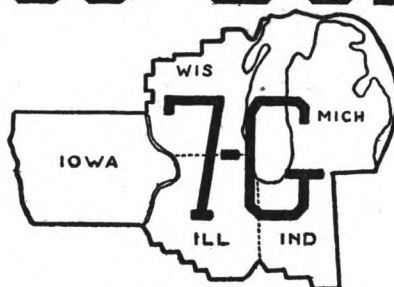


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 9, No. 3

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March 1, 1926

BUSINESS CONDITIONS IN THE UNITED STATES

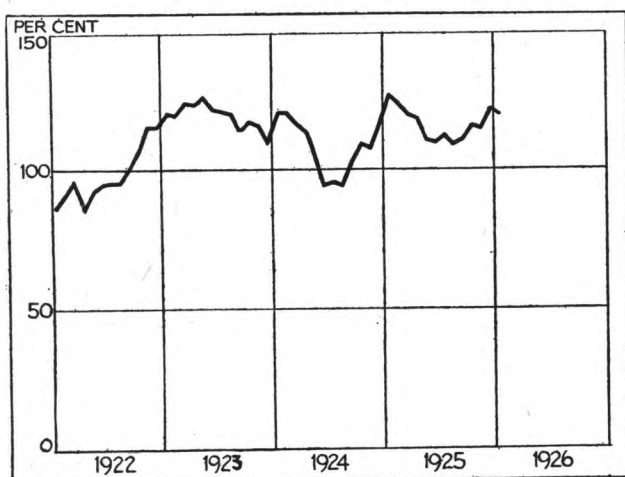
INDUSTRIAL activity in January was in slightly smaller volume than in December, and the distribution of commodities showed a seasonal decline. The level of prices remained practically unchanged.

PRODUCTION—The Federal Reserve Board's index of production in selected basic industries was about one per cent lower in January than in December. The output of iron and steel, copper, and zinc increased, while activity in the woolen and petroleum industries declined, and mill consumption of cotton, the cut of lumber, and bituminous coal production increased less than is usual at this season of the year. Automobile production, not included in the index, was slightly smaller than in December, but considerably larger than in January, 1925. Factory employment changed but little in January, but the earnings of workers decreased considerably owing to the closing of plants in most industries at the opening of the year for inventory taking and repairs. The volume of building contracts awarded in January, although seasonally less than in December, exceeded that of any previous January on record. Contracts awarded were particularly large in the New York and Atlanta districts.

TRADE—Sales of department stores and mail order houses showed more than the usual seasonal decline in January, but were larger than in January of last year. Wholesale trade declined considerably and was in smaller volume than a year ago. Stocks at department stores showed more than the usual increase in January and were about 11 per cent larger than at the end of January, 1925. Freight car loadings declined in January and the daily average for the month was approximately the same as a year earlier.

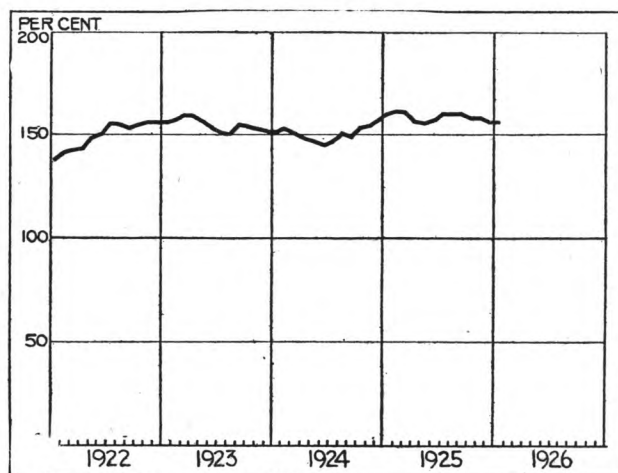
PRICES—Wholesale prices, as measured by the index number of the Bureau of Labor Statistics, remained practically unchanged from December to January. By groups of commodities, prices of grains, coke, and paper and pulp increased, while dairy products, cotton goods, bituminous coal, and rubber declined. In the first three weeks of February there was a decline in the prices of grains, and following the settlement of the strike in the anthracite region, a drop in the prices of bituminous coal and coke. Price advances were shown for refined sugar, copper, and petroleum.

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities adjusted for seasonal variations (1919=100). Latest figure, January, 1926: 120.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, January, 1926: 156.

Compiled February 25, 1926

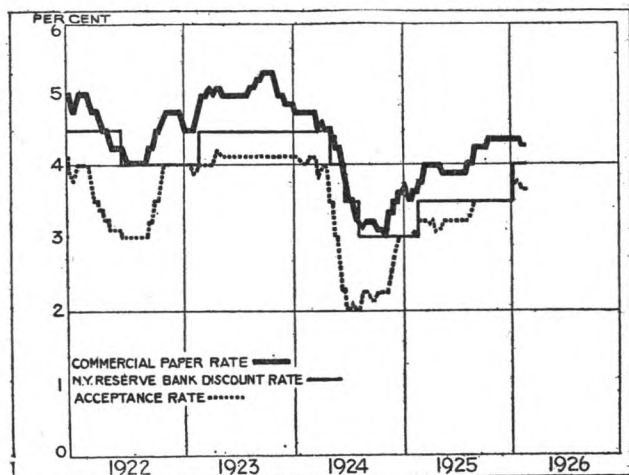
BANK CREDIT—At member banks in leading cities the seasonal decline in the demand for credit, which began at the turn of the year, came to an end toward the close of January, and in the early part of February the volume of loans and investments at these banks increased considerably. The increase was largely in loans for commercial purposes, which after declining almost continuously from their seasonal peak early in October, advanced by more than \$50,000,000 in February.

The growth in the commercial demand for credit through-

out the country, together with some increase in currency requirements, was reflected in a withdrawal of funds from the New York money market and was a factor in the increase in the demand for reserve bank credit after the end of January. Reserve banks' holdings of bills and securities increased by about \$66,000,000 between January 27 and February 17.

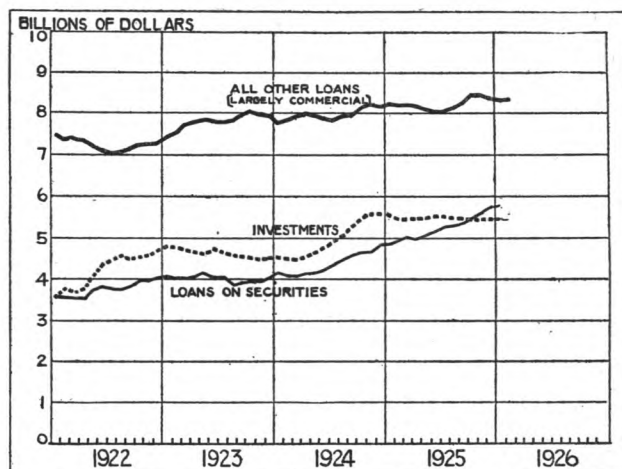
As a result of the withdrawal of funds from New York the rates on call loans became somewhat firmer in February but commercial paper rates were slightly lower.

MONEY RATES



Weekly rates in New York money market—Commercial paper rates on 4 to 6 months' paper, and acceptance rate on 90-day paper. Latest figures, third week of January, 1926: Commercial Paper Rate, 4.25 per cent; N. Y. Reserve Bank Discount Rate, 4 per cent; Acceptance Rate, 3.625 per cent.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three report dates in February, 1926: All Other Loans, \$8,323 million; Investments, \$5,478 million; Loans on Securities, \$5,658 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

SINCE the first of the year, industry and trade in the Middle West in general have followed seasonal trends. Thus, may be noted the usual contraction in retail buying, indicated by January department and chain store sales, as well as by those of mail order houses. Likewise, the slower rate of building construction, as reflected in the reduced forces at work and in the drop both in contracts awarded and permits issued, is expected at this season of the year. So also are the payroll declines at industrial factories where inventory taking and repairs tend to slacken operations.

Additional evidences of customary midwinter curtailment were afforded by the movement and slaughter of live stock, sales of hides, leather, and lumber, manufacture of shoes, shipments of stoves, and conditions in the wool markets awaiting the February openings. Among activities which expanded during January as in 1925, may be noted pig iron output, production and shipments of iron and steel castings, manufacture of butter and receipts of dairy products, and the heavy increase in orders following the furniture marts.

For certain activities, however, trends were the reverse of those noted last year. Such were the declines in receipts, shipments, and future orders of grain, as contrasted with gains in January, 1925, while the increase in exports of grain, as well as of meats, compares with declines a year ago. Similarly, curtailed flour production and sales this year compare with substantial increases last January; the increase in cheese production is in contrast to usual seasonal declines.

In financial operations, the decline in savings deposits and the heightened activity in the bond market, shown last year, have their counterpart in statistics for January, 1926;

the volume of check payments, however, declined from December this year instead of expanding during January.

CREDIT CONDITIONS AND MONEY RATES

Many sections of the Seventh district report a fairly active demand for credit; other areas, however, have experienced slightly diminished requirements, while some reports indicate a volume of credit in recent weeks about on a par with December and early January. In Chicago, banks have at their command a somewhat larger amount of loanable funds than at the close of the year, demand, while not materially lessened, failing to keep pace with the heavier volume of deposits. The present condition of comparative ease, however, has resulted in no visible reduction in rates, which are now as follows: Commercial paper, $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent; collateral loans, $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent; and customers' over-the-counter accommodation, $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent.

Total bills and securities held by the Federal Reserve Bank of Chicago have shown considerable fluctuation from week to week, with a fairly well defined downward trend thus far in February, the \$138,370,000 on February 17 comparing with \$144,200,000 on January 20, the corresponding reporting date that month. Loans to member banks have moved slightly downward since the end of January; \$62,755,000 was reported February 17, as against \$73,055,000 on February 3. On the corresponding date a year ago, February 18, total bills and securities stood at \$122,364,000 and loans to member banks at \$23,635,000. Following the high point in Federal Reserve note circulation on December 30, the trend has been steadily downward, and on February 17, Federal Reserve notes in circulation amounted to \$161,362,000 compared with \$169,391,000 January 20.

Loans and discounts of reporting member banks, after showing a steady downward movement throughout January, have increased during the first two weeks of February, standing at \$2,086,498,000 on February 10, slightly above the aggregate on January 13. This rising trend represents for the most part heavier loans on collateral other than United States securities or stocks and bonds. Investments of reporting members have been subject to minor weekly changes and on February 10 were in excess of the January 13 figure by a small amount. Net demand deposits have been moving upward since the end of January, prior to which time a similar movement was noted culminating in a peak on January 20 followed by a marked drop on the twenty-seventh. Time deposits after declining steadily from late in December until the week of January 27 have been increasing in recent weeks, the \$1,030,376,000 on February 10 comparing with \$1,017,901,000 on January 13.

All reporting dealers indicated seasonally heavier sales of commercial paper during January than in the preceding month, with the increase for the group amounting to 46.9 per cent. None of the firms, however, reported as large a business as a year ago, total sales averaging 31.9 per cent less. Outstandings on January 31 showed no change in the aggregate from the volume held at the close of the year, and were within 1.1 per cent of January 31, 1925. Rates averaged the same as during December, $4\frac{1}{4}$ to $4\frac{1}{2}$, with all firms reporting either $4\frac{1}{2}$ or $4\frac{3}{4}$ for high, and 4 or $4\frac{1}{4}$ for low; a slightly easier tendency was apparent, however, as more paper moved at the lower rates than in the preceding month, and as two firms registered a one-quarter of one per cent drop for high and five the same decline for low. Sales since February 1 have approximated the volume during the first half of January, and rates have remained unchanged. Outstandings throughout the country on January 31, as reported by twenty-six dealers, amounted to \$654,171,000 compared with \$620,000,000 at the close of 1925.

Total sales by the five Chicago brokers reporting open bill market operations during the four weeks ended February 17, 1926, amounted on an average weekly basis to only half the volume in the five-week period immediately preceding. Purchases in the same comparison show a drop of 22.5 per cent. Holdings by the end of the period had increased 149.4 per cent over the volume held on January 20. Demand for bills was reported variously as good, fair, and practically none; and supply as fair, small, and scarce. Maturities in best demand varied likewise with the different dealers from 30-45 day to 45-90's. Commodities principally involved were cotton, petroleum, packing-house products, iron ore, produce, and grain.

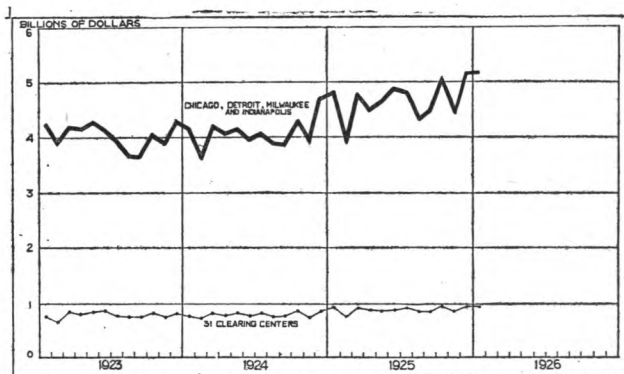
The amount of bills accepted in January by sixteen reporting banks in this district declined 17.5 per cent from the preceding month, and aggregated only half the volume of a year ago. Purchases during the month were reduced 27.6 per cent, and sales 31.5 per cent. On account of the marked increase at one bank, total holdings on January 31 had advanced 58.5 per cent since the first of the year, although the banks' own acceptances declined 24.1 per cent. The liability of the banks as acceptors on January 31 was 19.0 per cent below the preceding reporting date. January purchases by the Federal Reserve Bank of Chicago totaled \$20,861,201, and outstandings at the end of the month amounted to \$30,428,571; corresponding December figures were \$19,791,287 and \$27,710,990, respectively.

Agricultural Financing—Nineteen Joint Stock Land banks showed the total of loans outstanding in the five states including the Seventh district on January 31 as \$192,177,935 compared with \$191,134,223 the preceding month for twenty-

two institutions, mergers and consolidations having reduced the number now reporting loans in this territory to nineteen. The corresponding total for four Federal Land banks as of January 31 was \$162,344,783, compared with \$160,977,355 at the end of December. Four Federal Intermediate Credit banks reported aggregate loans and discounts (including rediscounts) of \$1,599,351 on January 31, as against \$1,722,094 on December 31.

Volume of Payment by Check—Volume of payment by check in January as reported by thirty-seven clearing house centers in the Seventh district, decreased 0.1 per cent in the aggregate from December, but was 6.4 per cent in excess of the total in January, 1925. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, gained 0.2 per cent over December and 7.4 per cent over the total a year ago; Chicago increased 1.8 per cent and 6.0 per cent, respectively, in the two comparisons. The thirty-three smaller cities reporting volume of check payment, showed a drop of 1.9 per cent in the aggregate from the preceding month, and a gain of 1.3 per cent over January last year.

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, January, 1926, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 5,160,938; 31 other Clearing House Centers, 941,819.

Savings—For the first time since August, 1925, total savings deposits of reporting banks in this district declined from the preceding month. The drop of 1.1 per cent from the beginning of the year—partly seasonal, reflecting post-interest period withdrawals—represents declines by states ranging from 0.1 per cent for Michigan to 3.0 per cent for Wisconsin, and individual decreases at nearly two-thirds of the banks. The number of new accounts opened during January, however, offset those closed in each state and raised the total in the district 1.0 per cent; the average size of account was thus reduced 2.0 per cent.

Gains over a year ago averaged 3.5 per cent in number of accounts and 3.6 per cent in amount of deposits, the five states sharing in the former increase, and all except Illinois in the latter.

Bonds—The Chicago bond market during the past thirty days was marked by rising prices, the volume of offerings, though large, not completely satisfying demand. Both institutional and private investors bought heavily, the tendency to turn from stock market operations creating added interest in bonds. All classes of issues were in demand: public utilities were shown perhaps most preference, but corporation and real estate bonds were attractive; activity in municipals broadened gradually; and foreign bonds were bought in considerable volume. This extensive and varied demand kept dealers' shelves well cleared, contrary to the usual inventory accumulation during January, and resulted in general price advances.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

The number and gross valuation of live stock on farms in the five states including the Seventh district and in the United States on January 1, 1925 and 1926, are shown in the tabulation below, compiled by the Bureau of Agricultural Economics.

(In thousands)		UNITED STATES	
FIVE STATES INCLUDING SEVENTH DISTRICT			
1926	NUMBER	1925	NUMBER
Swine	19,388	19,388	51,223
Cattle and Calves	12,448	12,448	59,829
Lambs and Sheep	3,924	3,924	40,748
Horses and Colts	3,717	3,717	15,778
Mules and Mule Colts	385	385	5,780
1925			
Swine	19,987	19,987	55,769
Cattle and Calves	12,465	12,465	62,150
Sheep and Lambs	3,780	3,780	39,390
Horses and Colts	3,895	3,895	16,554
Mules and Mule Colts	386	386	5,758

The number of milch cows and heifers two years of age and over in the five states including the Seventh Federal Reserve district showed an increase on January 1 of one per cent over 1925, but the number from one to two years of age declined 9 per cent, so that aggregate holdings for both classes were 0.5 per cent under those for January 1 last year.

Grain Marketing—A considerably smaller quantity of oats, corn, and wheat was received and distributed during January by dealers at interior primary markets in the United States than in December or the corresponding month of last year. Smaller amounts of wheat and barley and a larger volume of corn and rye were reported on hand on February 6 by warehouses in the United States than a month previous; holdings of oats, however, remained practically unchanged from January. Inventories of corn and barley were in excess of a year ago, but the stock of other grains declined. Despite a period of lowering grain prices following the high point reached in the final week of December and lasting until a reverse trend began near the close of January, quotations showed a higher average for that month as a whole than for December. Contracts placed during January by members of the Chicago Board of Trade, calling for future deliveries, represented a smaller tonnage of grain than the agreements entered into during December. Exportations of corn increased in January over the prior month; those of oats, wheat, and barley were reduced.

Flour—January was a quiet month in the flour market of this district. Movement of flour through Chicago was less than in the preceding month or January a year ago. Production by mills reporting to this bank declined from December, although for the three preceding years an increase had been shown in the month-to-month comparison. Sales during the month were also slow and demand of a hand-to-mouth character.

CHANGES IN JANUARY, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DEC. 1925	JAN. 1926	DEC. 1925	JAN. 1926
Production (bbls.)	-8.3	-23.1	35	35
Stocks of flour at end of month (bbls.)	-2.8	+26.2	31	31
Stocks of wheat at end of month (bu.)	-9.9	-19.2	31	31
Sales (volume)	-7.6	-31.9	17	16
Sales (value)	-7.4	-27.4	17	16

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—Receipts of live stock showed a recession in volume in January compared with December, with hogs, fat lambs, and short-fed beeves from the corn belt and adjacent states comprising the bulk of the offerings.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, January, 1926	262,624	987,227	303,455	121,564
Public Stock Yards in U. S., January, 1926	774,210	2,720,687	856,319	370,072
December, 1925	842,016	2,775,825	840,109	405,794
January, 1925	778,812	3,909,140	786,367	370,258

A greater number of animals moved to feed lots during January than in the corresponding month a year ago, although the movement showed the usual recession from December.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED FEB. 13, 1926	JAN. 1926	DEC. 1925	JAN. 1925
Native Beef Steers (average)	\$ 9.70	\$ 9.65	\$ 9.75	\$ 9.10
Fat Cows and Heifers	6.50	6.65	6.00	5.25
Hogs (bulk of sales)	12.45	11.95	10.95	10.40
Lambs (average)	14.00	15.25	16.10	18.10
Yearling Sheep	12.00	12.70	12.70	15.00

Meat Packing—Slaughtering establishments in the United States produced a smaller tonnage of meat and fat during January than in the preceding month. Employment for the last pay-date in January, however, increased 18.0 per cent in hours worked, 14.9 per cent in total payroll, and decreased 0.2 per cent in number from the corresponding period in December. Domestic demand for fresh pork and beef was only fair but a comparatively large volume of smoked and cured meats moved into consumption channels. Sales reported in dollar amounts by sixty-one meat packing companies in the United States showed a gain of 11.4 per cent over December and 10.1 per cent over January last year. The total value of packing-house products billed to customers during the calendar year 1925 by sixty-four companies was 13.9 per cent greater than for 1924 and 16.5 per cent larger than in 1923. February 1 inventories of edible meats and fats at cold-storage warehouses and packing plants in the United States were under a year ago; in comparison with January 1, visible supplies of pork showed an increase and those of beef a recession. Chicago quotations for pork, lard, veal, fresh beef rounds, smoked ham, beef chucks, and meat from cows and common steers increased in January over those in December; mutton values remained about steady; while prices for medium to choice beef and lamb and for heavy bacon declined. Prices of common quality lambs continued firm, though showing some recession later in the month from the high level at the beginning of January. Quotations for veal, beef, lamb, lard, and dry salt meats eased slightly early in February; prices for the majority of pork cuts remained firm. The spread between the cost of live hogs and the wholesale price of pork has been very narrow in recent weeks.

Foreign demand has been rather light and restricted largely to current needs. January shipments for lard and meat for export, however, showed a gain over the previous month; the clearances from United States ports were also larger than in December. Consignment stocks held on February 1 by the European representatives of American slaughtering interests were in excess of those at the beginning of January. British quotations for lard and side meats remained below the Chicago basis, while Continental prices continued about on a parity with those in the United States.

Dairy Products—The amount of butter churned by fifty-six creameries in the Seventh district totaled 5.3 per cent more during January than in the preceding month and was 9.2 per cent in excess of a year ago. Statistics compiled

by the American Association of Creamery Butter Manufacturers indicate a similar trend for the United States. Sales of creamery butter in the Seventh district showed a drop of 6.5 per cent from December and 0.5 per cent from January last year, according to a compilation made by this bank from the reports of fifty-eight creameries. The quantity of cheese manufactured in Wisconsin and received at primary markets within the state increased 14.9 per cent for the four weeks ended January 30 over the prior period, and was 14.8 per cent larger than for the corresponding weeks of 1925; distribution from these centers gained 33.7

per cent and 37.1 per cent, respectively, in the two comparisons. January receipts of dairy products at Chicago were in excess of those for December. Inventories of dairy products in the United States declined from January 1. Holdings of eggs and cheese were larger than a year ago, but the stock of butter was lower. Chicago quotations for butter and eggs weakened in January; cheese prices, however, were above those in December. Quotations for butter and cheese strengthened at the close of January and then declined early in February; prices for eggs continued to ease.

COAL

Bituminous coal output in this district showed a decline in January from that of December; Illinois production totaled 7,764,580 tons, compared with 8,057,520 tons in the preceding month and 8,121,147 tons in January a year ago. Although the market for domestic coals was fairly active the early part of January, it became very slow the latter part of the month with country and city dealers buying for immediate needs only, so that recent weeks have seen some lowering of prices. About the twentieth of January a

large supply of fine coal was put on the market which caused a decided slump in screenings prices; only since the first week of February has there been any strengthening in prices of these sizes. Smokeless coals alone show a continued firm and upward tendency.

January production of bituminous coal in the United States exceeded that of December and of January, 1925, and in fact was the highest of any January since the beginning of our records (1915).

INDUSTRIAL EMPLOYMENT CONDITIONS

The midwinter season brought little change in industrial conditions. Plants with an aggregate employment of about 382,000 workers registered an increase of 0.3 per cent for the period December 15 to January 15. The usual inactivity incident to inventory taking and repairs made at this time of the year, was reflected in payrolls which showed declines in all but one of the reporting industrial groups. The exception was furnished by the textile group where increases were experienced in both working forces and payrolls—a result of the approaching spring season for the manufacture of clothing. Of the industries comprising “vehicles,” the gains made in volume of employment were mostly in car building and railroad repair shops, and those for paper and printing were practically confined to the printing industry. The many industries included under metals and metal products showed diverse trends, but the

group as a whole maintained the level of the previous month. Employment in agricultural implements continued to advance, whereas electrical apparatus registered a definite curtailment after the holiday season. The building material industries reduced forces generally.

While industrial employment maintained its volume, there were other factors less favorable and which contributed a certain amount of unemployment. Outdoor construction work was at a low point and the distributive industries made considerable reductions in their sales forces. Registrations at the free employment offices in Illinois showed increases and the ratio of the number of applications to each 100 available places rose from 146 to 190. This was slightly in excess of a year ago when the ratio stood at 188. Reports received since January, however, indicate a more favorable trend.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED			WEEK ENDED		
	JANUARY 15, 1926	DECEMBER 15, 1925	PER CENT CHANGE	JANUARY 15, 1926	DECEMBER 15, 1925	PER CENT CHANGE
All groups (10).....	382,182	381,119	+0.3	\$9,957,703	\$10,119,858	-1.6
Metals and metal products (other than vehicles).....	152,037	151,953	+0.1	3,819,314	3,838,087	-0.5
Vehicles	41,700	40,866	+2.0	1,193,100	1,228,114	-2.9
Textiles and textile products.....	28,963	28,273	+2.4	687,930	650,212	+5.8
Food and related products.....	48,206	49,108	-1.8	1,319,659	1,336,861	-1.3
Stone, clay, and glass products.....	12,986	13,571	-4.3	376,565	388,440	-3.1
Lumber and its products.....	36,489	36,398	+0.3	859,493	903,042	-4.8
Chemical products	11,076	11,234	-1.4	288,175	313,114	-7.9
Leather products	18,566	18,430	+0.7	407,138	432,847	-5.9
Rubber products	3,254	3,162	+2.9	79,854	81,122	-1.6
Paper and printing	28,905	28,124	+2.8	926,475	948,019	-2.3

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Since the peak reached in October, monthly automobile production has been steadily receding and January witnessed another slight decline; operating schedules are high, however, in comparison with last year. Total output of passenger cars by identical manufacturers in the United States aggregated 271,345 for January, a drop from the preceding month of

2.3 per cent, but a gain over January, 1925, of 35.1 per cent. Canadian production by these manufacturers showed decided increases in both comparisons. Output of trucks by firms in the United States producing 31,609 cars in December, amounted to 28,792 in January, a decrease of 8.9 per cent in the month-to-month comparison but 13.3 per cent above a year ago.

The proportion of cars sold by dealers at retail to their receipts from manufacturers was lower for January than at any time since February, 1924, although sales were heavier than in the corresponding month last year. Reports from manufacturers producing 65.7 per cent of total January output, show that sales by their dealers to users were 73.3 per cent of shipments they received from the factories; in December, the ratio was 88.3; and in January a year ago, 78.7 per cent.

For the fifth successive month retail sales of automobiles as reported by dealers in this district showed gains as compared with the corresponding month in the previous year, while January was the third consecutive month to register declines in the month-to-month comparison. Wholesale distribution has been increasing since November, although the gain over a year ago was smaller than in previous months.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in January, 1926, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DEC. 1925	JAN. 1925	DEC. 1925	JAN. 1925
New cars				
Wholesale—				
Number sold	+15.8	+15.6	36	37
Value	+21.5	+ 7.6	36	37
Retail—				
Number sold	— 3.3	+15.6	58	58
Value	— 7.3	+18.0	58	58
On hand January 31—				
Number	+21.6	+31.0	60	61
Value	+24.2	+17.0	60	61
Used cars				
Number sold	— 2.2	+ 9.9	59	60
Salable on hand—				
Number	+ 2.7	+12.6	60	60
Value	+ 0.7	+ 2.3	60	60

Iron and Steel Products—Orders on the books of iron and steel mills in the Chicago district compared favorably on February 1 with those at the beginning of January. Shipments are keeping pace with new business, however, and orders sent to the mills exceed the volume of shipments. A reflection of a somewhat curtailed amount of new business to mills in the United States is seen in the unfilled orders of the United States Steel Corporation which on January 31 aggregated 4,882,739 tons, a decline of 150,625 tons from December 31 and of 154,584 tons from the corresponding date in 1925; in the three previous years gains have been shown in the month-to-month comparison. Operations were maintained at almost 90 per cent during January and steel ingot output in the United States for that month gained 4.5 per cent over December, while daily average ingot production was the largest for any January. Pig iron output for the country was heavier than in the preceding month but below January last year; this same trend was apparent in the Illinois and Indiana district during January.

Prices remained at about the same levels in January as in December. Some slight easing in certain products caused a lowering of the composite average price compiled by *Iron Trade Review* from \$39.26 on January 13 to \$38.90 on February 17; this compares with \$41.06 on February 18 last year. Scrap metal prices in Chicago have declined steadily since the middle of November, but were reported somewhat firmer after the middle of February.

Twenty-eight foundries in the Seventh district sending monthly reports to this bank shipped a larger volume of iron and steel castings during January than in December but a smaller amount than in the corresponding month last year. Operations, as measured by metal consumption, increased over December and declined from January, 1925. Shipments by thirteen stove and furnace manufacturers in the district were less as compared with the prior month

and a year ago; orders booked, however, were almost three times the amount of those received in December and gained about 45 per cent over those booked a year ago.

Shoe Manufacturing, Tanning, and Hides—Reports from twenty-five shoe manufacturers in the Seventh district indicate the volume of shipments for January as 12.1 per cent larger than production and both items less than in the previous month or January last year. Inventories for February 1 were equivalent to 91.1 per cent of the quantity of shoes distributed during January. Unfilled orders on the books of nineteen companies gave assurance of nearly eight weeks' operation at the current rate. Production and shipments of shoes for the calendar year 1925 showed increases over 1924 of 5.2 per cent and 1.4 per cent, respectively, according to statistics compiled from the data sent direct to this bank by thirty-three companies in the Seventh district.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN JANUARY, 1926, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DEC. 1925	JAN. 1925	DEC. 1925	JAN. 1925
Production	—20.2	—21.3	25	25
Shipments	— 6.1	—11.4	25	25
Inventories	— 9.3	— 4.2	22	23
Unfilled orders	—13.8	—11.1	19	18

Tanneries in the district manufactured a smaller quantity of leather during January than in the prior month; sales billed also showed a recession from December. New orders were rather limited, although the demand for harness and belting increased slightly in January over the corresponding month of 1925. Prices remain steady.

Operators at Chicago experienced less active trading in packer green hides and calf skins during January than in the preceding month. Receipts and shipments of hides and skins at Chicago gained in volume, however, over those for December, according to data compiled by the Chicago Board of Trade; tanneries in the district increased their purchases slightly. Prices continued to trend downward.

Furniture—The favorable results of the January furniture marts were reflected in the decidedly increased volume of orders booked by furniture manufacturers in the Seventh district. The aggregate of new business received by nineteen firms reporting to this bank showed a gain of 135.7 per cent over December, and exceeded the volume of January last year and the corresponding month in 1924 by 23.5 and 23.8 per cent, respectively. Shipments increased 2.8 per cent in January over the preceding month, gained 18.2 per cent over a year ago, and were 25.1 per cent above January, 1924. Unfilled orders on hand January 31 were 45.6 per cent in excess of those still on the books December 31. Plant operations during January were about 87 per cent of capacity.

Raw Wool and Finished Woolens—Although the raw wool market displayed somewhat more activity during January than in the preceding month and a fair volume of wool moved to the mills, conditions remained comparatively quiet in anticipation of the openings after February 1 of the heavy-weight lines. No quotable change in prices took place during the month, but they tended toward a slightly lower level. Reports indicate that stocks of choice domestic wools are rather limited.

Woolen mills in this district experienced a quiet month, owing to the finishing-off of the old and preparation for the new season. On February 1, the American Woolen Company opened its lines of staple wools and worsteds for the fall season, 1926. Prices averaged about 11 per cent below those of last year's fall opening. It is too early to report results of this and other openings.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

The demand for lumber was fairly active during January, especially for all items of dry stock. Furniture factories were in the market for hardwoods but were covering for immediate needs only and offering resistance to price advances. Railroads and car builders are reported to have placed a considerable volume of new business during the month, while inquiries from the automobile interests were numerous. Retail yards, however, were generally inactive and had not yet begun to stock up for their spring requirements.

Seasonal dullness was reflected in the volume of sales at both mills and yards. At thirty manufacturing plants and mills of the district, dollar sales totaled 7.9 per cent less than in December, and 1.8 per cent below January, 1925. Retail sales at one hundred eighty-two yards declined 7.7 per cent from the previous month and at two hundred twenty-five yards were 8.3 per cent less than for the same month a year ago. At Chicago, both the receipts and shipments of lumber registered declines of approximately 10 per cent from the volume of a year ago, and decreased considerably from the previous month, net receipts showing a curtailment from December of about 30 per cent.

Reports indicate that outstanding accounts are larger than a year ago, and there seems to be somewhat greater difficulty in making collections. The ratio of accounts to sales for the reporting manufacturing and wholesale firms was 146 per cent as against 132 per cent a year ago. For

the retail yards the ratio was 387 per cent compared with 354 per cent at the close of January, 1925.

The cold weather during January retarded production in the brick industry and both orders and shipments fell off considerably. Prices on the whole remained stable, although there were some plants that made concessions in seeking to liquidate their surplus stocks. In the cement industry, conditions remain practically unchanged. Stocks are still increasing and while the prospects for the consumption of cement during the coming season are fair, the demand is not expected to equal the large producing capacity.

Building Construction—A heavy decline, partly due to the lateness of the season, was recorded in the amount of contracts awarded in the Seventh district during January. Awards totaled \$51,122,312, representing a decrease of 35 per cent from December, but an excess of 39 per cent over January, 1925. Of the total figure, \$26,991,437 was for residential construction.

Building permits also showed a decided drop in January, the five larger cities in the district, Chicago, Milwaukee, Detroit, Indianapolis, and Des Moines, registering an aggregate loss of 15 per cent from December, and a decline of 5 per cent from January, 1925. For the forty-six reporting cities in the district, the decreases in the estimated cost were 20.8 and 9.0 per cent, respectively, in the monthly and yearly comparisons, while the number of permits issued showed declines of about 25 and 10 per cent.

MERCHANDISING CONDITIONS

Wholesale Trade—Distribution of goods at wholesale in this district during January fell below the December volume. Individually, three-fourths of the dealers reporting sales to this bank indicated declines from the preceding month, and by commodities, dry goods firms were the one group in which gains predominated. For drugs, the decrease is the first January-December drop to be noted since the reporting service was begun five years ago, and for hardware the difference is more marked than last year.

In comparison with January, 1925, the increases in shoe and drug sales reflect gains by over half the firms, while in groceries, hardware, and dry goods, the large majority of dealers registered declines.

Inventory comparisons for January 31 with the close of 1925 show the trends followed in previous years: dry goods firms averaged the largest increase, 26.6 per cent, the opening month of the year being the period for heaviest accumulation of stocks; hardware, drugs, and shoes aggregated less pronounced gains; and grocery firms were about evenly divided between increases and decreases. As compared with January 31, 1925, drug stocks totaled practically the same; changes for the other groups amounted to 5 per cent declines each for dry goods and hardware, 9 per cent for groceries, and 28 per cent for shoes. Of thirteen firms furnishing data on advance purchases, eight showed larger orders placed this year than last.

With three exceptions January collections were seasonally smaller than December receipts, and for only one-fifth of the firms were they as much as in January, 1925.

By the end of the month three-fourths of the dealers had reduced their accounts outstanding, and two-thirds had less on their books than a year ago, drug firms averaging the only increase in the former comparison, and drug and shoe firms in the latter. In proportion to sales during January, however, all groups except shoes reported heavier outstandings than last year.

Department Store Trade—Department store trade during January showed the usual seasonal contraction in sales after the holidays, the general gain in collections, and the consequent drop in accounts outstanding. Eighty-one firms reporting in this district without exception registered declines from the preceding month, total goods sold aggregating less than half the December volume. Twenty-eight out of forty-nine reports showed increases in collections, and all but two of the same group on January 31 had reduced accounts outstanding on their books as compared with the close of 1925. Comparisons with a year ago for the same three items indicate increases of 7.0 per cent for sales, 15.2 for collections, and 19.6 per cent for receivables.

Aggregate inventories at the end of January for forty-five firms were 0.9 per cent below the December 31 stocks, three-fourths recording net reductions during the month; the gain of 9.8 per cent over last year represents increases at twenty-five and declines at eighteen stores.

Orders for new goods on January 31 were 8.0 per cent larger than the amount unfilled at the close of the year. Data now available on total purchases during the calendar year 1925 show a larger volume bought by nineteen out of twenty-eight firms than in 1924; the group averaged an increase of 12.9 per cent.

Chain Store Trade—Of seven chain store systems reporting to this bank, five set new January records, and for the other two sales had been exceeded but once before in that month; on an average sales per store basis, three showed declines, and four increases over January, 1925. The entire group registered decreases from December, most pronounced in musical instrument sales which were only half the holiday volume.

Mail Order Trade—Mail order trade continued satisfactory during January; combined sales of Chicago's two leading houses, however, registered a gain of only 9.0 per cent over January, 1925, as compared with 15.0 per cent, the average monthly increase for 1925 over 1924. The seasonal decline from December, shown by both firms, amounted to 29.0 per cent. Purchasing, as reported by one house, remains conservative in order to prevent accumulation of inventories.

Retail Shoe Trade—The total volume of shoes sold during January by reporting retail dealers in this district was smaller than in any of the preceding months for which comparable data are available (since July, 1925). With three exceptions, all firms registered declines from December, amounting for the group to 43.8 per cent.

January collections exceeded the previous month's receipts, and with the smaller sales, accounts on the books were generally reduced from the December 31 balances; twenty-one firms averaged a decline in receivables outstanding of 9.3 per cent; their ratio of 97.4 to sales, however, compares with 79.8 at the end of December.

Over half the stores netted reductions in stocks during January, with total goods on hand for thirty-four firms aggregating 1.4 per cent below the inventories held at the close of 1925.

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	Jan. 1926	Dec. 1925	Jan. 1925	Dec. 1924
Meat Packing—(U. S.)—					
Sales (in dollars) ¹	64	113.2	101.5	102.9	96.0
Casting Foundries—					
Shipments (in dollars).....	28	73.8	70.1	83.7	81.0
Stoves and Furnaces—					
Shipments (in dollars).....	16	59.8	86.3	67.9	78.8
Agricultural Machinery—					
& Equipment—(U. S.) ²	117	.....	90.4	83.9	61.8
Domestic Sales (in dollars).....	117	.....	194.0	118.0	114.6
Exports (in dollars).....	117	.....	108.8	89.8	71.0
Total Sales (in dollars).....	112	.....	121.3	95.6	87.7
Agricultural Pumps—(U. S.)²					
Shipments (in dollars).....	19	100.5	106.6	108.6	96.8
Furniture³					
Orders (in dollars).....	21	211.8	89.7	177.6	92.2
Shipments (in dollars).....	21	144.6	140.6	119.7	119.6
Shoes⁴					
Production (in pairs).....	34	126.1	158.0	160.2	177.3
Shipments (in pairs).....	34	144.2	150.7	154.6	157.8
Electric Energy—					
Output of Plants (KWH).....	9	208.3	210.0	177.9	180.5
Industrial Sales (KWH).....	9	215.7	211.7	170.8	167.9
Flour Production—					
(In bbls.).....	39	98.1	106.0	125.7	111.1
Output of Butter by Creameries⁵					
Production.....	81	90.4	86.0	82.5	78.6
Sales.....	81	105.0	104.4	91.2	89.2
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....	120.0	130.1	130.1	121.1	
Live Stock.....	101.1	100.6	110.5	114.1	
Coal.....	115.3	108.8	126.6	112.8	
Coke.....	196.4	181.0	147.7	131.9	
Forest Products.....	116.6	111.3	126.7	110.3	
Ore.....	27.5	31.6	27.0	26.7	
Merchandise and Miscellaneous.....	119.8	123.4	114.3	113.5	
Total.....	114.5	115.4	114.6	109.7	
Iron and Steel—					
Pig Iron Production ⁶					
Illinois and Indiana.....	142.0	141.0	150.7	122.1	
United States.....	127.7	125.1	129.8	114.0	
Steel Ingot Production—(U. S.) ⁶	141.7	135.6	137.9	121.8	
Unfilled Orders U. S. Steel Corp.....	81.5	84.0	84.0	80.4	
Automobiles—(U. S.)—					
Production: Passenger Cars.....	200.9	205.6	148.8	129.5	
Trucks.....	111.4	122.3	98.3	96.4	
Shipments ⁷ : Carloads.....	247.4	193.9	161.6	134.1	
Driveaways.....	95.1	72.4	56.9	46.2	
Boat ⁷	10.3	34.7	10.3	21.7	
Excise Tax Collections⁸					
New Automobiles.....	.....	163.8	116.0	153.3	
New Automobile Trucks.....	.....	28.5	28.4	18.2	
Parts and Accessories.....	.....	47.4	50.3	43.2	

	No. of Firms	Jan. 1926	Dec. 1925	Jan. 1925	Dec. 1924
Stamp Tax Collections⁹					
Sales or Transfers of Capital Stock.....	296.4	276.8	200.4	211.1	
Sales of Produce on Exchange—Futures.....	95.4	54.5	75.4	69.2	
Wholesale Trade					
Net Sales (in dollars):					
Groceries.....	41	59.6	71.1	65.9	71.7
Hardware.....	20	71.9	89.1	79.6	90.0
Dry Goods.....	14	66.0	65.3	78.9	70.5
Drugs.....	14	96.1	100.2	95.4	91.2
Shoes.....	7	33.9	28.5	29.9	48.4
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	9	132.5	259.7	118.1	225.5
Detroit.....	4	138.5	302.3	120.6	234.1
Des Moines.....	3	107.7	203.4	110.5	186.7
Indianapolis.....	5	121.6	231.6	130.2	221.0
Milwaukee.....	5	143.1	252.6	122.3	235.8
Outside.....	39	84.1	179.7	85.1	165.8
Seventh District.....	65	121.8	245.9	112.7	212.9
Retail Trade—(U. S.)—					
Department Stores.....	359	115	225	108	210
Mail Order Houses.....	4	116	166	108	148
Chain Stores:					
Grocery.....	27	281	330	250	253
Drug.....	9	178	220	155	187
Shoe.....	6	108	188	107	186
Five and Ten Cent.....	5	166	427	151	366
Candy.....	5	167	280	162	282
Music.....	4	101	214	92	184
Cigar.....	3	127	212	122	192
U. S. Primary Markets¹⁰					
Grain Receipts:					
Oats.....	76.1	83.6	118.2	106.5	
Corn.....	190.6	220.3	242.0	196.8	
Wheat.....	64.0	110.3	76.5	108.4	
Grain Shipments:					
Oats.....	59.3	70.1	77.7	67.6	
Corn.....	65.4	83.2	92.8	66.5	
Wheat.....	37.8	67.2	61.3	97.8	
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....	167.9	259.5	100.4	193.6	
Total.....	93.0	142.9	67.0	93.2	
Permits:					
Chicago.....	Number	130.6	182.9	128.1	202.0
Cost.....	213.3	222.2	241.9	254.7	
Indianapolis.....	Number	87.1	124.6	124.2	120.9
Cost.....	95.6	152.6	90.5	109.9	
Des Moines.....	Number	53.9	66.7	91.2	152.9
Cost.....	40.8	66.9	64.4	259.1	
Detroit.....	Number	95.8	120.3	108.7	124.5
Cost.....	151.8	205.2	136.7	143.9	
Milwaukee.....	Number	101.9	142.1	119.3	145.3
Cost.....	73.6	93.6	101.0	117.3	
Others (45).....	Number	70.5	88.1	66.3	94.7
Cost.....	77.5	132.3	99.5	128.9	
Fifty Cities.....	Number	88.7	116.2	97.7	123.4
Cost.....	139.8	176.6	153.8	173.5	

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. 7th F. R. District; 9. First Illinois internal revenue district; 10. Monthly average receipts 1919 = 100.