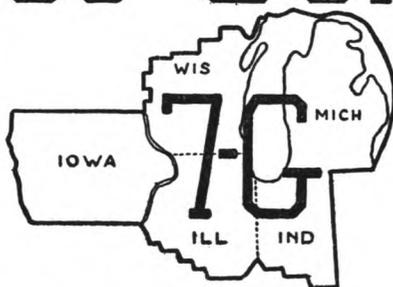


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 9, No. 6

MONTHLY REVIEW PUBLISHED BY THE  
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## BUSINESS CONDITIONS IN THE UNITED STATES

THERE was a slight decline in the activity of industry and trade in April, and a further reduction in the general price level. Commercial demand for bank credit continued large and the volume of security loans, after a rapid decline since the turn of the year, remained at a constant level.

**PRODUCTION**—Production in basic industries, according to the Federal Reserve Board's index, decreased one per cent in April, slight increases in production of lumber and pig iron being more than offset by declines in output of other industries. Particularly large recessions were shown in the production of steel ingots and in textile mill activity. Automobile production, not included in the index, continued in large volume. Factory employment and payrolls declined slightly in April, particularly in the food, tobacco, textile, and boot and shoe industries. The value of building contracts awarded during April was smaller than in March and practically the same as in April of last year. Awards for the first two weeks in May, however, showed increases as compared with the same weeks in 1925.

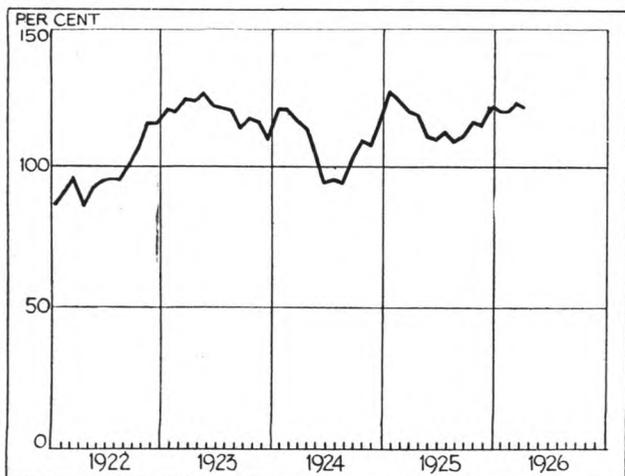
Reports by the Department of Agriculture indicate that up to the first of May 68 per cent of the spring plowing and 56 per cent of sowing and planting were completed, compared with about 83 per cent and 66 per cent last year.

On the basis of the condition of winter wheat on May 1, a yield of 549,000,000 bushels is forecast compared with a final yield of 398,000,000 bushels in 1925.

**TRADE**—The volume of wholesale trade in April was seasonally smaller than in March for all lines except meat. Compared with a year ago, sales of groceries, meats, and drugs were larger in April, while sales of dry goods, shoes, and hardware were smaller. Department store sales increased less than usual and were somewhat smaller than a year ago. Sales of mail order houses were slightly smaller than in March, but continued to be larger than in the corresponding month of 1925. There was some decrease in the stocks of merchandise held by wholesale firms during the month, and inventories of department stores showed less than the usual seasonal increase, though they were larger than a year ago. Weekly freight carloadings decreased in the early part of April but later increased, and the volume of shipments for the month of April as a whole and for the first two weeks in May was larger than in the corresponding periods of any previous year.

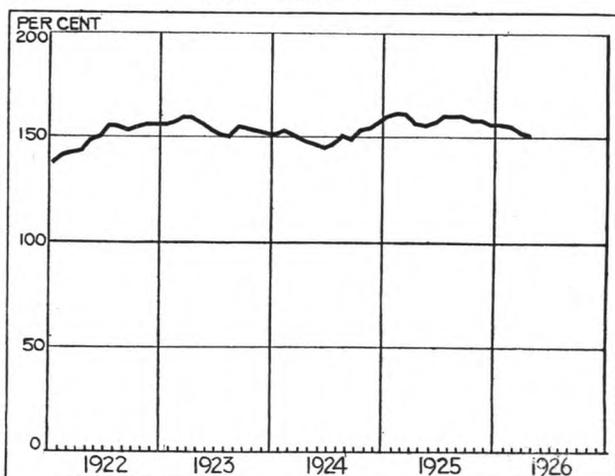
**PRICES**—Wholesale commodity prices, according to the Bureau of Labor Statistics index, declined slightly from March to April. Increases in the farm products and food groups, which had been declining for several months, were

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities adjusted for seasonal variations (1919=100). Latest figure, April, 1926: 122.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, April, 1926: 151.

Compiled May 26, 1926

more than offset by decreases in other groups. The greatest declines were in the prices of clothing materials. In the first three weeks of May prices of wheat, cattle, sheep, cotton goods, pig iron, bricks, and rubber declined, while those of hogs, raw silk, and crude petroleum increased.

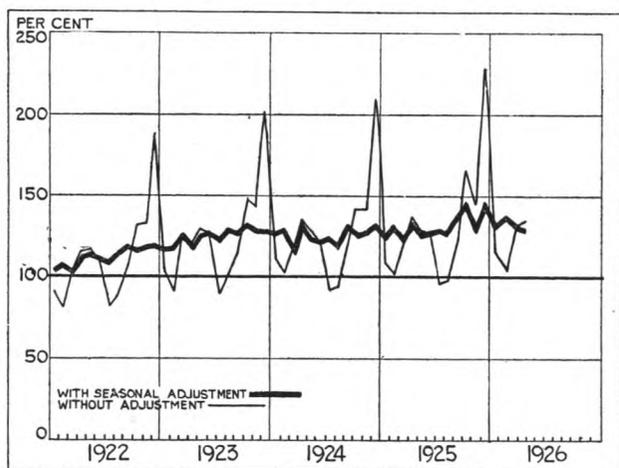
**BANK CREDIT**—Commercial demand for bank credit at member banks in leading cities continued in large volume between the middle of April and the middle of May. Liquidation of security loans, which had been rapid since the beginning of the year, did not continue after the middle of April, and the volume of these loans remained fairly constant at a level about \$450,000,000 below the peak at the end of 1925. There was some addition to the banks' investments, and the total of their loans and investments was

about \$1,000,000,000 larger than at the same period of last year.

Withdrawals of funds from New York were reflected in an increase between the middle of April and the middle of May in borrowings by member banks from the Federal Reserve Bank of New York, while borrowing at most of the other reserve banks declined. Open-market holdings of the reserve banks remained fairly constant during the period, and there was little change in the total volume of reserve bank credit outstanding.

Money rates late in April reached the lowest level for a year, but in May conditions in the money market became somewhat firmer.

#### DEPARTMENT STORE SALES



Index of sales of 359 stores (1919=100). Latest figures, April, 1926: adjusted index, 129; unadjusted index, 133.

#### BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

**B**USINESS activity in the Middle West continues at generally high levels, although developments during April reflect a slowing down in several industries from the first-quarter rate of output, and a delay in agricultural and trade operations, partly the result of the late spring.

In the former group may be noted the seasonal declines from March in the output of coal and steel ingots, and in the manufacture of leather, shoes, and meat products, as well as recessions in production of passenger automobiles and farm machinery and equipment. Output of pig iron, automobile trucks, and creamery products, on the other hand, showed increases over the preceding month. As a whole, industrial employment in the district receded slightly, while farm and construction work made increasing demands for labor. The last named is one of the few activities maintained at a lower level than a year ago: figures for both permits and contracts were below April, 1925, with the allied industries of lumber, brick, and cement likewise registering declines from last year.

Mercantile statistics indicate a contraction from March in wholesale trade, no change in aggregate sales of reporting department stores, and mixed trends among chain stores and mail order houses. Continued increases were reported in the distribution of automobiles. Grain and livestock shipments were less than in March.

#### CREDIT CONDITIONS AND MONEY RATES

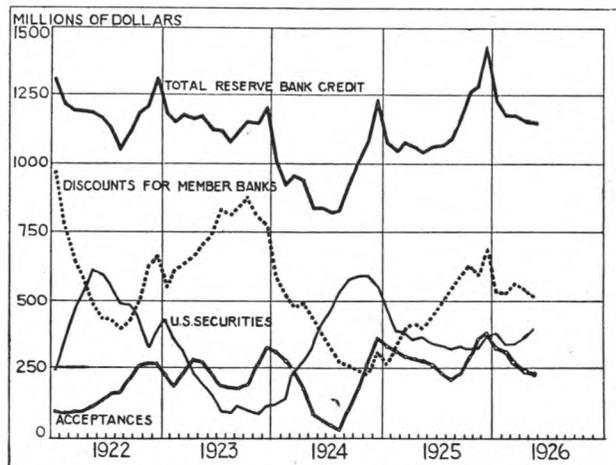
The supply of credit in the Seventh district during the past month has become increasingly plentiful. In Chicago,

demand is only moderate; while rates are unchanged in actual quotations, a larger number of transactions are taking place at the lower levels of the current range than was the case a month ago or during the earlier months of the year. Chicago quotations are as follows: Commercial paper  $4\frac{1}{4}$  to  $4\frac{1}{2}$  per cent, customers' over-the-counter loans  $4\frac{3}{4}$  to  $5\frac{1}{2}$  per cent, and collateral loans  $4\frac{3}{4}$  to  $5\frac{1}{2}$  per cent. With few exceptions, other sections of the district report a slightly diminished inquiry for bank accommodations, in some areas accompanied by no change in rates and in others by a slightly downward tendency.

Total bills and securities of the Federal Reserve Bank of Chicago, with the exception of a small increase on May 5 over the preceding week, have declined steadily since the end of March, and on May 19 stood at \$135,549,000 compared with \$146,277,000 on April 21, and \$126,931,000 on May 20, 1925. Total bills discounted amounted to \$54,479,000 on May 19, or about five million less than on April 21; on May 20 a year ago they totaled \$42,357,000. Federal Reserve notes in circulation to the amount of \$183,216,000 on May 12, touched on that date the highest point since January 21, 1925, when \$186,460,000 was reported. On May 19, however, they dropped to \$177,966,000, which compared with \$172,577,000 April 21 and \$158,935,000 a year ago.

The volume of loans and discounts of reporting member banks in the Seventh district has shown no distinct trend in recent weeks; a rather sharp rise on May 12 over the preceding week brought them to \$2,105,779,000, or con-

#### FEDERAL RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages for first 21 days in May, 1926: Total Reserve Bank Credit, 1,159 million; Discounts for Member Banks, 540 million; Acceptances, 236 million; U. S. Securities, 370 million.

siderably above the level shown on April 14 when \$2,086,605,000 was reported; on the corresponding reporting date last year, May 13, they were slightly over two billion dollars. A slight decrease was evidenced May 19. Investments of reporting members, \$750,451,000 on May 19, were about one and one-half million above April 21 and below May 20, 1925, by about seventeen million. Net demand deposits of \$1,782,499,000 of reporting members on May 12 marked the highest level since the \$1,802,185,000 on November 18, 1925. The May 12 figure represents a rise—with considerable week-to-week fluctuation intervening—of about twenty-six million over April 14 and of nearly twenty-nine million over May 13, 1925. On May 19, however, net demand deposits aggregated \$1,774,987,000. Time deposits of reporting member banks have changed little during the past month; on May 19 they were reported as \$1,032,799,000 compared with \$1,038,288,000 April 21, and with \$985,942,000 May 20 a year ago.

April sales of ten reporting commercial paper dealers were within 2.7 per cent of the March total, six houses registering increases over the preceding month and four showing declines. Comparable 1925 data for nine of the firms indicate a drop of 12.9 per cent from last year. Outstandings at the end of April were little changed from March 31 figures. Demand was reported as good, and supply was fair with a scarcity of big names. Rates tended to ease during the month with more paper selling lower than in March; the range for high remained at  $4\frac{1}{2}$  to  $4\frac{3}{4}$ , but for low the majority reported 4 per cent. Since May 1 rates have eased still further. For twenty-six dealers located throughout the country, outstandings were \$662,851,500 as compared with \$668,000,000 at the close of March.

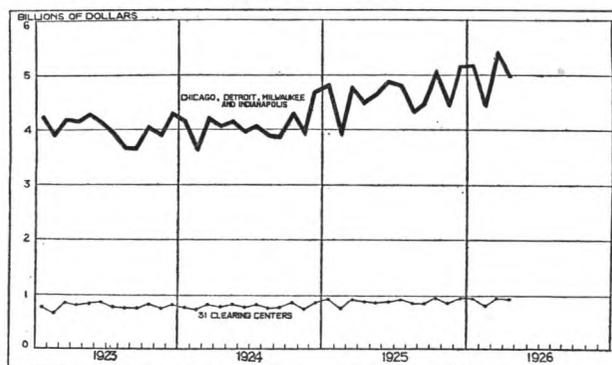
During the period from April 15 to May 19, operations in the Chicago open bill market slackened, both supply and demand being limited. Average weekly purchases by six reporting dealers declined 25.6 per cent from the average of the four weeks immediately preceding, and sales showed a decline of 15.2 per cent in the same comparison. Transactions involved principally grain, rubber, provisions, packing-house products, and food products. The volume of bills held on May 19 dropped 16.8 per cent from holdings on April 14. Ninety-day bills were in best demand, the offered rate of  $3\frac{1}{8}$  @  $3\frac{1}{4}$  at the close of the period comparing with  $3\frac{1}{2}$  the middle of April.

The volume of bills accepted during April, 1926, by the sixteen regularly reporting banks in this district was 15.3 per cent heavier than the April, 1925, amount, and with one exception (May, 1925,) exceeded each of the eleven intervening months. The gain of 38.0 per cent over March, 1926, reflects individual increases for half the banks. Bills accepted since May 1 cover transactions principally in rubber, grain, provisions, sugar, hides, tea, coffee, and extracts. Aggregate purchases during April were less than half the March total, dropping to the lowest level since October. Sales were 1.7 per cent above the preceding month, but 29.4 per cent under a year ago. An average increase of 22.0 per cent over March 31 in the amount of the banks' liability as acceptors raised the balance on April 30 to a point not reached since the end of May, 1925. Holdings of the banks' own bills at the close of April showed a pronounced increase over March 31, while the total volume of bills held advanced slightly. The Federal Reserve Bank of Chicago bought \$26,495,844, the largest volume in thirteen months; holdings were reduced from \$28,766,334 on March 31 to \$23,333,286, the lowest figure since September 30, 1924.

**Agricultural Financing**—Loans outstanding in the five states including the Seventh district of nineteen Joint Stock Land banks on April 30 totaled \$207,090,989, compared with \$205,243,890 at the end of March and with \$177,102,902 a year ago. Four Federal Land banks reported outstanding loans in the same territory as \$170,093,077 on April 30, as against \$168,449,081 March 31 and \$153,292,033 at the close of April last year. Loans and discounts (including rediscounts) of four Federal Intermediate Credit banks dropped from \$1,575,478 on March 31 to \$1,322,751 April 30. This aggregate compares with one of \$945,357 on April 30, 1925.

**Volume of Payment by Check**—A decrease from March of 6.6 per cent was shown in the aggregate volume of payment by check in thirty-seven clearing house centers in the Seventh district in April (\$5,919,209,000). The decrease in the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, totaled 7.5 per cent, and in thirty-three smaller cities 1.6 per cent. Comparisons with April, 1925, show a gain of 9.7 per cent in the aggregate for the thirty-seven reporting cities, of 10.6 for the four larger cities, and an increase of 5.4 per cent in the thirty-three smaller centers. The city of Chicago with an aggregate of \$3,555,030,000 in April, registered a decline of 8.8 per cent from March and an increase of 9.2 per cent over April a year ago.

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



Figures used are estimates for calendar month, based on weekly reports to this bank. Latest figures, April, 1926, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 4,950,247; 31 other Clearing House Centers, 943,991.

**Savings**—Over half the reporting banks in this district registered increases during April in savings deposits, so that at the beginning of May the group as a whole averaged a gain of 0.2 per cent over April 1. By states Illinois, Indiana, and Iowa showed declines, Wisconsin a gain of 0.5 per cent, although still 2.1 per cent below the January 1 peak, while Michigan set a new record. The increase of 3.7 per cent over May 1, 1925, reflects state increases for all except Illinois, and individually 120 gains and 69 declines.

The number of accounts dropped 0.1 per cent during April, increases in Iowa and Wisconsin offset by declines in the three other states. All five contributed to the gain of 3.2 per cent over a year ago.

**Bonds**—Prices in the Chicago bond market advanced during the latter half of April, with strengthening especially apparent in the high grade issues. The large supply of capital available for investment and the change in the New York rediscount rate gave impetus to trading at rising prices. Declines occurring were attributed, among other factors, to the British strike.

Public utilities suitable for institutional investment are in very good demand, but scarcity of new offerings has cut down distribution. Interest in municipals has been strong; one house, however, reports slackening since the first of the month. The better class of domestic industrial bonds also are in demand, with new issues declining in amount. Offerings of national scope have been scarce,

recent financing emphasizing the small corporations whose issues, though good, require considerable sales effort.

There has been a decrease during the period in the amount of foreign issues, those participated in, however, being well taken. Weakness in Belgian and French exchange has been an unfavorable factor.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

Reports from agents covering conditions on 195,953 farms in 120 counties in the Seventh district indicate that the oat acreage has been reduced somewhat from earlier intentions this year and in comparison with a year ago, as the result of unfavorable weather at seeding time. Sowing of small grains neared completion by the second week in May, when farmers began planting approximately the same acreage of corn as last year; but warmth and moisture were needed to bring about satisfactory germination and normal growth to the plants. The Bureau of Agricultural Economics, on the basis of May 1 condition, estimates a production of 72,-662,000 bushels of winter wheat in the five states including the Seventh district, compared with 82,071,000 bushels harvested in 1925. This same authority expects the crop in the United States to aggregate 548,908,000 bushels, or a gain of 150,422,000 bushels over the small quantity raised last year and only slightly less than the 1916-25 average harvest. About 2 per cent more rye than a year ago is estimated for the five states of the Seventh district, while the figures for the country as a whole have been reduced 8 per cent under those for 1925. Intended plantings of truck crops show a reduction in the acreage devoted to canteoupes in Indiana but increases for onions in the Pleasant Valley district of Iowa, while acreages of commercial cabbage in Illinois total about the same for 1926 as for 1925 with a gain indicated for Iowa. Information sent direct to this bank by the 120 county agents shows the losses of young pigs have more than counterbalanced the increase in farrowing, so that the total crop of spring pigs in the Seventh district was reduced 3.0 per cent below last spring. The number of marketable hogs remaining on farms May 10 showed a decline of 9.5 per cent from the corresponding date in 1925.

**Grain Marketing**—A seasonally smaller tonnage of corn and wheat and a greater quantity of oats arrived at United States interior primary markets during April than in the previous month. The reforwarding of wheat from these centers showed the customary decline in volume from March, while the amount of oats and corn increased. Grain receipts exceeded April, 1925, but reshipments were under the level of a year ago. The visible supply of grain in the United States continues to diminish as the new crop season approaches. May 8 holdings of wheat were reduced, and those of corn, rye, and barley increased over a year ago; oat stocks remained about equal to those for the corresponding date in 1925. Grain prices at Chicago after opening at rather low levels in April, advanced until the third week of the month at which time they declined, so that quotations of wheat, rye, and oats averaged higher and those of corn lower for the month as a whole than for March. Quotations continued to weaken during the early part of May. Members of the Chicago Board of Trade contracted for a smaller volume of future delivery grains during April than in the preceding month. Exportations of barley, oats, and rye from the United States were heavier than in March but those of wheat and corn were lighter.

**Flour**—April production figures from flour mills in the Seventh district indicate a seasonal decline in the comparison with March. Receipts and shipments of flour through Chicago, according to data furnished by the Chicago Board of Trade, were also smaller in the March-April comparison, though somewhat heavier than in the corresponding month of 1925.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MARCH 1926	APRIL 1925	MARCH 1926	APRIL 1925
Production (bbls.).....	- 6.0	- 4.9	34	34
Stocks of flour at end of month (bbls.).....	- 2.5	+19.1	31	31
Stock of wheat at end of month (bu.).....	-26.1	-15.3	30	30
Sales (volume).....	-11.2	-18.2	16	14
Sales (value).....	- 9.7	-15.6	16	14

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

**Movement of Live Stock**—Live stock receipts for April showed a reduction from March accounted for by heavy storms which retarded shipments at the beginning of the month, the delay in making the early lambs ready for market, a more normal movement of bovine stock from dairy sections, and some of the customary recession in the liquidation of steers, lambs, and hogs from the corn belt. Marketings increased toward the end of April but trended downward again after the first week in May. High dressing yields were reported, the result of the large percentage of the slaughter which had been well fattened on corn. The trade continues to show some preference for the fat animals of lighter weights.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, April, 1926.....	241,650	616,912	249,796	144,350
Public Stock Yards in U. S., April, 1926.....	693,980	1,871,281	800,793	419,424
March, 1926.....	781,484	2,143,592	1,001,347	439,315
April, 1925.....	670,602	2,039,024	833,059	492,408

The reshipments to feed lots gained seasonally in volume over March, with the movement of cattle showing a decline and that of lambs an increase over April last year.

### AVERAGE PRICES OF LIVESTOCK (Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MAY 15 1926	APRIL 1926	MARCH 1926	APRIL 1925
Native Beef Steers (average).....	\$ 9.35	\$ 9.40	\$ 9.60	\$10.20
Fat Cows and Heifers.....	7.25	6.95	7.20	7.35
Hogs (bulk of sales).....	13.35	12.25	12.05	12.60
Lambs (average).....	14.40	13.65	13.15	14.15

**Meat Packing**—A smaller quantity of meat and fat was produced during April than in the previous period, and employment at slaughtering establishments in the United States declined 0.8 per cent in number and 0.6 per cent in value but increased 1.4 per cent in hours worked for the last payroll of the month compared with corresponding totals for March. Domestic demand was active for pork, lard, lamb, and smoked meat; trading in the beef department, however, tended to drag until after mid-month when some improvement was shown. The total value of the sales billed to domestic and foreign customers by fifty-seven meat packing companies in the United States exceeded that in March by 0.6 per cent and was 8.1 per cent greater than a year ago. May 1 stocks of lard increased slightly

over April 1, but the other holdings declined; all inventories showed a decided reduction in volume from a year ago and from the 1921-25 average for May. Quotations for beef remained practically unchanged during April at Chicago, with the exception of some easing for steer loins and chucks and slightly firmer prices for the majority of cuts from cows and common quality steers. Pork and lamb prices advanced, while those for lard, veal, bacon, and dry salt heavy bellies and weighty fat backs declined. Nearly all quotations tended to strengthen early in May. Foreign trade showed some improvement during the last two weeks of April following the relative inaction earlier in the period, but the month's tonnage of packing-house products forwarded for export was smaller than in March. Clearances from American ports also declined. Consignment stocks abroad at the beginning of May were below those on April 1. A firming tendency brought quotations in European markets nearer a parity with those in the United States than a month ago; lard prices in Britain, however, continued slightly under the Chicago basis.

**Dairy Products**—Creameries in the Seventh district increased their production during April 11.5 per cent over March and 20.8 per cent over a year ago, according to a compilation made from the reports of fifty-eight firms. Statistics released for April by the American Association of Creamery Butter Manufacturers indicate a similar trend

for the country as a whole. The quantity of creamery butter billed to customers by sixty companies in the Seventh district totaled 3.5 per cent more for April than for the preceding month and was 11.7 per cent larger than for the corresponding period of 1925. At the principal markets of the state, receipts of cheese from Wisconsin factories during the four-week period ended May 1, increased 13.0 over the preceding period, and gained 9.7 per cent over a year ago. Distribution of cheese from the Wisconsin centers gained 8.3 per cent and 16.7 per cent, respectively, in the two comparisons. April receipts of dairy products at Chicago exceeded those for March. May 1 stocks of butter at storage warehouses and packing plants in the United States showed an increase of 0.6 per cent over the previous month and 218.7 per cent over the five-year average for that date; cheese inventories declined 7.5 per cent from April but totaled 65.4 per cent in excess of the 1921-25 average for May. The number of cases of eggs on hand was seasonally greater than at the beginning of April, although less than a year ago. Chicago prices for butter and cheese averaged lower than in March, while those for eggs increased owing to the customary movement of the latter commodity into storage at this season. Quotations for butter strengthened somewhat after mid-April; those for eggs eased slightly early in May.

## COAL

A seasonal decline took place during April in the output of bituminous coal in Illinois, total production of 4,441,125 tons representing a reduction from March of 26.8 per cent but increases over April, 1925 and 1924, of 36.1 and 16.5 per cent, respectively. For the United States, April production of bituminous coal aggregated 40,079,000 tons, compared with 46,137,000 in March and 33,702,000 in April, 1925. Output of anthracite coal was slightly lower than in

the preceding month but heavier than in any April on record except 1915. Loadings of bituminous coal at Lake Erie ports so far during the current season have been less than in the same period last year but exceed loadings in the first four months of 1924. According to a survey by the Department of Commerce, Bureau of Mines, consumers' stocks of bituminous coal on hand April 1 were estimated as 40,000,000 tons, a reduction of 9,000,000 tons since the first of the year and slightly less than at the same time last year.

## INDUSTRIAL EMPLOYMENT CONDITIONS

Industrial employment in the Seventh district receded slightly during the period March 15 to April 15, factories with an aggregate employment of about 385,000 workers reporting a curtailment of 0.7 per cent. The metals and metal products group, after a continuous expansion since last July, reduced its forces 0.5 per cent. Substantial reductions were made in the textiles, food, and leather groups, in which many losses of a seasonal nature were shown by particular industries, as for example both men's and women's clothing manufacture. Counteracting the losses, however, were the further gains reported for the "vehicles" group and for a majority of the building materials. Stone, clay, and cement products added to their employment, but lumber and most

wood products showed some decline. Chemical products recorded a definite gain in employment, the first since last November, but no corresponding increase in payrolls. Total payrolls for all of the reporting industries were practically the same as a month earlier, the decline amounting to only 0.1 per cent.

An increasing demand for labor in construction work and outdoor employment generally, has absorbed a large number of unemployed men, and the improvement was noticeable at the state free employment offices where the ratio of applicants to positions available fell off considerably, from 143 per cent to 129 in Illinois, and from 123 per cent to 117 in Indiana.

### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	APRIL 15 1926	WEEK ENDED MARCH 15 1926	PER CENT CHANGE	APRIL 15 1926	WEEK ENDED MARCH 15 1926	PER CENT CHANGE
All groups (10).....	383,503	386,258	-0.7	\$10,200,024	\$10,214,629	- 0.1
Metals and metal products (other than vehicles).....	156,337	157,112	-0.5	3,978,989	3,962,321	+ 0.4
Vehicles.....	43,621	41,835	+4.3	1,410,231	1,315,496	+ 7.2
Textiles and textile products.....	27,679	29,341	-5.7	625,024	714,482	-12.5
Food and related products.....	44,465	45,403	-2.1	1,221,173	1,236,585	- 1.2
Stone, clay, and glass products.....	13,554	13,159	+3.0	383,921	374,143	+ 2.6
Lumber and its products.....	37,638	38,209	-1.5	921,482	922,420	- 0.1
Chemical products.....	11,225	11,005	+2.0	297,712	296,546	+ 0.4
Leather products.....	17,049	17,870	-4.6	366,261	397,047	- 7.8
Rubber products.....	2,983	3,003	-0.7	72,693	74,681	- 2.7
Paper and printing.....	28,952	29,321	-1.3	922,538	920,908	+ 0.2

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—Preliminary statistics for April indicate that production of passenger cars in the United States during the month was only slightly less than the almost record output of March, was above April last year, and considerably exceeded that of the corresponding month in 1924. Output of trucks in April was heavier than in the preceding month and also increased in the year-to-year comparison and over April, 1924.

Continued increases were reported in the distribution of automobiles in the Middle West, both wholesale and retail sales showing gains over the prior month and a year ago. For the first time since the end of November, a reduction took place in the stocks of new cars held at the end of the month, although inventories remain considerably higher than in 1925. Deferred payment sales, as reported by twenty-nine firms, were 46.1 per cent of total retail sales, compared with a ratio of 47.9 shown by these identical firms in March and one of 44.8 in April last year.

### MIDWEST DISTRIBUTION OF AUTOMOBILES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MARCH 1926	APRIL 1925	MARCH 1926	APRIL 1925
<b>Changes in April, 1926, from previous months</b>				
<b>New cars</b>				
Wholesale—				
Number sold .....	+ 8.1	+20.6	38	37
Value .....	+ 6.7	+13.9	38	37
Retail—				
Number sold .....	+ 4.3	+ 4.0	56	55
Value .....	+15.3	+ 7.1	56	55
On hand April 30—				
Number .....	-22.9	+78.1	58	57
Value .....	-23.0	+41.1	58	57
<b>Used cars</b>				
Number sold .....	+11.9	- 0.8	57	56
Saleable on hand—				
Number .....	- 3.1	+40.9	57	56
Value .....	- 0.3	+22.5	57	56

**Agricultural Machinery and Equipment**—Agricultural machinery and equipment sales declined 17.1 per cent in April from the previous month and 2.3 per cent from a year ago, despite a gain in exports. Such a trend is not surprising, however, since previous analyses have shown that a portion of the domestic tonnage normally shipped during the spring season was forwarded to dealers during earlier months of 1926. The sales of heavy machinery and barn equipment increased over March but the remaining groups declined—24.2 per cent for all other (exclusive of barn and pump supplies), and 9.8 per cent for agricultural pumps.

### PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MARCH 1926	APRIL 1925	MARCH 1926	APRIL 1925
<b>Changes in April, 1926, from previous months</b>				
Domestic sales billed.....	-20.2	- 4.9	91	91
Total sales billed to domestic and foreign customers	-17.1	- 2.3	91	91
Production .....	- 2.8	+14.3	89	89

Sales based on value. Production computed from employment.

**Iron and Steel Products**—Order books of steel mills in the Chicago district showed a reduction on May 1 from the volume of contract obligations for tonnage as of April 1. Buying in this district has been well maintained, however, with plates, shapes, and bars in particularly good demand. Unfilled orders of the United States Steel Corporation on April 30 declined 511,959 tons from those held March 31 and were 578,592 tons below the same date a year ago. Average daily steel ingot output in the United States aggregated 158,613 tons, representing a decrease from March but gaining over April last year and 1924. Pig iron production for the country increased in the daily average for April over the preceding month and was also higher than a year ago, while figures for the Illinois and Indiana district indicate the same trend.

Prices held up fairly well until the middle of May, when a sharp drop occurred. The composite average price of fourteen leading iron and steel products as compiled by *Iron Trade Review* was \$38.14 on May 19, compared with \$38.34 May 12 and \$38.47 on April 21; on May 20, 1925, the average price was \$38.21. Another reduction in the price of pig iron took place early in May and the quotation at Chicago now stands at \$21.50, as compared with \$22 in April and \$21 at this time last year. Iron and steel scrap prices continue to ease.

Shipments by casting foundries in the Seventh district declined in April from the preceding month and April a year ago. Production, as measured by metal consumption, was reduced from March but was slightly heavier than in the same month of 1925. Shipments by stove and furnace manufacturers reporting to this bank increased in the month-to-month as well as the yearly comparison; orders booked were smaller in amount than in March but larger than in April, 1925; production was heavier in both comparisons.

**Shoe Manufacturing, Tanning, and Hides**—Shoe factories in the Seventh district operated at a seasonally lower rate during April than in March, with the output under a year ago and with shipments 4.7 per cent in excess of April production. Inventories for May 1 were 83.6 per cent as large as shipments for the previous month. Unfilled orders gave assurance of about six weeks' future production at the current rate, according to a tabulation for twenty-two companies.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MARCH 1926	APRIL 1925	MARCH 1926	APRIL 1925
Production .....	-12.3	- 6.2	29	29
Shipments .....	-17.4	- 9.3	29	29
Inventories .....	+ 7.0	+ 8.1	26	25
Unfilled orders .....	+ 4.3	+12.5	22	21

A smaller quantity of leather was tanned than in March or a year ago, as a result of the slowness of the demand for the majority of tannages other than fancy colors and grains. The aggregate value of the April sales billed to customers by representative manufacturers in the Seventh district showed the customary March-April recession and was below that for the corresponding period last year; belting sales increased. Prices remained fairly steady.

Slightly greater numbers of calf skins and packer green hides were reported sold at Chicago during April than in the previous month. Shipments of hides and skins from the above-mentioned city, however, totaled less than those for March, despite an increase in the volume of receipts, according to statistics compiled by the Chicago Board of Trade. Prices declined in April but strengthened again early in May.

**Furniture**—The usual March-April decline in new business was shown in reports received from twenty furniture manufacturers in this district, the aggregate of orders booked during April by these companies being 26.4 per cent smaller than in the preceding month with four-fifths of the firms sharing in the reduction. In comparison with a year ago, however, an increase of 1.2 per cent was recorded and one of 14.1 per cent over April, 1924. Shipments were 4.5 per cent below those in March, but 2.9 per cent above a year ago, and 15.1 per cent heavier than in the corresponding month of 1924; they were considerably larger than orders booked, so that unfilled orders on hand April 30 showed a decline of 26.0 per cent from the amount held at the end of March. In comparison with April 30 last year unfilled orders were 23.7 per cent smaller and, at the rate

of April shipments in the two years, less than four weeks' business now remains on the books of reporting firms as compared with over five weeks' a year ago. Production decreased slightly in April and was somewhat lower than in 1925.

**Raw Wool and Finished Woolens**—A fair amount of business was transacted during April by wool dealers in

## BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Sales of lumber at retail yards throughout the district continued to expand during April to a fair seasonal volume, notwithstanding the delay in construction work caused by a late spring and the fact that farmers are buying very little at country yards. As reported by 213 yards, April sales showed an increase of 24 per cent over the previous month but fell short of the volume of a year ago by 11.6 per cent. A slowing down from the activity of last year was also reflected in the wholesale and manufacturing reports, sales by twenty-two concerns registering a decline of 11.4 per cent. Buying on the part of retail yards as well as by factory consumers continued on a hand-to-mouth basis, so that sales by reporting wholesalers and manufacturing plants decreased 16.5 per cent from March. Reports as to the condition of stocks were irregular, but the majority of dealers have a somewhat larger supply on hand than a month ago, whereas in the comparison with last year, increases and decreases are about evenly distributed. The outstanding accounts at retail increased during the month but were lower than a year ago, the difference in the former comparison amounting to about 10 per cent and in the latter 7 per cent; the ratio to sales at the close of the month registered 278 per cent as against 259 in April, 1925. At wholesale, outstandings were slightly lower than both a month ago and a year earlier, and the ratio to sales was 139 per cent in comparison with 125 a year ago. Prices in general have shown a slightly weakening trend, although many dealers were holding firm especially for items of dry stock.

In Chicago the receipts and shipments of lumber fell off about 6 per cent during the month; net receipts, while

## MERCHANDISING CONDITIONS

**Wholesale Trade**—April returns from reporting dealers in this district indicate a smaller volume of goods sold at wholesale than in the preceding month. By commodity groups all shoe firms, the majority of drug and dry goods dealers, and about half the hardware and grocery firms showed declines from March. In dry goods and drugs, March-April decreases have been noted in each of the six years since the reporting service was begun (1921); declines this year were more pronounced than in 1924 and 1925.

With few exceptions, hardware, dry goods, and shoe firms registered declines from April, 1925, increasing the discrepancies between the two years apparent during the first quarter; in groceries, on the other hand, the gain of 8.8 per cent, reflecting individual gains at twenty-eight stores and declines at twelve, largely offsets earlier declines; drug firms advanced their cumulative increase to 3.1 per cent over last year.

Inventory trends varied, the majority of grocery and drug dealers reducing their stocks during April, shoe firms showing a larger volume of goods on hand, and the two other groups about evenly divided between increases and decreases. In comparison with April 30, 1925, the declines

this district, considering poor manufacturing conditions, the arrival of the new clip, and the amount of foreign wool on the market. Prices were slightly lower than in March for domestic wools, although the finer grades of foreign wool held up unusually well. There has been no change in conditions in the finished goods industry during the past month, and the expected volume of new business for the fall season has not yet developed.

slightly less than in March, were 39 per cent larger than a year ago.

Reports from the brick industry indicate that while the volume of output was below that of April, 1925, activity has been normal and good business is anticipated for several months. Many plants have resumed operations and employment is showing a substantial increase. In the cement industry, both production and shipments have increased but are lower than a year ago. Stocks have been reduced slightly but remain considerably above those of last year.

**Building Construction**—The contracts awarded in the Seventh district during April amounted to \$87,690,285, or 4 per cent less than for March and 21.3 per cent below the awards for April, 1925. The declines were entirely due to the heavy reduction in residential contracts, other types of building showing a considerable increase for the month and even registering a slight gain over April, 1925. In permits, the figures indicate a heavy gain for the month but a considerable falling off in volume from a year ago. The increases for the month as reported by fifty cities of the district were, respectively, 47.9 per cent in the number of permits and 15.3 per cent in their estimated cost. The gains recorded for the five larger of these cities were 35 and 9 per cent in the number and cost, as compared with 72 and 39 per cent for the remaining forty-five smaller cities. In the yearly comparison, there was a decline of 13.1 per cent in number and of 2.3 per cent in cost valuation for the reporting cities. The declines in the five larger cities were somewhat heavier than for the others.

for hardware and dry goods were practically the same as at the end of March, but less for shoes; drug stocks showed a somewhat smaller increase than the first-quarter average; the slight gain in groceries was the first thus far in 1926.

Collections for all groups except dry goods exceeded the March receipts, but dropped below April, 1925, for two-thirds of the stores. For forty-nine firms accounts on the books April 30 were heavier than at the close of March and for thirty-three lower; comparisons with a year ago show a 15 per cent decline for shoe firms, over 8 per cent for hardware and dry goods, and gains of 2 and 8 per cent, respectively, for groceries and drugs.

**Department Store Trade**—The aggregate value of goods sold during April by reporting department stores in this district equaled the March volume of trade, increases by four-fifths of the firms offsetting declines by the others, especially in two of the large cities. For the first time in fourteen months total sales fell below the corresponding month of the preceding year; increases at thirty-six stores and declines at fifty-three resulted in a net decrease of 2.0 per cent which reduced the cumulative gain for the year to 6.4 per cent.

April collections for the majority of stores exceeded the

March receipts, although accounts on the books had advanced 2.2 per cent by April 30. Fifty-eight firms averaged a gain in collections of 11.9 per cent over a year ago; their ratio of 41.0 per cent to accounts outstanding at the beginning of the month compares with 42.9 per cent last year.

The net reduction of 1.7 per cent from March 31 inventories reflected additions during April at twenty-eight stores and declines at thirty-three, and reversed the upward trend followed for two months. About half the stores were carrying heavier stocks than on April 30, 1925; for forty-five firms sales during the month represented 30.4 per cent of average stocks or two points below the corresponding 1925 ratio.

**Retail Shoe Trade**—April reports from retail shoe dealers in this district indicate continued expansion in sales, increases over March at thirty-nine stores and decreases at eight resulting in a net gain of 8.0 per cent for the group. Eighteen firms furnishing both sales and accounts receivable data averaged an increase of 20.3 per cent in the former, and 14.3 per cent in the latter, reducing the ratio of outstandings to sales from 85.6 per cent at the end of March to 81.3 per cent by April 30. Collections received by seventeen firms exceeded the previous month's volume by 4.6 per cent. In stocks the reduction of 5.8 per cent from

March 31 for thirty-six stores reflects increases and declines evenly distributed.

**Retail Furniture Trade**—Thirty-eight dealers in this district have co-operated in the survey begun last month to cover house furniture, furnishings, and equipment trade. Aggregate sales this year show gains for both March and April over the corresponding month in 1925, the increases more pronounced for goods sold on the installment basis than for cash sales; individually somewhat over half the firms showed gains in the former, and less than half for cash. Collection comparisons reflect similar trends, more than half the dealers registering increases on installment payments, but the majority reporting decreases in cash receipts. Total accounts outstanding are heavier than a year ago.

**Chain Store Trade**—The seven chain store firms reporting to this bank with one exception reached new levels for April in the total volume of goods sold during the month. Average sales per store, however, were larger than last year for only two chains. Comparisons with the preceding month vary, the grocery firms indicating decreases from March, but the shoe and drug sales exceeding the earlier months of the year.

### MONTHLY BUSINESS INDICES COMPUTED BY THE 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	April 1926	March 1926	April 1925	March 1925
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars) <sup>1</sup> .....	62	108.7	108.4	100.3	106.6
<b>Casting Foundries—</b>					
Shipments (in dollars).....	27	93.5	101.4	93.8	97.4
<b>Stoves and Furnaces—</b>					
Shipments (in dollars).....	15	76.9	73.1	71.5	71.1
<b>Agricultural Machinery &amp; Equipment—(U. S.)—<sup>1</sup></b>					
Domestic Sales (in dollars).....	113	134.0	163.7	143.6	144.5
Exports (in dollars).....	72	142.2	130.6	122.4	112.8
Total Sales (in dollars).....	113	133.6	158.1	139.5	138.4
Production.....	109	126.6	135.5	105.5	103.8
<b>Agricultural Pumps—(U. S.)—<sup>1</sup></b>					
Shipments (in dollars).....	19	95.4	105.8	118.3	106.8
<b>Furniture—<sup>2</sup></b>					
Orders (in dollars).....	20	105.7	143.9	104.4	132.1
Shipments (in dollars).....	20	154.0	160.8	148.6	161.0
<b>Shoes—<sup>3</sup></b>					
Production (in pairs).....	34	88.8	102.2	93.9	111.9
Shipments (in pairs).....	34	91.7	110.9	101.3	116.9
<b>Electric Energy—</b>					
Output of Plants (KWH).....	8	190.4	210.7	165.1	176.6
Industrial Sales (KWH).....	8	218.3	233.2	192.4	188.2
<b>Flour—</b>					
Production (in barrels).....	35	88.5	94.2	93.3	95.9
<b>Output of Butter by Creameries—<sup>1</sup></b>					
Production.....	77	111.8	96.9	92.5	81.3
Sales.....	77	107.2	97.5	93.5	93.2
<b>Automobiles—</b>					
Distribution in Middle West: <sup>4</sup>					
New cars—Wholesale—Number sold.....	34	202.6	188.3	168.6	116.9
Value.....	34	188.1	174.1	162.3	115.5
New cars—Retail—Number sold.....	52	156.1	149.9	150.1	125.5
Value.....	52	161.5	140.2	151.0	126.4
New cars—On hand—Number.....	45	148.1	185.6	77.2	104.6
Value.....	45	133.8	169.5	89.9	106.9
Used cars—Number sold.....	43	159.5	145.4	154.0	129.3
Used Cars—On hand—Number.....	43	158.0	160.2	109.6	125.0
Value.....	43	128.0	126.8	96.9	112.4
Production (U. S.): Passenger cars.....			281.3	278.2	236.3
Trucks.....			168.5	173.4	162.2
Shipments (U. S.): <sup>4</sup> Carloads.....	333.0	355.0	268.7	244.6	
Driveaways.....	160.9	148.6	145.6	121.0	
Boat <sup>5</sup> .....	185.3	57.3	257.7	32.8	
<b>Freight Carloadings—(U. S.)—</b>					
Grain and Grain Products.....	95.7	101.0	85.0	95.2	
Live Stock.....	83.6	83.5	86.5	82.2	
Coal.....	101.2	109.8	87.3	90.7	
Coke.....	135.5	154.4	118.8	134.6	
Forest Products.....	132.6	133.8	136.7	141.9	
Ore.....	41.2	29.7	82.8	32.2	
Merchandise and Miscellaneous.....	134.5	132.4	132.8	130.4	
Total.....	119.3	119.9	117.1	115.0	
<b>Iron and Steel—</b>					
Pig Iron Production: <sup>6</sup>					
Illinois and Indiana.....	160.6	159.2	159.5	170.7	
United States.....	137.3	132.5	129.7	137.2	
Steel Ingot Production—(U. S.): <sup>6</sup>	140.7	147.4	122.4	143.2	
Unfilled Orders U. S. Steel Corp.....	64.5	73.1	74.2	81.1	
<b>Wholesale Trade—</b>					
Net Sales (in dollars):					
Groceries.....	40	70.7	68.4	65.0	70.2
Hardware.....	20	99.2	101.5	116.5	110.7
Dry Goods.....	14	69.6	81.9	81.9	84.0
Drugs.....	14	105.6	113.5	103.5	105.7
Shoes.....	11	37.5	51.4	53.4	46.2
<b>Retail Trade (Dept. Stores)—</b>					
Net Sales (in dollars):					
Chicago.....	7	129.5	135.1	140.6	121.4
Detroit.....	4	177.4	189.4	181.0	143.3
Des Moines.....	4	133.2	119.3	120.4	115.3
Indianapolis.....	5	132.6	137.9	141.6	141.3
Milwaukee.....	5	153.4	138.6	153.5	128.8
Outside.....	39	111.1	102.0	113.6	101.0
Seventh District.....	64	144.6	143.8	147.6	126.6
<b>Retail Trade—(U. S.)—</b>					
Department Stores.....	359	132.6	130	136	121
Mail Order Houses.....	4	121.1	130	117	119
<b>Chain Stores:</b>					
Grocery.....	27	333.3	302	258	252
Drug.....	9	193.1	196	159	160
Shoe.....	6	166.0	143	177	127
Five and Ten Cent.....	5	201.9	199	195	177
Candy.....	5	226.6	206	210	188
Music.....	4	110.6	112	107	105
Cigar.....	3	150.0	142	134	131
<b>Stamp Tax Collections—<sup>7</sup></b>					
Sales or Transfers of Capital Stock.....		159.0	246.3	125.1	293.5
Sales of Produce on Exchange—Futures U. S. Primary Markets— <sup>8</sup>		74.2	55.9	108.8	100.6
<b>Grain Receipts:</b>					
Oats.....		70.3	61.0	60.5	67.8
Corn.....		84.7	135.5	66.1	161.3
Wheat.....		44.0	49.3	32.6	55.1
<b>Grain Shipments:</b>					
Oats.....		72.7	72.1	103.7	88.1
Corn.....		64.4	63.7	96.1	91.5
Wheat.....		31.9	37.2	45.7	59.5
<b>Building Construction—</b>					
Contracts Awarded (in dollars):					
Residential.....		203.4	266.2	356.6	276.9
Total.....		159.6	166.2	202.8	164.3
<b>Permits:</b>					
Chicago.....	Number	247.9	244.4	404.7	347.9
Cost.....		460.8	391.3	512.4	340.3
Indianapolis.....	Number	253.1	216.6	277.6	287.8
Cost.....		152.1	196.0	264.2	230.2
Des Moines.....	Number	160.8	100.0	284.3	242.2
Cost.....		57.4	220.0	168.1	148.6
Detroit.....	Number	263.1	174.6	285.1	205.5
Cost.....		288.4	282.9	252.8	269.5
Milwaukee.....	Number	192.0	136.0	206.5	151.0
Cost.....		246.7	224.4	222.6	145.7
Others (45).....	Number	271.4	157.9	305.8	205.9
Cost.....		266.3	191.1	265.4	204.7
Fifty Cities.....	Number	247.5	167.4	283.9	211.3
Cost.....		324.7	281.7	336.6	260.5

1. Monthly average 1923-24-25=100; 2. Monthly average 1919-20-21=100; 3. Monthly average of mean of production and shipments in 1923-24-25=100; 4. Monthly average 1920=100; 5. Base figures (1920) partly estimated; 6. Average daily production; 7. First Illinois internal revenue district; 8. Monthly average receipts 1919=100.