month Treasury Certificates bore a rate of  $2\frac{3}{4}$  per cent, compared with 4 per cent on a similar offering last December.

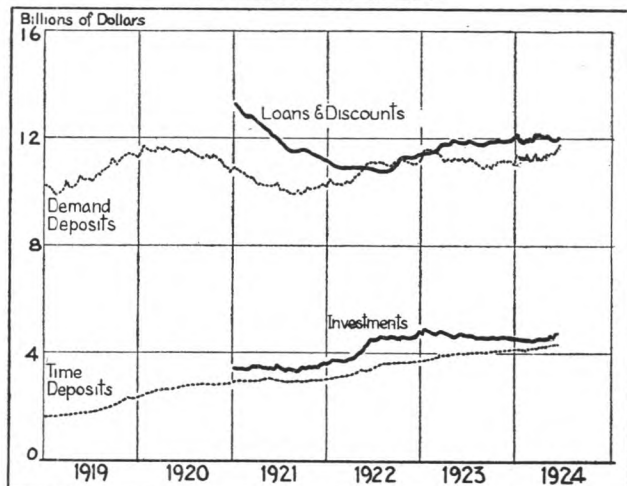
Discount rates at the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco were reduced from  $4\frac{1}{2}$  to 4 per cent during June and the rates in Boston, New York, and Philadelphia were reduced to  $3\frac{1}{2}$  per cent.

FACTORY EMPLOYMENT



Index for 33 manufacturing industries (1919=100). Latest figure, May, 1924: 93.

MEMBER BANK CREDIT



Weekly figures for member banks in 101 leading cities. Latest figures, June 11, 1924: Loans and Discounts, 12,077 million; Investments, 4,720 million; Demand Deposits, 11,785 million; Time Deposits, 4,348 million.

## BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

**P**RODUCTION, employment, distribution figures for the Middle West—all give evidence of the slackened operations during May, while the continued downward trend in prices, falling off in orders booked, and closely watched inventories further emphasize the general contraction in business.

In construction work, a high rate of activity was maintained during the month, although indications of curtailment were to be found in the decrease in permits issued during May and in reports of less widespread building shortage. The coal industry continues markedly depressed, and constitutes a factor in the failure of carload-

ings to reach their 1923 volume.

This general slowing down, the consequence in some instances of previous overproduction, was for the most part, however, the psychological result of the prevailing policy of caution, accentuated by political and economic uncertainty. With a share of this now removed and with money abundant at low rates, conditions are favorable for expansion in operations. Already the bond market has responded to the stimulus with a striking increase in investment demand. Other encouraging features are the large volume of debits to individual accounts and the decrease from April in business failures for the district.

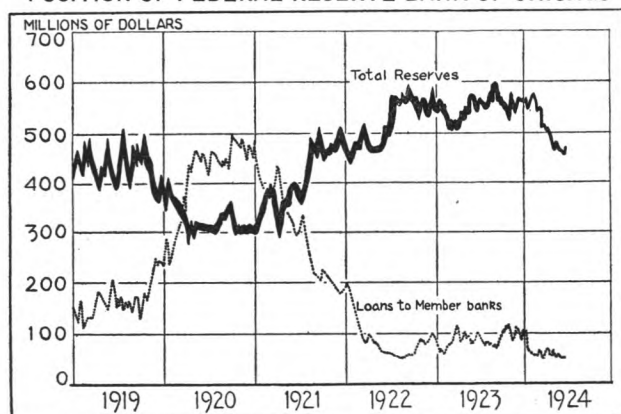
## BANKING CONDITIONS AND MONEY RATES

Reduced credit demand for commercial and industrial purposes and overabundant funds in the larger banking centers, with a consequent downward movement in rates, have been the outstanding features in credit and banking operations in the district during the past month. Rates in Chicago have declined  $\frac{1}{4}$  to  $\frac{1}{2}$  per cent, with present quotations as follows: Collateral loans  $4\frac{1}{2}$  to  $4\frac{3}{4}$ , over-the-counter accommodations  $4\frac{3}{4}$  to 5, and time loans  $4\frac{1}{2}$  to 5. The Federal Reserve Bank of Chicago on June 13 reduced the rediscount rate to 4 per cent on all classes of paper. A further evidence of easy money conditions was the oversubscription to the new offering of  $2\frac{3}{4}$  Treasury Certificates.

In agricultural sections of the district little liquidation has taken place and demand for credit remains active, some banks even finding it necessary to extend their lines to borrowers during the past month. All legitimate requirements are being met, however.

Loans to member banks by the Federal Reserve bank showed a downward trend following a small rise the last week in May. On June 18 a slight upturn took place but on June 25 the down trend was resumed, and the figure reported, \$44,813,444, was the lowest since October 22, 1917, when loans to member banks aggregated \$42,091,193. Earning assets increased to \$123,339,000 on June 11, the highest figure for several weeks, principally reflecting larger holdings of Government securities. On June 18, however, a drop to \$115,217,000 was shown, growing out of reduced volume of Treasury notes more than offsetting a gain in Certificates of Indebtedness and a small increase in bills discounted. Federal Reserve notes in circulation continued to shrink in volume, totaling \$259,010,005 on June 18, compared with \$404,254,800 the first reporting date in January. The drop from May 14 to June 18 was approximately 21 million.

POSITION OF FEDERAL RESERVE BANK OF CHICAGO



Latest figures shown June 18, 1924, in thousands of dollars: Total Reserves, 471,544; Loans to Member Banks, 49,554.

Loans and discounts of Chicago and Detroit reporting member banks moved downward throughout May and the first week in June, but on June 11 increased about 5 million, and on June 18 nearly 15 million, standing at \$1,480,392,000, or 13 million above the level on the corresponding reporting date in May. In other selected cities, loans and discounts declined less noticeably in May than the aggregate of Chicago and Detroit, and remained practically unchanged

at \$328,000,000 until June 18 when a drop of about 2 million was reported. Demand deposits fluctuated, those of Chicago and Detroit members totaling \$1,331,934,000 on June 18, over 17 million above the previous high point reached on May 14. In other selected cities, no established trend was discernible in demand deposits, though week-to-week fluctuation took place; the aggregate of \$250,779,000 on June 18 was only slightly under the figure on May 21. Time deposits in Chicago and Detroit showed weekly gains until June 18 when a small reduction from the preceding week took place, and in other selected cities an otherwise uninterrupted rise since April 30 was ended by a slight drop on June 11, more than cancelled, however, by a rise the subsequent week, the total on June 18 being reported as \$149,852,000 compared with \$149,329,000 the preceding week.

Sales of commercial paper by nine reporting dealers increased 6.5 per cent in May as compared with April, reversing the movement of the previous month, and were 13.1 per cent larger than in May, 1923. Although sales during the month were greater, the volume of paper outstanding at the close decreased 4.7 per cent from April 30, but remained 15.0 per cent above that of a year ago. Rates continued to decline, prevailing at  $4\frac{1}{4}$ @ $4\frac{1}{2}$  per cent as compared with  $4\frac{1}{2}$ @ $4\frac{3}{4}$  per cent in April. The demand for paper is steady, particularly with the larger city banks; a considerable portion of the country banks are now out of the market. The supply of paper remains moderate, credit requirements being limited, but there is enough paper to meet the demand.

In the four-week period ended June 11, purchases of acceptances by five dealers in the open market underwent a weekly average decline of over 50 per cent from the previous five-week period. Sales likewise contracted considerably, though those to local banks increased, the decline in the aggregate being 42.6 per cent. Holdings at the close of the period were reduced 39.8 per cent. Rates in this period were again lowered extensively; maturities of 90-day and less were bid at  $2\frac{3}{8}$ @ $2\frac{7}{8}$  and offered at  $2\frac{1}{4}$ @ $2\frac{3}{4}$  on June 11. Over 90-day maturities were bid and offered principally at  $2\frac{3}{8}$ @ $2\frac{3}{4}$  and  $2\frac{1}{4}$ @ $2\frac{5}{8}$ , respectively. The supply of bills continues small, while in general the demand is fairly good. Maturities of 90-day and less remain most attractive.

Eighteen district banks increased the volume of acceptances executed in May 32.4 per cent over April and to a somewhat greater extent over a year ago. Purchases of acceptances advanced 21.5 per cent over the preceding month, while sales were 8.4 per cent larger. Month-end holdings increased 39.4 per cent, those of the banks' own acceptances being nearly doubled. All of these items were over twice the volume in May, 1923, except sales, which increased 32.6 per cent. The liability of these banks on their acceptances outstanding declined 16.4 per cent from that at the close of the preceding month, but increased 12.5 per cent over a year ago.

**Agricultural Financing**—Gains over April of approximately \$2,000,000 for each group were shown on May 31 in the aggregate of loans outstanding in the five states including the Seventh district by twenty-two Joint Stock and four Federal Land banks. Four Federal Intermediate Credit banks increased their outstanding loans over April

nearly \$200,000, more than offsetting the decline in volume shown on April 30 from the preceding month. The distribution by states of outstanding loans of these banks as of May 31 is given in the table below:

|                      | JOINT STOCK<br>LAND BANKS | FEDERAL<br>LAND BANKS | INTERMEDIATE<br>CREDIT BANKS |
|----------------------|---------------------------|-----------------------|------------------------------|
| Number of Banks..... | 22                        | 4                     | 4                            |
| Illinois .....       | \$ 46,405,360             | \$ 21,050,370         | \$473,277                    |
| Indiana .....        | 29,825,420                | 30,176,600            | 9,206                        |
| Iowa .....           | 74,238,209                | 47,440,050            | 119,422                      |
| Wisconsin .....      | 4,384,500                 | 22,577,000            | 243,508                      |
| Michigan .....       | 1,444,400                 | 17,122,900            | .....                        |
| Total .....          | \$156,297,889             | \$138,366,920         | \$845,413                    |

An offering of a new issue of \$35,000,000 ten-thirty year Federal Land bank  $4\frac{3}{4}$  per cent bonds at 101 and interest to yield about  $4\frac{5}{8}$  per cent to the redeemable date 1934 and  $4\frac{3}{4}$  per cent thereafter to redemption or maturity was made on June 16. The bonds were offered to the public by a country-wide group consisting of the twelve Federal Land banks, investment houses, institutions, and dealers. They bear the date of July 1, 1924, and are due July 1, 1954; they are not redeemable before July 1, 1934, but are redeemable at par and interest at any time after ten years from the date of issue, and are exempt from federal, state, municipal, and local taxation.

**Volume of Payment by Check**—Volume of payment by check in May increased 2 per cent over April in the four larger cities of the district, Chicago, Detroit, Milwaukee, and Indianapolis, and totaled \$4,134,407,000, as compared with the April aggregate for these cities of \$4,052,857,000. The May volume was 3.2 per cent below that for the corresponding month of 1923. Clearing house banks in twenty smaller reporting centers debited individual accounts to the amount of \$672,037,000, an increase of 3.7 per cent over the April figure, \$648,059,000, but less by 1.9 per cent than in May, 1923. The total in May of this year for the twenty-four cities reporting volume of payment by check was \$4,806,444,000, or 2.2 per cent above April and 3.1 per cent below the corresponding month of 1923.

|                      | AGGREGATE<br>MAY<br>1924<br>(000 OMITTED) | PERCENTAGE<br>APRIL<br>1924 | CHANGES FROM<br>MAY<br>1923 |
|----------------------|---|-----------------------------|-----------------------------|
| Chicago .....        | \$2,998,663                               | +2.2                        | — 3.3                       |
| Detroit .....        | 715,120                                   | +0.3                        | + 0.8                       |
| Milwaukee .....      | 262,228                                   | +0.9                        | —11.4                       |
| Indianapolis .....   | 158,396                                   | +8.8                        | — 5.5                       |
| Total .....          | \$4,134,407                               | +2.0                        | — 3.2                       |
| Total 20 cities..... | 672,037                                   | +3.7                        | — 1.9                       |
| Total 24 cities..... | \$4,806,444                               | +2.2                        | — 3.1                       |

## AGRICULTURAL PRODUCTION AND FOOD STUFFS

June 1 reports from 139 agents representing 218,711 farmers in the Seventh district show that farm work has been delayed and plant growth retarded by unseasonable weather. Poor seed and insufficient warmth prevented satisfactory germination of corn, and in a number of counties necessitated replanting some of the acreage. Winter grains are in fairly good condition, although in all probability this year's harvest will be two to three weeks later than usual. Only slight reduction in potato acreage is indicated from that of a year ago by the agents' reports. Farmers in most parts of the district had smaller stocks of old corn on hand at the beginning of June than on the corresponding date in 1923. Present conditions suggest a fairly good supply of small fruit, but considerably smaller

**Savings**—Both the amount of savings deposits and the size of the average savings account in this district were 0.4 per cent larger on May 31 than at the beginning of the month, according to figures furnished by 202 banks. Indiana, alone, showed a downward trend, and reasons given for the declines of 1.8 per cent in amount of deposits and 1.9 per cent in the average account, were the withdrawals following the crediting of the semi-annual interest on May 1 by some banks, less activity in industry and consequent lack of employment, tax payments, and transfer of savings to institutions paying higher rate of interest.

Compared with a year ago the five states showed gains in the amount of their savings deposits ranging from 3.1 per cent in Indiana to 10.0 per cent in Michigan, the aggregate expansion for the district being 6.0 per cent. Although the average saving account in Indiana and Iowa fell off 1.8 and 2.4 per cent, respectively, from the June 1, 1923, level, there was a gain for the district of 0.5 per cent.

**Bonds**—The bond market during the latter part of May was rather featureless in comparison with conditions during the first two weeks of June, when institutional buying stimulated by the ease in money conditions caused some improvement both in the market for listed bonds and in that for new issues. The removal of uncertainty regarding the Government's taxation policy was also a contributing factor, but the general investment demand is still slow.

In the last two weeks demand has been particularly toward public utilities and railroad securities, with an advancing tendency in prices. In the municipal bond market prices continue to rule fairly well, with a moderate demand from dealers and institutions, especially in bonds which are legal investments for savings banks. Industrials continue to lag; this is particularly true for bonds of companies which suffered from the business depression of 1920 and 1921, and which have not been able to recover their earning power since that time. There has been a fair demand for foreign securities.

Subscriptions to the  $2\frac{3}{4}$  per cent Treasury Certificates of Indebtedness, dated June 16, 1924, and maturing December 15, 1924, were oversubscribed for the country and for this district. Total subscriptions—cash and exchanges—received by this bank amounted to \$61,039,000; final allotments were cash, \$9,796,500; exchanges, \$24,008,000. The quota for this district was \$21,000,000. The market for Government bonds has been very active, with steadily rising prices.

crops of apples and peaches than were harvested last year.

The Bureau of Agricultural Economics on the basis of the June 1 condition forecast a production of 83,818,000 bushels of winter wheat for the four states exclusive of Wisconsin, and 526,647,000 bushels of oats for the five states lying largely in the Seventh district compared with the final estimate at 124,886,000 bushels and 527,858,000 bushels, respectively, produced in these states in 1923.

### UNITED STATES CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of June 1  
(In thousands of bushels)

|                                 | ALL WHEAT | OATS      | BARLEY  | RYE    |
|---------------------------------|-----------|-----------|---------|--------|
| Forecast, 1924.....             | 693,150   | 1,231,728 | 159,893 | 62,461 |
| Final, 1923.....                | 785,741   | 1,299,823 | 198,185 | 63,023 |
| Five-year Average, 1918-22..... | 880,989   | 1,302,516 | 186,036 | 78,410 |

## GRAIN MARKETING

A greater quantity of wheat but a lesser volume of corn and oats arrived at interior primary markets of the United States during May than in April, although shipments from these markets gained slightly. Compared with a year ago, the movement of corn and oats increased but that of wheat declined. Exports were less than in April but inquiry for bread grains has improved since recent readjustment of world prices brought those of the United States nearer to a parity with other world markets. The prices of corn and oats averaged less at Chicago during May than in April, but those of wheat advanced.

The visible wheat supplies in the United States, Canada, and the United Kingdom were 166,132,000 bushels on June 14, 1924, compared with 219,403,000 bushels on May 10, 1924, and 128,873,000 bushels on June 16, 1923.

### VISIBLE SUPPLY OF GRAIN IN THE UNITED STATES

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 Chicago Board of Trade. (In thousands of bushels)

|                            | WHEAT  | CORN   | OATS   | RYE    | BARLEY |
|----------------------------|--------|--------|--------|--------|--------|
| June 16, 1924              |        |        |        |        |        |
| Warehouses and Afloat..... | 38,788 | 11,150 | 5,630  | 16,946 | 589    |
| Bonded .....               | 6,286  |        | 1,044  | 298    | 223    |
| May 17, 1924               |        |        |        |        |        |
| Warehouses and Afloat..... | 46,744 | 15,466 | 8,903  | 19,788 | 912    |
| Bonded .....               | 12,816 |        | 1,913  | 685    | 101    |
| June 18, 1923              |        |        |        |        |        |
| Warehouses and Afloat..... | 29,719 | 4,332  | 11,018 | 16,197 | 1,177  |
| Bonded .....               | 2,900  |        | 301    | 1,125  | 626    |

**Flour**—Total flour production during May, according to figures reported by thirty-seven firms in this district, was maintained at about the same level as in April, with mills operating at 49.5 per cent of capacity in both months. Comparison with May, 1923, during which month operations aggregated 42.9 per cent of capacity, indicates a gain in output of 15.3 per cent. Output of wheat flour increased 1.3 per cent over April and 21.0 per cent over the same month a year ago, in contrast to that of flour other than wheat which showed declines of 16.5 and 34.1 per cent, respectively.

Stocks of flour on May 31 receded only slightly from the level at the close of the preceding month, and there was a reduction of 10.9 per cent compared with the corresponding date last year. Wheat stocks fell off 15.7 per cent during May, but were 8.9 per cent larger at the end of the month than a year ago. May sales of flour increased 5.8 per cent in volume and 1.7 per cent in value over April; comparison with the same month last year shows gains of 32.2 per cent in volume and 18.7 per cent in value.

The Chicago Board of Trade reports receipts of flour at Chicago during the month to be 899,000 barrels compared with 900,000 barrels in April and 841,000 barrels in the same month a year ago; shipments of flour from Chicago totaled 580,000 barrels compared with 569,000 barrels in the preceding month and 615,000 barrels in May, 1923.

### MOVEMENT OF LIVE STOCK

Receipts and slaughter of live stock were smaller at public stock yards during May, 1924, than in the corresponding month of 1923. Cattle slaughter increased over the volume reported in April, but that of hogs, sheep, and calves declined.

### LIVE STOCK SLAUGHTER

|                             | CATTLE  | HOGS      | SHEEP   | CALVES  |
|-----------------------------|---------|-----------|---------|---------|
| Yards in Seventh district   |         |           |         |         |
| May, 1924.....              | 231,948 | 884,007   | 210,655 | 150,187 |
| Public Stock Yards in U. S. |         |           |         |         |
| May, 1924.....              | 693,686 | 2,734,644 | 723,263 | 447,014 |
| April, 1924.....            | 647,764 | 2,809,188 | 725,918 | 460,124 |
| May, 1923.....              | 711,984 | 3,072,396 | 888,189 | 460,963 |

Fewer cattle and calves but more lambs moved from markets to feed lots during May than in April, but the total movement for the current year is below that for the corresponding five-month period in 1923.

### AVERAGE PRICES OF LIVE STOCK

Per hundred pounds at Chicago

| CLASS                             | WEEK ENDED   |          | MONTHS OF  |          |
|-----------------------------------|--------------|----------|------------|----------|
|                                   | JUNE 14 1924 | MAY 1924 | APRIL 1924 | MAY 1923 |
| Native Beef Steers (average)..... | \$ 9.75      | \$ 9.65  | \$ 9.95    | \$ 9.50  |
| Fat Cows and Heifers.....         | 6.75         | 6.80     | 6.65       | 6.90     |
| Canners and Cutters.....          | 3.10         | 3.25     | 3.20       | 3.75     |
| Calves .....                      | 9.60         | 9.15     | 8.95       | 9.10     |
| Stockers and Feeders.....         | 6.90         | 7.45     | 7.00       | 7.55     |
| Hogs (Bulk of Sales).....         | 7.00         | 7.35     | 7.40       | 7.55     |
| Sheep .....                       | 5.60         | 7.50     | 10.05      | 7.90     |
| Yearling Sheep.....               | 14.00        | 12.15    | 13.10      | 11.65    |
| Lambs .....                       | 16.50        | 15.10    | 16.10      | 14.15    |

The accompanying chart not only shows the relation between prices of live hogs and the cost of ten bushels of corn necessary to produce one hundred pounds of live weight, but also indicates that periods in which corn prices are on a higher basis than hog prices are shorter in duration than those in which this price relation is reversed. Each of the periods seems to recur at definite intervals.

RELATION OF PRICES OF CORN AND HOGS



Latest figures shown May, 1924: Corn, \$7.85, and Hogs, \$7.35.

**Meat Packing**—Sixty-one meat packing companies in the United States report aggregate sales in dollars 5.0 per cent greater in May than in the preceding month, but seasonal expansion was smaller than in either 1922 or 1923, the total sales falling 1.2 per cent below those in May last year. The rate of production receded from April; employment declined 0.5 per cent in number, 7.3 per cent in hours worked, and 5.3 per cent in total payrolls during the period covered by the last pay-date in May from the corresponding period in the preceding month; June 1 inventories of meat decreased slightly from the volume on May 1, but lard stocks increased. Cold storage holdings in the United States exceeded the average for June 1 during the three-year period of 1921-1923, but were somewhat less than the average for that date in the five years 1919-1923. Chicago prices for May deviated little from those prevailing in April; veal and mutton eased somewhat, but prices of a majority of other edible products strengthened slightly.

With the exception of better inquiry for hams and pic-

tics by English importers, export demand has not changed materially from a month ago. A smaller volume was forwarded in May for export than in April, according to reports sent direct to this bank by meat packers engaged in foreign trade. Prices for American products in English markets continue below parity in the United States, but those on the Continent are in line with domestic markets.

Consignment stocks already abroad were indicated as less on June 1 than at the beginning of May.

### DAIRY PRODUCTS AND POULTRY

Seasonal expansion in output of dairy products continued in May. District production of creamery butter increased 40.6 per cent over April and 8.1 per cent over May last year. Wisconsin factories manufactured 27.4 per cent more cheese during the five weeks ended June 7 than in

the prior corresponding period, the output being 14.6 per cent greater than between the corresponding dates in 1923. Sales of creamery butter increased 22.4 per cent over April and 7.1 per cent over May a year ago, according to reports sent direct to this bank by representative creameries in the Seventh district. Prices held moderately firm.

Receipts of dairy products increased at Chicago during May, but less poultry arrived than in April. A smaller volume of eggs, but a larger volume of butter, cheese, and poultry was received than in May last year. Production exceeded consumption, permitting the usual accumulation in cold storage warehouses, the June 1 holdings of butter in the United States being more than double those in the preceding month or a year ago. Total stocks of eggs and cheese were greater than on June 1 last year.

## FUEL AND POWER PRODUCTION

### COAL

Coal markets have continued dull in this district during the past month as the result of the large volume of stored stocks, slackened industrial conditions, substitution of other fuel, larger issue of power from the same amount of coal used, and greatly increased production of eastern coal by Chicago industrial users for their own consumption. The volume of eastern coals produced by Mid-West consumers is now reported to exceed 10,000,000 tons per year.

According to a report issued as of April 30 by the Illinois Coal Operators Association, 138 mines, or 35 per cent of the total shipping mines of the state, representing 21 per cent of the total state output during the last full year of operation, and employing 25 per cent of the miners, have been closed indefinitely or abandoned. Eighteen mines were reported temporarily idle, while the 197 still working operated less than two days a week during April. The report indicates further that the approximate value of the mines abandoned or closed indefinitely was \$40,000,000, with few of them in serious financial difficulties, however; whereas in the previous extreme depression in the coal industry at the end of the six-year period from 1911 to 1915, the 110 mines then closed down or abandoned, as represented by their outstanding stocks and bonds, approximated \$28,000,000 and the original stock and bond holders suffered a loss of almost this amount. Figures supplied by the Association indicate that production in the state during May aggregated 3,754,650 tons compared with 3,812,500 tons in April and 5,950,610 tons the same month last year. Output of bituminous coal in the United States was maintained during the greater part of the month at a weekly rate of a little more than 7,000,000 tons. The decline to 6,708,000 net tons during the week ended May 31 was due to the observance of Memorial Day, as average daily production increased.

The volume of lake trade continues smaller than in 1923, according to reports from the Ore and Coal Exchange which show the total loadings of bituminous coal at Lake Erie ports during May to be 2,609,593 net tons compared with 4,005,001 tons a year ago. In the first instance 2,433,862 tons were cargo and 175,731 tons vessel fuel, while in the second case 3,829,971 tons were cargo and 175,030 tons

vessel fuel. Distribution of bituminous coal to American ports on Lake Superior during May aggregated 833,786 tons and on Lake Michigan, 737,234 tons, compared with 1,716,653 tons and 1,146,029 tons, respectively, the same month last year.

Bituminous coal prices, as submitted by the Hopkins Daily Coal Reporter, showed comparatively little change on June 16 from those reported for May 14, though screenings from a number of fields were lower. Declines in the prices of Pocahontas and New River mine-run were offset by increased prices for other sizes of these coals.

Anthracite production during the first full week of May aggregated 1,924,000 net tons, the highest level since the week ended March 29 when 1,942,000 tons were mined. With the exception of the week ended May 31 during which period holidays caused a decline in output to 1,294,000 tons, production was maintained at a weekly rate of over 1,800,000 tons. Anthracite prices were raised again in June, but demand during the past month was reported exceedingly limited.

### ELECTRIC ENERGY

May output and sales of electric energy customarily show an increase over April, but this year they registered a decline from that month. The increases in activity over May, 1923, in all items are considerably smaller than in any other month this year, as compared with the corresponding month in 1923. The 4.2 per cent increase from last year in output contrasted with one of 15.8 per cent in February, the peak month of 1924, and the 3.1 per cent expansion in sales compared with 21.8 per cent in that month.

### CHANGES IN MAY, 1924, FROM PREVIOUS MONTHS

Compiled from direct reports to this bank from eight companies  
PER CENT CHANGE FROM

|   | MAY<br>1924 | APRIL<br>1924 | MAY<br>1923 |
|---|-------------|---------------|-------------|
| Plant capacity (K.W.).....                            | 1,850,960   | 0.0           | +12.4       |
| Plant output (K.W.H.).....                            | 528,654,200 | -3.4          | + 4.2       |
| Plant output (daily average—<br>K.W.H.) .....         | 17,053,361  | -6.5          | + 4.2       |
| Peakload demand (K.W.).....                           | 1,284,066   | -2.0          | + 5.1       |
| Industrial sales (K.W.H.).....                        | 218,651,889 | -3.2          | + 3.1       |
| Industrial sales (working<br>day average—K.W.H.)..... | 8,409,688   | -3.2          | + 3.1       |
| Ratio peakload demand to<br>plant capacity.....       | 69.4        | 70.8          | 74.2        |
| Load factor.....                                      | 55.3        | 58.0          | 55.8        |

## INDUSTRIAL EMPLOYMENT CONDITIONS

Employment reports for May confirm previous indications of a slackening in industrial operations. On May 15 wage earners in the Seventh Federal Reserve district numbering 387,000 represented a decline from April 15 of 3.5 per cent in number and 4.1 per cent in earnings. This is the heaviest reduction in employment reported in this district for any month since 1921. Curtailment of industrial activity is also evidenced by many reports of reductions in working time ranging from one hour a day to almost half the normal working period.

Of the industrial groups represented in the total returns, the only one that showed increased activity for the month was the stone, clay, and glass products group. Even in this group, however, conditions were varied, several brick yards closing down during the month, although the industry in the aggregate changed little. Stone crushing and quarrying as well as glass factories added a considerable number to their forces. Under "Food and related products," a seasonal increase was apparent in the canning and preserving industry and also in the manufacture of ice cream; meat

packing, however, declined further with the total group showing a shrinkage in employment. With the exception of panel and veneer mills and the factories for making sash, door, and interior finish, practically all lumber industries show lower employment. Furniture factories laid off about 3 per cent of their men and in many cases also reduced the number of working hours. Logging is off about 50 per cent and Wisconsin reports a cut of 15 per cent in employment in the box factories. All leather products show a heavy decline, especially boots and shoes. Hosiery, knit goods, clothing, and other textile products show reduced operations. Among metals and metal products, the declines were general, total returns for about 163,000 men showing curtailment of 3.3 per cent in men and 5.3 per cent in earnings.

In comparison with the volume of industrial employment of a year ago, decreases of approximately 8 per cent for Illinois, of 5 per cent for Wisconsin, and of 4 per cent for Iowa were noted in the respective state reports.

### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

| INDUSTRIAL GROUP                                     | NUMBER OF WAGE EARNERS<br>WEEK ENDED |          |                    | TOTAL EARNINGS<br>WEEK ENDED |             |                    |
|--|--------------------------------------|----------|--------------------|------------------------------|-------------|--------------------|
|  | MAY 15                               | APRIL 15 | PER CENT<br>CHANGE | MAY 15                       | APRIL 15    | PER CENT<br>CHANGE |
| All groups (10).....                                 | 387,049                              | 401,221  | -3.5               | \$9,468,885                  | \$9,872,362 | -4.1               |
| Metals and metal products (other than vehicles)..... | 162,976                              | 168,604  | -3.3               | 3,587,051                    | 3,786,531   | -5.3               |
| Vehicles.....  | 41,239                               | 42,452   | -2.9               | 1,189,465                    | 1,289,687   | -7.8               |
| Textiles and textile products.....                   | 27,462                               | 28,421   | -3.4               | 604,426                      | 617,480     | -2.1               |
| Food and related products.....                       | 50,558                               | 51,201   | -1.3               | 1,309,891                    | 1,305,840   | +0.3               |
| Stone, clay, and glass products.....                 | 13,142                               | 12,782   | +2.8               | 392,053                      | 376,080     | +4.2               |
| Lumber and its products.....                         | 35,562                               | 39,297   | -9.5               | 880,137                      | 924,865     | -4.8               |
| Chemical products.....                               | 9,970                                | 10,757   | -7.3               | 256,338                      | 275,325     | -6.9               |
| Leather products.....                                | 15,088                               | 16,189   | -6.8               | 327,056                      | 350,910     | -6.8               |
| Rubber products.....                                 | 2,463                                | 2,481    | -0.7               | 64,192                       | 63,471      | +1.1               |
| Paper and printing.....                              | 28,589                               | 29,037   | -1.5               | 858,276                      | 882,173     | -2.7               |

## MANUFACTURING ACTIVITIES AND OUTPUT

### AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of automobiles during May decreased considerably from April, contrasting to a marked degree with the usual seasonal gains in evidence at this time in past years. Activity also fell behind that of May last year, when the industry established a record monthly production. Passenger cars produced during the month by identical manufacturers representing practically complete production amounted to 279,385, a drop of 17.1 per cent from April and 20.2 per cent from last year. This figure is the lowest reached since February, 1923, excluding the December, 1923, production, which was at approximately the same level. Trucks manufactured during May by identical plants aggregated 32,326, a decline of 7.6 per cent from April production and 23.7 per cent from May, 1923. Upward revisions in prices have been announced by some manufacturers during the month, although there were a few reductions.

Wholesale and retail sales of new automobiles and motorcycles actually effected in the five states including the Seventh Federal Reserve district, which had been reported up to June 1, aggregated \$197,336,455, an increase of 17.8 per cent over May 1, although compared with June 1, 1923, a decrease of 6.7 per cent is shown. Automobile trucks

and motor wagons were sold to the amount of \$24,165,717, or 32.0 per cent over the preceding month and 4.6 per cent below last year. Automobile parts and accessories sales totaling \$27,401,542 were 55.5 per cent larger than on May 1, and 35.7 per cent above June 1, 1923. The sales of automobiles and motorcycles for the entire country as reported up to June 1, aggregated \$230,780,246 or 21.3 per cent more than the previous month and 4.5 per cent less than a year ago; automobile trucks and motor wagons were \$36,614,257 or 0.6 per cent less than May 1, and 9.6 per cent under June 1, 1923; accessories and parts sales totaled \$60,323,645 or 29.3 per cent greater than the preceding month and 13.9 per cent less than last year. These figures are not comparable with the May production or factory shipment figures.

Reports received by this bank from warehouses in Chicago, which is a large distributing center of automobiles, indicate some improvement in the movement of cars to consumers and a reduction of cars in storage as the result of slowing down in replacements from the factories. Other sections of the country, especially the East, report a continued surplus of warehoused machines.

Dealers and distributors in the Middle West report a smaller volume of passenger cars sold at wholesale and retail during May in comparison with April, and with May

a year ago. As was the case in April, the number of new cars in the hands of dealers was less than in the preceding month, while the year-to-year comparison shows a continuation of the large gains shown in past months. Sales of used cars during the month also receded from April, as well as from May, 1923. Fewer used cars were in the hands of dealers on May 31 than on April 30, but the number considerably exceeded that of a year ago. Used cars on hand May 31 represented 111 per cent of the May used cars sold.

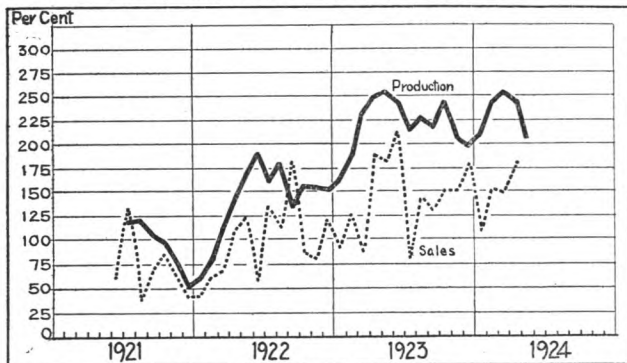
#### DISTRIBUTION OF AUTOMOBILES

|   | Changes in May, 1924, from previous months |          |                    |          |
|---|--|----------|--------------------|----------|
|   | PER CENT CHANGE FROM                       |          | COMPANIES INCLUDED |          |
|   | APRIL 1924                                 | MAY 1923 | APRIL 1924         | MAY 1923 |
| Number of new cars sold                   |  |          |                    |          |
| Wholesale .....                           | -10.9                                      | - 3.5    | 49                 | 42       |
| Retail .....                              | -14.5                                      | -11.6    | 76                 | 63       |
| Value of new cars sold                    |  |          |                    |          |
| Wholesale .....                           | - 8.0                                      | - 6.7    | 49                 | 42       |
| Retail .....                              | -17.4                                      | -17.2    | 76                 | 63       |
| New cars on hand at end of month          |  |          |                    |          |
| Number .....                              | - 9.4                                      | +76.1    | 78                 | 57       |
| Value .....                               | - 3.4                                      | +50.7    | 78                 | 57       |
| Used cars sold during the month.....      | -11.1                                      | -10.6    | 76                 | 67       |
| Salable used cars on hand at end of month |  |          |                    |          |
| Number .....                              | -12.0                                      | + 9.4    | 73                 | 54       |
| Value .....                               | - 5.3                                      | + 2.5    | 73                 | 54       |

Exports of automobiles from the United States during April continued at the high level shown in the first quarter of the year. Passenger cars exported numbered 15,808 compared with 14,035 in March and 13,352 in April, 1923. These cars were valued, respectively, at \$11,203,270, \$9,572,675, and \$8,783,249. Trucks exported amounted to 2,764 in number and \$1,745,443 in value, compared with 2,329 and \$1,607,518 in March, and 2,230 and \$1,276,048 a year ago.

The April production of casings and that of inner tubes reported by the Rubber Association of America were respectively, 110 per cent and 113 per cent of the April shipments; this is the fourth consecutive month in which production exceeded shipments.

#### TREND OF PRODUCTION AND SALES OF AUTOMOBILES JULY, 1921, TO APRIL, 1924, INCLUSIVE



1919 monthly average production of automobiles in U. S. (138,138)=100. 1920 fiscal year, monthly average sales of automobiles and motorcycles in U. S. (\$127,193,024)=100. Latest figures shown: 1924 Production, May, 202.3; Sales, April, 181.4.

#### AGRICULTURAL MACHINERY AND EQUIPMENT

Sales of agricultural machinery ordinarily continue to expand until July, but this year the May sales were lower than in April and considerably under a year ago, indicating that the seasonal recession began nearly six weeks earlier than in 1923. The operating rate again declined, being only 57.0 per cent of the theoretical normal for May.

Page 8 July

Eight firms reported that dealers' stocks moved more rapidly into farmers' hands than in the preceding month, but forty-one of the companies found no improvement. Collections continue somewhat slow especially throughout the wheat, corn, and cotton belt states.

#### PRODUCTION AND SALES OF FARM EQUIPMENT IN THE U. S.

|                                       | Changes in May, 1924, from previous months |          |                    |          |
|---------------------------------------|--|----------|--------------------|----------|
|                                       | PER CENT CHANGE FROM                       |          | COMPANIES INCLUDED |          |
|                                       | APRIL 1924                                 | MAY 1923 | APRIL 1924         | MAY 1923 |
| Domestic sales.....                   | - 2.3                                      | -12.7    | 107                | 107      |
| Sales billed for export.....          | -30.3                                      | + 5.9    | 107                | 107      |
| Total domestic and export sales ..... | - 8.4                                      | -10.1    | 107                | 107      |
| Production .....                      | - 4.6                                      | -15.2    | 101                | 102      |

Sales based on dollar amounts. Production computed from employment.

#### IRON AND STEEL

Reduction in operations at iron and steel plants continued at a steady rate throughout May with an increasing number of mills at the close of the month operating as low as 50 per cent of their capacity, although the average of all was about 60 per cent. This contrasts with 94 per cent in the fore part of March and 65 to 70 per cent at the close of April. The aggregate daily average production of steel ingots in May declined about 24 per cent from April, reaching the lowest point since February, 1922. The average daily output of pig iron contracted slightly less than 22 per cent for the country as a whole and over 27 per cent for the Illinois and Indiana districts. This curtailment was accompanied by a continuance in the high volume of shipments forwarded in past months, but lacked fresh bookings for replacement which resulted in depleted order books. The unfilled orders of the United States Steel Corporation, declining for the third successive month, were 16 per cent smaller in May than April.

The hesitation on the part of buyers in placing new business, previously ascribed to diversified conditions, chief among them uncertainty of prices, now appears to have been partly due to a slowing up in consumption by various steel consumers, whose stocks were lasting longer and whose orders, when placed, were for stock replenishment and accompanied by requests for immediate shipment. Eastern buyers of pig iron showed considerably more interest, a fair volume of business developing towards the close of the month. This movement confined itself to eastern territory.

In the Chicago district, where there has been the most pronounced activity in steel, buying was extremely light and operations dropped from about 80 to 85 per cent at the opening of the month to about 65 per cent at the close. Consumption of steel in many cases declined sharply, and new business at mills was well below shipments.

The composite average of iron and steel prices in the country continued to recede and the average contraction during May about equaled that of April. At Chicago steel prices declined \$2.00 during the month, while pig iron was \$1.00 less at the close of the month than at the opening. Iron and steel scrap prices strengthened on some items near the middle of the month but the rise was not maintained and at the close of the month they had again receded to about the same level as at the beginning.

**Zinc**—Production of slab zinc as reported by the American Zinc Institute was 47,666 tons in May, an increase of 6.0 per cent over April, while the month's shipment of 38,080 tons represented a decline of 13.9 per cent, with the



result that stocks on hand increased to 42,364 tons or 29.2 per cent above the figure at the end of April. The average weekly volume of zinc ore shipped from the tri-state district in May was 12,071 tons, a decrease of 8.2 per cent from April, and slightly less than in May, 1923. The average price in May was \$38.42 or \$1.00 less than in the previous month.

**Casting Foundries**—In contrast with foundry conditions in April when small increases in the volumes of metal consumed and of castings shipped were recorded, reporting foundries curtailed activities considerably in May. The decline in tonnage consumed during May, while rather extensive, nevertheless was not so marked as in several other months during the past year and a half, for which period this bank has figures. The operating ratio of twenty-three foundries was 71.1 per cent in May as compared with 76.1 per cent in April. Foundries are experiencing practically no difficulties in collections.

**CHANGES IN MAY, 1924, FROM PREVIOUS MONTHS**

|                                  | PER CENT CHANGE FROM |          | COMPANIES INCLUDED |          |
|----------------------------------|----------------------|----------|--------------------|----------|
|                                  | APRIL 1924           | MAY 1923 | APRIL 1924         | MAY 1923 |
| Pig iron consumed.....           | -20.8                | -29.2    | 28                 | 28       |
| Iron scrap consumed.....         | -23.4                | -44.5    | 28                 | 28       |
| Steel scrap consumed.....        | -6.8                 | -15.6    | 28                 | 28       |
| Total tonnage consumed..         | -11.4                | -21.6    | 28                 | 28       |
| Castings shipped (tonnage) ..... | -3.1                 | -18.0    | 27                 | 27       |
| Castings shipped (dollars) ..... | -4.4                 | -18.6    | 27                 | 27       |

**Stoves and Furnaces**—May operations of reporting stove and furnace manufacturers showed a slightly greater reduction in volume than that reported in April compared with March. Considerable declines from a year ago were registered in all items except inventories in May; whereas in April orders alone showed a drop from the preceding year. While aggregate shipments in May increased slightly, about one-third of the firms reported declines.

Manufacturers having collection difficulties find them most pronounced in the Central West and the East, particularly in the mining and agricultural districts.

**CHANGES IN MAY, 1924, FROM PREVIOUS MONTHS**

|                                 | PER CENT CHANGE FROM |          | COMPANIES INCLUDED |          |
|---------------------------------|----------------------|----------|--------------------|----------|
|                                 | APRIL 1924           | MAY 1923 | APRIL 1924         | MAY 1923 |
| Shipments .....                 | +2.1                 | -8.2     | 16                 | 16       |
| Orders accepted.....            | -29.1                | -22.3    | 12                 | 12       |
| Inventories .....               | +5.2                 | +5.0     | 11                 | 10       |
| Operations (moulding room)..... | -9.9                 | -11.0    | 15                 | 15       |

**SHOE MANUFACTURING, TANNING, AND HIDES**

Further declines in production and in shipments of shoes took place in May according to statistics compiled from direct reports to this bank from manufacturers in the Seventh district. Forwardings exceeded current production, resulting in slightly smaller inventories than at the close of the preceding month. June 1 stocks of manufactured goods held by twenty-four companies were equivalent to 86.2 per cent of their May shipments. Twenty companies reported unfilled orders sufficient to provide for nearly seven weeks' business, based on their output in May. Employment declined.

**CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN MAY, 1924, COMPARED WITH PREVIOUS MONTHS**

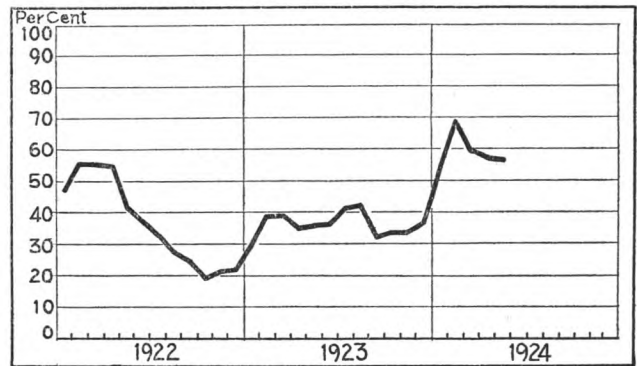
|                      | PER CENT CHANGE FROM |          | COMPANIES INCLUDED |          |
|----------------------|----------------------|----------|--------------------|----------|
|                      | APRIL 1924           | MAY 1923 | APRIL 1924         | MAY 1923 |
| Production .....     | -7.4                 | -12.8    | 29                 | 29       |
| Shipments .....      | -13.8                | -10.9    | 29                 | 29       |
| Inventories .....    | -0.3                 | +16.9    | 24                 | 23       |
| Unfilled orders..... | +11.1                | -36.3    | 20                 | 20       |

Leather production was less in May than in either the preceding month or the corresponding period a year ago.

Sales increased slightly over those in April; prices of leather remained at approximately the same level.

Packer green hide markets were more active at Chicago during May; fewer calf skins were sold, however, than in April. Representative tanners in the district report their purchases of raw material greater in volume than a month ago. May shipments of green hides and skins from Chicago exceeded those forwarded from that market during April. Prices held firm.

**RATIO OF STOCKS TO UNFILLED ORDERS—SHOE MANUFACTURERS—7TH DISTRICT**



Latest figure shown May, 1924: 56.6.

**RAW WOOL AND FINISHED WOOLENS**

The limited demand on the part of woolen and worsted mills, together with the slow movement of wearing apparel through retail channels, remains the chief factor responsible for the continued downward trend of wool prices during the past month. Little change has been apparent in the goods market and curtailment of production still prevails in both the woolen and worsted branches of the industry.

Disagreement regarding prices in the range states continues between growers and dealers, and it is reported that many of the former are holding their clips awaiting a better market.

The volume of bonded wools re-exported was considerably reduced during the latter part of May and first week in June, but during the week ended June 14, approximately 629,000 pounds of greasy and scoured wools were cleared from the port of Boston compared with 184,600 in the preceding week and 567,600 pounds during the week ended May 10.

**FURNITURE**

Orders booked by nineteen furniture manufacturers in this district during May gained 8.1 per cent over April, while shipments declined 13.2 per cent, and unfilled orders on May 31, according to figures from seventeen firms, were 9.4 per cent smaller than at the beginning of the month. Comparison with a year ago shows decreases of 27.9 per cent in orders, 23.4 per cent in shipments, and 59.7 per cent in unfilled orders, which were sufficient at the close of May for approximately four weeks' business, based on shipments during the month. Cancellations, as reported by fourteen firms, increased 6.1 per cent from the preceding month but declined 57.2 per cent from May, 1923. Operations were maintained at an average of 71.7 per cent of capacity compared with 73.5 per cent in April and 85.3 per cent the same month last year, according to figures for fifteen plants. Several firms reported collections generally slower.

## BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

May revealed no decided changes in building material conditions in this district. Although the large amount of construction work under way stimulated trade to some extent, sales figures of twenty-five lumber wholesalers reporting to this bank showed a small decrease of 1.6 per cent from those of April, while there was a noticeable decline of 16.4 per cent from May, 1923. Sales for that month last year increased 6.1 per cent over the preceding month. Demand was about equally divided between hardwoods and softwoods, large orders for the latter coming from the construction and building industries and from retail yards selling to them. These industries, together with furniture and automobile manufacturers, continue to buy from hand to mouth, however, and many dealers report that there were no large orders recorded during May. There was a still further softening in the prices of Douglas fir, and the Southern pine market changed little after the decline of April. A slight decrease was also reported in the price of maple flooring. Collections were about the same as in April, dealers reporting continued difficulties in the farming sections and smaller towns of the district.

The brisk demand for brick was maintained in Chicago, with plants running to capacity and no opportunity to accumulate stocks. Shipments were about the same as last year, but orders were coming in faster than shipments could be made. Outside Chicago, the call for brick was under previous years and stocks on hand were larger. Although some plants in Iowa were running full, others reported half-time operations and a few contemplated closing down again.

There was little change in the cement situation. Shipments were good but stocks remained high. Weather conditions have slowed up shipments to some extent. Cement production for the country as a whole increased 17.5 per cent over April and shipments, 13.9 per cent. Gains reported over last year were 6.7 per cent and 2.1 per cent, respectively. May was the peak month of the year in both production and shipments. Stocks were the lowest since January and declined 4.4 per cent from April, but increased 61.5 per cent over May, 1923, and are still unusually heavy.

### BUILDING CONSTRUCTION

A high rate of building activity was maintained during May in the Seventh Federal Reserve district, especially in residential construction work. Although April is usually the peak month of the year, the volume of all contracts awarded in this district during May showed an increase of 2.2 per cent over that month, while residential contracts increased 6 per cent. This increased volume is no doubt partly attributable to the more favorable weather conditions existing in May. The total amount of building so far this year falls below that of the same period last year,

the recession being 1.8 per cent. However, the aggregate amount of residential building for the first five months has exceeded that of the corresponding months of 1923 by 15.5 per cent. Illinois was the only state of those including the Seventh district to report any considerable gain over May a year ago in residential contracts, the increase being 66.8 per cent. In the comparisons with April, both Illinois and Michigan showed substantial gains. Although residential construction in Iowa was lower, there was a decided increase in this state of all other contracts awarded.

A gradual diminution of building operations is foreshadowed in the May reports to this bank on permits issued in fifty cities of the district. The composite of the figures revealed declines from April of 5.5 per cent in number and 9.0 per cent in estimated cost. In comparison with May, 1923, permits issued increased 3.7 per cent in value but decreased 2.9 per cent in number. The five large cities in the district reported decreases from April in both number and value of permits, with the exception of Milwaukee, where there was an increase of 4.5 per cent in number, but a decrease of 15.6 per cent in estimated cost.

That the shortage in building is rapidly being overcome is evidenced from reports received by the National Association of Real Estate Boards from thirty-two cities in the Seventh district. An analysis of these reports indicates that in only eight of these cities does there remain a shortage of business houses and in fifteen a shortage of apartments, although real estate boards in twenty-five cities report a shortage of single family dwellings. There is still a consistent demand for this type of structure. In Chicago there are indications of an overabundance of hotel kitchenette apartments, in Evanston of apartments, in Davenport of office buildings and dwellings, and in South Bend of houses and apartments. These are the only cities to report any overbuilding. Twelve cities report that in comparison with last year the condition of the real estate market for residential buildings is better, eleven that it is not so active, and eight that it remains the same.

Rents as a whole remain stationary throughout the district, with only a few cities reporting any downward trends, and these in varied classes of residences and apartments. In Chicago, concessions are now being made of as much as two to three months' rent in order to obtain tenants in some of the large apartment hotels and in the higher priced and larger apartments of the suburbs.

It is quite evident that the period of speculative building is over. Real estate bond houses are displaying more caution in underwriting loans and the demand for building bonds is somewhat quieter. Yields are well maintained at 6½ per cent, with some cities reporting 7 per cent as the prevailing rate.

### MERCHANDISING CONDITIONS

**Wholesale Trade**—May returns now available from wholesalers in this district reflect the general caution in buying that characterized the month. For the second time this year, sales by the majority of dealers in each of the five reporting groups were smaller than during the corre-

sponding month of 1923. These comparisons, however, based as they are on dollar amounts without allowance for price changes, indicate somewhat larger percentage decreases than would be shown by analysis at this time of volume figures.

With the exception of grocery sales, May comparisons with April also are unfavorable. In hardware, the decline is in contrast to the gain noted in 1923, when May was the peak sales month for the year. Similarly, the dry goods decline from April is sharper than a year ago, and marks the fourth successive month to follow a downward trend.

As during April, stock comparisons varied, grocery, shoe, and drug inventories on May 31 continuing below the corresponding 1923 level, but dry goods and hardware stocks maintaining increases of 2 and 11 per cent, respectively. Compared with the preceding month, stocks on hand at the end of May were heavier for the majority of dry goods and drug dealers, but lower for most of the grocery firms and for over half the hardware firms.

In collections some improvement was noted during May, the hardware group averaging an increase of 11 per cent over April, and the drug group 6 per cent. For the other commodities, with decreases and increases about equal in number, net changes were slight. Accounts receivable May 31 were smaller in amount than a year ago for forty-two firms out of seventy-two, and for forty-nine were less than at the beginning of the month. Delinquent accounts in May numbering 957 and representing \$110,184.35 were reported by member manufacturers and jobbers to the Electrical Credit Association, Central Division. The aggregate for April was 871 accounts, involving \$110,326.40. The figures for both months exceeded considerably the corresponding reports of 1923 in number of accounts, but the total amount in April, 1923, was greater than in either April or May of this year.

**Department Store Trade**—For nearly two-thirds of the department stores reporting to this bank, a decline in sales was apparent during May, both as compared with the previous month and with the corresponding month a year ago. The falling off from April, in contrast to moderate increases in the three preceding years, results in part from inclusion in the April figures this year of most of the Easter trade. Weather conditions and the general lull in business contribute to the unfavorable comparison with May, 1923. Cumulative sales for the five months of 1924, however, maintain an excess of 6 per cent over 1923.

As usual during May, stocks were lowered, only eight out of forty-four stores being inventoried as high on May 31 as at the beginning of the month. The gain of 8 per cent over the previous year, slightly less than that noted in March and April, reflects individual increases by the majority of firms. Over half the returns showed a reduction during May in outstanding orders, the percentage ratio for the district dropping to 6.9 per cent of total 1923 purchases.

Of forty-two firms reporting collection figures, all but eight made gains over April and all but fourteen over a year ago. Their ratio of 45.3 per cent to accounts outstanding on April 30 compares with 44.3 per cent the previous month and 46.7 in May, 1923.

**Specialty Store Trade**—The group of women's specialty and men's clothing stores reporting to this bank averaged

a decline of 23 per cent in sales during May as compared with the preceding month. This decrease, experienced by all the stores, compares with a reduction of only 12 per cent in May, 1923, when sales for part of the firms followed an upward trend. Accounts outstanding May 31 as shown by figures furnished by the specialty stores were smaller than the April 30 amounts, but continued larger than a year ago. For other items—purchases, inventories, and collections—no definite trends were established.

**Chain Store Trade**—Of the nine chain store systems regularly reporting to this bank, May sales for six were larger than during April. For three of the latter, however, the increases were proportionately lower than in May, 1923, when expansion over the preceding month was noted by all but one firm. Total volume of trade during May this year was generally larger than last except in musical instrument sales. In a comparison of average sales per store, however, the drug group showed the only gain.

**Mail Order Trade**—Combined sales during May of Chicago's two leading mail order houses dropped 19 per cent from the April level, and reached the lowest point since September. Comparison with a year ago shows a net decrease of 6 per cent, reducing the average gain for the year so far to 5 per cent. One house reported inventories small with no difficulty experienced in securing goods necessary for immediate filling of orders.

## TRANSPORTATION

The volume of freight moved during May was 5 per cent greater than in April and continued above the five-year average; compared with May, 1923, carloadings show a pronounced shrinkage.

The smaller weekly average of carloadings since March 1 as compared with the corresponding period last year has been due largely to the continued contraction in the movement of coal. Because of its comparative large volume, a variation in the movement of coal affects total carloadings to greater extent than any other commodity excepting merchandise and miscellaneous freight. The latter has continued on a high level since the beginning of the year, suggesting that general business conditions are not so much responsible for the declining trend in the aggregate volume of carloadings as are the conditions in a few individual industries.

The net operating income of Class I Railroads during April aggregated \$61,821,900, compared with \$80,239,884 in March; earnings in April a year ago were considerably greater than in either of these months.

Requisitions for new rolling stock amounted to 511 freight cars during May, the lowest of any month since December, 1921.

# 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. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

|  | No. of Firms | May 1924 | April 1924 | May 1923 | April 1923 |   | No. of Firms | May 1924 | April 1924 | May 1923 | April 1923 |
|--|--------------|----------|------------|----------|------------|---|--------------|----------|------------|----------|------------|
| <b>Meat Packing—(U. S.)—</b>                                       |              |          |            |          |            | <b>Electric Energy—</b>                   |              |          |            |          |            |
| Sales (in dollars) <sup>1</sup> .....                              | 64           | 88.9     | 85.0       | 91.6     | 87.5       | Output of Plants (KWH)....                | 10           | 150.4    | 155.7      | 145.5    | 143.6      |
| <b>Casting Foundries—</b>  |              |          |            |          |            | Industrial Sales (KWH)....                |              |          |            |          |            |
| Shipments (in dollars).....  | 29           | 93.4     | 97.6       | 114.5    | 101.5      |   | 10           | 167.1    | 172.5      | 164.1    | 158.2      |
| <b>Stoves and Furnaces—</b>  |              |          |            |          |            | <b>Wholesale Trade—</b>                   |              |          |            |          |            |
| Shipments (in dollars).....  | 19           | 90.4     | 90.5       | 99.7     | 86.4       | Net Sales (in dollars):                   |              |          |            |          |            |
| <b>Agricultural Pumps—</b>   |              |          |            |          |            | Groceries .....                           |              |          |            |          |            |
| <b>(U. S.)—</b>  |              |          |            |          |            | Hardware .....                            |              |          |            |          |            |
| Shipments (in dollars).....  | 20           | 81.1     | 99.6       | 114.1    | 100.0      | Shoes .....                               |              |          |            |          |            |
| <b>Agricultural Machinery &amp; Equipment—(U. S.)<sup>2</sup>—</b> |              |          |            |          |            | Drugs .....                               |              |          |            |          |            |
| Domestic Sales (in dollars)  | 131          | 111.2    | 114.3      | 129.8    | 123.9      | Dry Goods .....                           |              |          |            |          |            |
| Exports (in dollars).....  | 131          | 123.4    | 177.1      | 118.3    | 91.0       | <b>Retail Trade (Department Stores)—</b>  |              |          |            |          |            |
| Total Sales (in dollars).....                                      | 131          | 112.9    | 123.7      | 128.1    | 119.0      | Net Sales (in dollars):                   |              |          |            |          |            |
| <b>Furniture<sup>3</sup>—</b>                                      |              |          |            |          |            | Chicago .....                             |              |          |            |          |            |
| Orders (in dollars).....   | 23           | 100.1    | 92.6       | 128.7    | 120.7      | Detroit .....                             |              |          |            |          |            |
| Shipments (in dollars).....  | 23           | 114.3    | 131.7      | 148.7    | 148.6      | Des Moines .....                          |              |          |            |          |            |
| <b>Shoes<sup>4</sup>—</b>  |              |          |            |          |            | Indianapolis .....                        |              |          |            |          |            |
| Production (in pairs).....   | 36           | 133.8    | 144.2      | 160.8    | 158.6      | Milwaukee .....                           |              |          |            |          |            |
| Shipments (in pairs).....  | 36           | 134.7    | 156.3      | 160.2    | 152.5      | Outside .....                             |              |          |            |          |            |
| <b>Freight Carloadings—</b>  |              |          |            |          |            | Seventh District .....                    |              |          |            |          |            |
| <b>(U. S.)—</b>  |              |          |            |          |            | <b>Retail Trade—(U. S.)—</b>              |              |          |            |          |            |
| Grain and Grain Products....                                       | 103.0        | 96.6     | 88.9       | 96.7     |            | Department Stores .....                   |              |          |            |          |            |
| Live Stock .....   | 96.4         | 89.7     | 95.3       | 94.4     |            | Mail Order Houses.....                    |              |          |            |          |            |
| Coal .....   | 84.3         | 76.0     | 114.6      | 108.6    |            | Chain Stores:                             |              |          |            |          |            |
| Coke .....   | 100.2        | 120.8    | 169.2      | 171.5    |            | Grocery .....                             |              |          |            |          |            |
| Forest Products .....  | 132.0        | 133.4    | 138.0      | 134.5    |            | Drug .....                                |              |          |            |          |            |
| Ore .....  | 145.1        | 55.7     | 179.3      | 58.4     |            | Shoe .....                                |              |          |            |          |            |
| Merchandise and Miscellaneous .....                                | 124.3        | 124.6    | 128.8      | 125.5    |            | Five and Ten Cent.....                    |              |          |            |          |            |
| Total .....  | 115.2        | 109.3    | 126.1      | 117.4    |            | Music .....                               |              |          |            |          |            |
| <b>Iron and Steel—</b>   |              |          |            |          |            | Candy .....                               |              |          |            |          |            |
| <b>Pig Iron Production:<sup>5</sup></b>                            |              |          |            |          |            | Cigar .....                               |              |          |            |          |            |
| Illinois and Indiana.....  | 107.0        | 147.2    | 157.1      | 139.4    |            | <b>U. S. Primary Markets<sup>6</sup>—</b> |              |          |            |          |            |
| United States .....  | 100.7        | 128.6    | 148.9      | 141.1    |            | Grain Receipts:                           |              |          |            |          |            |
| <b>Steel Ingot Production—</b>                                     |              |          |            |          |            | Oats .....                                |              |          |            |          |            |
| <b>(U. S.)<sup>5</sup>.....</b>                                    |              |          |            |          |            | Corn .....                                |              |          |            |          |            |
| Unfilled Orders U. S. Steel Corp. ....                             | 60.5         | 70.2     | 116.5      | 121.6    |            | Wheat .....                               |              |          |            |          |            |
| <b>Automobiles—(U. S.)—</b>  |              |          |            |          |            | Grain Shipments:                          |              |          |            |          |            |
| <b>Production:</b>   |              |          |            |          |            | Oats .....                                |              |          |            |          |            |
| Passenger Cars .....   | 202.3        | 243.9    | 253.4      | 248.9    |            | Corn .....                                |              |          |            |          |            |
| Trucks .....   | 125.0        | 135.3    | 163.9      | 142.3    |            | Wheat .....                               |              |          |            |          |            |
| <b>Shipments:<sup>6</sup></b>                                      |              |          |            |          |            | <b>Flour Production—</b>                  |              |          |            |          |            |
| Carloads .....   | 169.2        | 229.6    | 217.0      | 220.3    |            | (In barrels).....                         |              |          |            |          |            |
| Driveaways .....   | 83.3         | 96.2     | 158.9      | 154.1    |            | <b>Building Construction—</b>             |              |          |            |          |            |
| Boat <sup>7</sup> .....  | 244.5        | 122.5    | 377.7      | 148.2    |            | <b>Contracts Awarded</b>                  |              |          |            |          |            |
| <b>Sales (7th District)—</b>                                       |              |          |            |          |            | <b>(in dollars):</b>                      |              |          |            |          |            |
| New Automobiles .....  | 195.6        | 166.0    | 210.0      | 91.0     |            | Residential .....                         |              |          |            |          |            |
| New Automobile Trucks..  | 93.6         | 70.9     | 98.2       | 44.7     |            | Total .....                               |              |          |            |          |            |
| Parts and Accessories.....   | 116.4        | 74.9     | 85.8       | 81.2     |            | Permits:                                  |              |          |            |          |            |
| <b>Stamp Tax Collections<sup>8</sup>—</b>                          |              |          |            |          |            | Chicago .....                             |              |          |            |          |            |
| Sales or Transfers of Capital Stock .....                          | 101.6        | 140.8    | 229.5      | 333.1    |            | Number .....                              |              |          |            |          |            |
| Sales of Produce on Exchange—Futures .....                         | 30.1         | 39.4     | 77.5       | 44.7     |            | Cost .....                                |              |          |            |          |            |
|  |              |          |            |          |            | Indianapolis .....                        |              |          |            |          |            |
|  |              |          |            |          |            | Number .....                              |              |          |            |          |            |
|  |              |          |            |          |            | Cost .....                                |              |          |            |          |            |
|  |              |          |            |          |            | Des Moines.....                           |              |          |            |          |            |
|  |              |          |            |          |            | Number .....                              |              |          |            |          |            |
|  |              |          |            |          |            | Cost .....                                |              |          |            |          |            |
|  |              |          |            |          |            | Detroit .....                             |              |          |            |          |            |
|  |              |          |            |          |            | Number .....                              |              |          |            |          |            |
|  |              |          |            |          |            | Cost .....                                |              |          |            |          |            |
|  |              |          |            |          |            | Milwaukee .....                           |              |          |            |          |            |
|  |              |          |            |          |            | Number .....                              |              |          |            |          |            |
|  |              |          |            |          |            | Cost .....                                |              |          |            |          |            |
|  |              |          |            |          |            | Others (45) .....                         |              |          |            |          |            |
|  |              |          |            |          |            | Number .....                              |              |          |            |          |            |
|  |              |          |            |          |            | Cost .....                                |              |          |            |          |            |
|  |              |          |            |          |            | Fifty Cities.....                         |              |          |            |          |            |
|  |              |          |            |          |            | Number .....                              |              |          |            |          |            |
|  |              |          |            |          |            | Cost .....                                |              |          |            |          |            |

1. Monthly average 1920-1921=100; 2. Monthly average 1923=100; 3. Monthly average 1919-1920-1921=100. 4. Monthly average of mean of production and shipments in 1919=100; 5. Average daily production; 6. Monthly average 1920=100; 7. Base figures (1920) partly estimated; 8. First Illinois internal revenue district; 9. Monthly average receipts 1919=100.