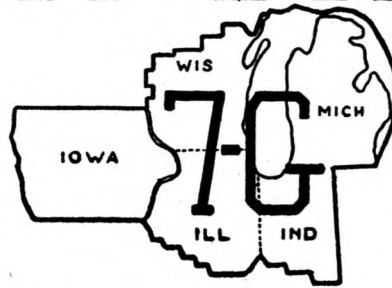


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

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## BUSINESS CONDITIONS IN THE UNITED STATES

**I**NDUSTRIAL activity was at the same level in June as in May, and was slightly above the level of a year ago. The average of commodity prices advanced further between May and June.

**PRODUCTION**—The Federal Reserve Board's index of production in basic industries remained unchanged in June. Production of iron and steel and activity of woolen machinery continued to decline, and there were also reductions in the output of copper, zinc, and petroleum, while cotton consumption, the manufacture of food products, and the output of coal and cement increased. Production of automobiles was smaller in June than in May and for the first time this year was less than in the corresponding month of 1925. Declines took place in June in employment and payrolls of all textile industries, except woolen and worsted goods and men's clothing, and some of these industries were less active than at any time since 1924. Building contracts awarded during June were slightly less than in May, and for the first time since early in 1925 were smaller than in the corresponding month of the preceding year.

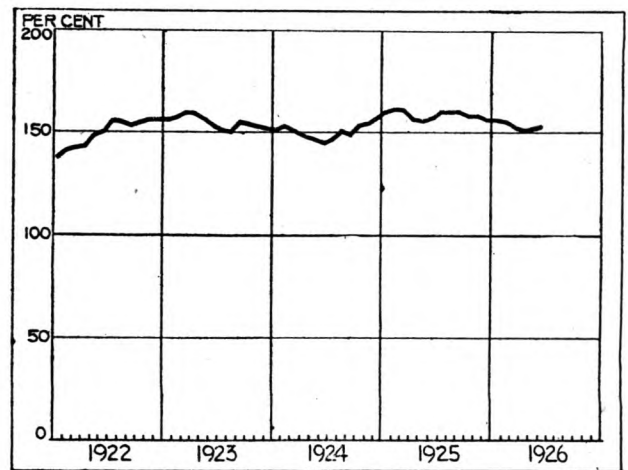
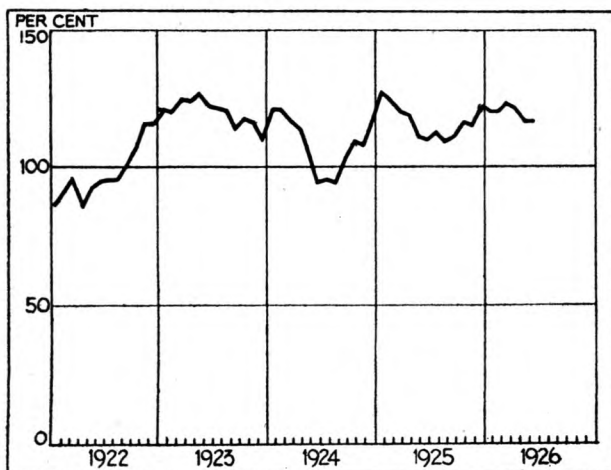
Crop reports issued by the Department of Agriculture indicated a slight improvement during June. The composite condition of all crops on July 1 was reported as 6.4 per cent below the average July condition during the

last ten years. The production of winter wheat was estimated at 568,000,000, or 172,000,000 more than in 1925, and that of spring wheat at 200,000,000, or 71,000,000 less than last year. A production of 2,661,000,000 bushels of corn, or 8.3 per cent less than last year, is indicated in the same report. Cotton production, on the basis of July 16 condition, was estimated at 15,368,000 bales, or 718,000 bales less than the production of last year.

**TRADE**—Total volume of wholesale and retail trade in June was larger than for the same month in 1925. Department store sales declined seasonally in June, and wholesale trade in all leading lines, except groceries, also decreased during the month. Sales of mail order houses increased more than usual in June, and were 5 per cent larger than in June, 1925. Stocks of merchandise carried by wholesale firms at the end of June were smaller than a year earlier. Department stores continued to reduce their stocks, and their inventories, which had been considerably above last year's level earlier in the year, were at the end of June only about one per cent larger than a year ago. Freight carloadings showed seasonal increases during June and continued through the first half of July at higher levels than in previous years. Loadings of grains in the southwestern states have been particularly large.

PRODUCTION IN BASIC INDUSTRIES

WHOLESALE PRICES



Index of 22 basic commodities, adjusted for seasonal variations (1919=100). Latest figure, June, 1926: 117.

Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, June, 1926: 152.3.

Compiled July 26, 1926

**PRICES**—The general level of wholesale prices, according to the index of the Bureau of Labor Statistics, increased from May to June by less than half of one per cent. Prices of livestock and meats advanced, and there were small increases for silk, petroleum products, non-ferrous metals, and chemicals and drugs. Price decreases occurred in grains, cotton, textiles, building materials, and house furnishings. In the first two weeks of July prices of grains, flour, cotton, wool, and hides increased, while those of cattle, hogs, silk, and rubber declined.

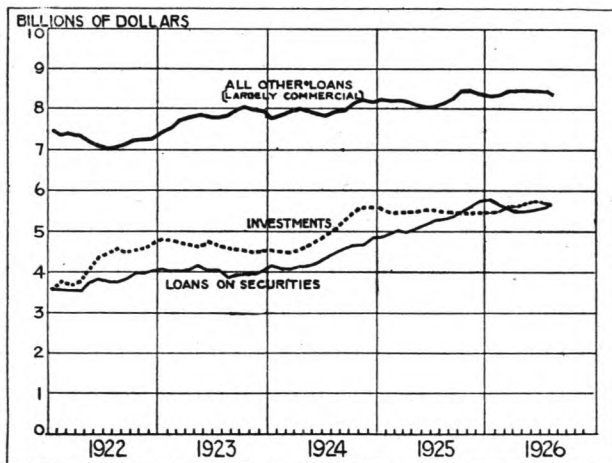
**BANK CREDIT**—Loans and investments of member banks in leading cities at the end of June were in larger volume than at any previous time, and after declining during the first half of July, were still \$900,000,000 above the level of a year ago. Of this increase about \$385,000,000 was in loans on securities, \$340,000,000 in commercial loans, and \$175,000,000 in investments. Since the beginning of 1926 an increase in commercial loans together with the growth

of investments has more than offset the reduction in loans on securities.

The demand for credit at the end of the fiscal year and the increased currency requirements over the holiday were reflected in a growth of member bank borrowing at the reserve banks, and on July 7 total discounts were near the highest point of the year. With the return flow of currency from circulation after the holiday, discounts declined, and on July 21 were in about the same volume as in the last half of June. The reserve banks' holdings of acceptances and of United States securities changed little during the period, and the total volume of reserve bank credit outstanding in the third week of July was close to the June level.

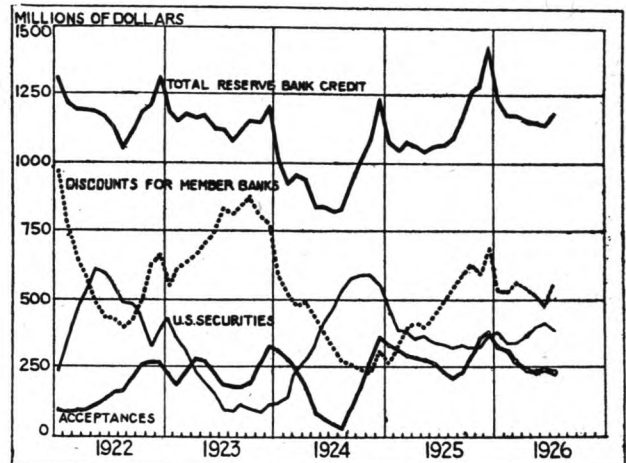
Money market conditions were firmer in July as indicated chiefly by increases in rates on call and time security loans. Rates on acceptances and on commercial paper were also slightly higher.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first two weekly report dates in July, 1926: All Other Loans, 8,388 million; Loans on Securities, 5,645 million; Investments, 5,654 million.

FEDERAL RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve Banks. Latest figures, averages of first 22 days in July, 1926: Total Reserve Bank Credit, 1,182 million; Discounts for Member Banks, 555 million; Acceptances, 236 million; U. S. Securities, 383 million.

### BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

**O**UTSTANDING features in the business situation of the Middle West as the second half of 1926 began, were the improved crop conditions, the somewhat lessened purchasing of consumers' goods, the slight reduction in industrial employment, and the mixed trends in production schedules.

With more favorable weather during June, corn progressed fairly well and the small grains matured for harvesting. Other agricultural developments of the month were the seasonal increase in receipts of grain and the customary recession in shipments; the gains in production and sales of dairy products and flour; and the heavier arrivals of livestock with accompanying increased activity at slaughtering establishments.

Distributive statistics reflect the slowing down in department store trade, the curtailment in general wholesale trade with the exception of groceries, and the decline in automobile sales both by distributors and retail dealers.

Farm machinery sales, on the other hand, showed an advance over the May volume; lumber sales also averaged higher than in the preceding month, and the cement and brick industries reported active demand. Building contracts during June exceeded the May awards, but were less than a year ago. Chicago steel mills maintained a high rate of operations for this season of the year.

Of financial interest during June were the increase in the volume of check payments, the advance in savings deposits,

the heavier commercial paper sales, the decline in bankers' acceptance transactions, and the ready absorption of bond offerings.

### CREDIT CONDITIONS AND MONEY RATES

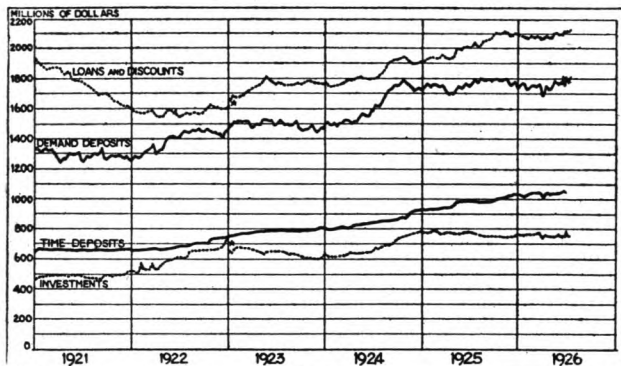
With the exception of a brief period of increased activity around the first of July in many of the larger cities, especially Chicago, credit conditions in the district are essentially unchanged from a month ago. The volume of demand is reported as approximately that of last month, with some areas experiencing a slight decline and others noting a slight increase. In Chicago, while no change has taken place in rate levels, there is a tendency on the part of some banks to charge a lower rate on short loans than on those for longer periods, in anticipation of a small seasonal rise in rates in the early autumn. Current rates in Chicago are: 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. The average rate earned on loans and discounts by ten of the larger Chicago banks was 4.88 per cent in June, compared with 4.91 in May and 4.67 per cent in June, 1925. For five Detroit banks this figure was 5.23 per cent for June, 1926, as compared with 5.08 per cent a year ago, and 5.17 per cent in May this year. The prevailing rate in the latter city during the week ended July 15 on customers' prime commercial paper was  $4\frac{1}{2}$  to 6 per cent.

Total bills and securities of the Federal Reserve Bank of Chicago on June 30 touched the highest point since March

31, as was the case also with total bills discounted. On July 21 the former total was \$148,559,000 compared with \$180,149,000 June 30, and \$159,450,000 on the corresponding reporting date in June, and total bills discounted of \$56,250,000 on July 21 compared with \$89,587,000 June 30, and \$68,110,000 on June 23. Federal Reserve notes in circulation continued to increase in volume until July 21 when \$191,676,000 was given, compared with the \$194,618,000 the previous week, which was the highest since December 31, 1924, when \$196,529,000 was reported. On June 23 this year the figure was \$183,577,000.

Loans and discounts of reporting member banks in the Seventh district on July 14 aggregated \$2,134,630,000, exceeding by approximately ten million the previous high point on June 16. Increased loans on stocks and bonds in Chicago represent the greater part of the increase over June 16. Investments of reporting members on July 14 were on a slightly higher level than on June 16, larger holdings of securities other than United States governments by Detroit member banks being responsible for the increase. Net demand deposits on July 14 amounted to \$1,811,538,000, exceeding slightly the June 16 aggregate of \$1,811,075,000, thus establishing a new high point for the item since this bank has collected data. Time deposits on July 14 also established a new high, the \$1,056,925,000 reported on that date exceeding the previous high of \$1,052,337,000 (June 30) by more than four million. This gain took place largely in Chicago and Detroit.

#### POSITION REPORTING MEMBER BANKS—7TH DISTRICT



\*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, July 14, 1926, in thousands of dollars: Loans and Discounts, 2,134,630; Demand Deposits, 1,811,538; Time Deposits, 1,056,925; and Investments, 756,867.

The ten dealers regularly reporting to this bank sold 7.1 per cent more commercial paper during June than in May, all except two firms registering increases. In comparison with June, 1925, the gain of 21.3 per cent reflects individually seven increases and three declines; cumulative sales during the first six months of 1926 are 18.1 per cent less than last year. For each of the five dealers reporting the amount of paper outstanding at the end of June, the volume reached the lowest point of the year, the aggregate falling 5.3 per cent below the May 31 figure. The customary selling rate during the month was 4 per cent, with the majority of dealers indicating  $4\frac{1}{4}$  for high and  $3\frac{3}{4}$  for low; after July 1 rates tended slightly firmer in that less paper was sold at  $3\frac{3}{4}$ . For twenty-six firms throughout the country, outstandings on June 30 were \$652,432,000, as compared with \$668,226,000 at the end of May.

Aggregate sales of six reporting dealers in the Chicago open bill market from June 17 to July 14 amounted to 38.7 per cent less than in the preceding four weeks, one house transacting no business during the period and the others registering declines. With one exception purchases like-

wise were reduced, the decrease for the group averaging 33.7 per cent. For four firms furnishing data on the volume of bills held at the close of the period total holdings advanced 39.6 per cent over June 17. Demand for bills was indicated as fair to light, with ninety-day maturities moving best; the offered rate on these of  $3\frac{3}{8}$  per cent on July 14 compares with  $3\frac{1}{4}$  the middle of June.

The volume of bankers' acceptances executed during June by sixteen reporting banks in this district dropped 17.3 per cent below the previous month's total to the lowest level since January. Purchases showed a gain of 70.4 per cent in the same comparison. Sales were 50.3 per cent heavier than the May amount, and 1.8 per cent ahead of the year's high in April. Bills accepted during the first two weeks of July by three Chicago houses covered transactions principally in grain, provisions, petroleum, tea, coffee, hides, pig iron, and feathers. On June 30 banks were holding of their own bills about 75 per cent the amount held at the close of May; total holdings were only one-fourth as large. The liability of the banks as acceptors for acceptances outstanding on the same date was 14.1 per cent less than on May 31, and 8.2 per cent under a year ago. Purchases during June by the Federal Reserve Bank of Chicago amounted to \$26,933,618 and holdings at the end of the month to \$31,787,870.

**Agricultural Financing**—Nineteen Joint Stock Land banks in the five states including the Seventh district on June 30 showed an aggregate of loans outstanding of \$209,610,906, as compared with \$208,235,154 at the end of May and \$181,852,154 at the close of June, 1925. Loans of four Federal Land banks in the same territory increased from \$171,550,670 on May 31 to \$173,007,976 on June 30, which figure compares with \$155,166,986 on the corresponding date a year ago. Four Federal Intermediate Credit banks reported a total of loans and discounts (including rediscounts) on June 30 of \$1,428,119, as against \$1,454,155 a month ago and \$1,053,874 June 30, 1925.

**Volume of Payment by Check**—The aggregate volume of payment by check in thirty-seven clearing house centers of the Seventh district was \$6,009,047,000 in June, a gain of 4 per cent over May and 3.8 per cent above the corresponding month a year ago. Chicago, Detroit, Milwaukee, and Indianapolis increased in the aggregate 4.3 per cent over May, 1926, and 3.7 per cent as compared with June, 1925, while Chicago with \$3,605,168,000 showed a rise of 3.3 per cent as compared with May this year and of 2.2 per cent above June a year ago. Thirty-three smaller reporting centers reported an aggregate increase of 2.2 and 4.6 per cent, respectively, in the two comparisons.

**Savings**—Aggregate savings deposits on July 1 of 221 reporting banks were 1.1 per cent larger than at the beginning of June: individually, 149 banks registered increases, and by states all five included in this district made gains, Iowa, Michigan, and Wisconsin reaching new records. Total deposits of 186 banks for which comparable 1925 data are available made a gain of 2.1 per cent over last year.

The number of accounts advanced 0.2 per cent during the month, and was 2.9 per cent above a year ago; all states contributed to the former gain, while in the latter comparison Illinois and Iowa showed declines.

**Bonds**—The Chicago bond market during the past few weeks has reflected an increasing amount of investment funds and the ready absorption of attractive offerings. Reinvestment of maturities falling due June 15 accentuated the demand especially among private investors. The situation was further emphasized by the dearth of new financing, and the moderate size of the issues brought out. Demand for utility obligations has been pronounced and stocks

have been well cleaned up; prices have advanced slightly. For the most part bonds are holding firm with several gains and few recessions. Certain foreign securities, notably the German and Japanese, have shown material price ad-

vancement. The German steel bonds sold beyond expectations; Brazil bonds also went immediately. High grade rails are strong, as are municipals. There is good demand for sound first mortgage real estate bonds.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

Weather conditions have been more favorable to crops during the past month, so that the harvesting of small grain is now well under way. Corn has progressed fairly well, although the condition of many fields is rather backward for the season. The Bureau of Agricultural Economics estimates the production of strawberries as 24,709,000 quarts for the five states including the Seventh district and the Michigan-Illinois apple crop as 2,582,000 barrels, compared with the previous harvests of 14,592,000 quarts and 2,864,000 barrels, respectively. Indiana, Illinois, and Michigan anticipate an aggregate yield of 1,863,000 bushels of pears and 4,639,000 bushels of peaches this year, compared with 1,169,000 and 1,572,000 bushels, respectively, for 1925. A larger acreage in the district was devoted to onions than a year ago. Iowa, Michigan, and Illinois raised about 13 per cent more asparagus than last year.

In Michigan less celery has been planted than in 1925, but Wisconsin, Indiana, and Michigan are growing 17,330 acres of commercial cabbage this year compared with the last harvest of only 16,630 acres. The crop of dry beans in Michigan is estimated as 5,603,000 bushels, as against 8,289,000 bushels raised in 1925.

### CROP PRODUCTION

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

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		
	FORECAST	FINAL	FORECAST	FINAL	5-Yr. Av.
	1926	1925	1926	1925	1921-25
Corn .....	967,609	1,237,696	2,660,780	2,905,053	2,849,188
Oats .....	600,435	641,664	1,334,260	1,511,888	1,326,916
Winter Wheat .....	81,379†	81,363	567,762	395,610	548,843
Spring Wheat .....	3,244†	2,871	199,595	270,875	252,959
Barley .....	35,702	34,962	190,959	217,497	186,105
Rye .....	10,664	10,049	39,966	48,612	68,153
Potatoes (white) .....	66,231	61,982	334,044	325,902	396,469
Tobacco* .....	46,929	62,291	1,139,251	1,365,050	1,287,829
All Tame Hay** .....	19,302†	18,680	77,800	86,700	90,500

\*In thousands of pounds. \*\*In thousands of tons. †Commercial estimate used for Wisconsin. ‡Commercial estimate used for Wisconsin and Michigan.

The quantity of wheat remaining on farms in the United States on July 1 was less than a year ago or the five-year average for the date.

According to a recent survey by the Bureau of Agricultural Economics, intentions at the beginning of June indicated increases in the number of sows bred or to be bred for fall farrowing of 29.6 per cent in Iowa, 30.5 per cent in Indiana, 34.3 per cent in Illinois, 43.6 per cent in Michigan, 44.6 per cent in Wisconsin, and 39.0 per cent in the entire United States over farrowings last autumn.

**Grain Marketing**—June receipts of corn and wheat at interior primary markets in the United States increased and those of oats declined from the 1921-25 average volume for the period, but all arrivals were seasonally greater than in the preceding month. Reshipments from the above centers showed a customary recession in tonnage from May and were under the 1921-25 June average. July 10 visible supplies of corn, oats, rye, and barley in the United States were under those for the corresponding week in June but exceeded stocks of a year ago; wheat holdings showed little change from the previous month but declined from July 11, 1925. Chicago quotations of wheat, corn, and oats averaged lower for June than for May; those of rye were slightly higher. Prices showed a firmer tendency toward the middle of July. June contracts by members of the Chicago Board of Trade for grain to be delivered at future dates represented larger tonnages of corn, oats, and rye and slightly smaller quantities of wheat than similar

agreements placed during May; the total volume, however, was 37 per cent less than for the corresponding period a year ago. Exportations failed to equal those of May.

**Flour**—Both production and sales of flour by mills in the Seventh district showed decided gains in June over May, and for the first time since July, 1925, production and the volume of sales increased in the comparison with the corresponding month of the previous year. At Chicago, 945,000 barrels of flour were received during the month and 670,000 barrels shipped; the figure for receipts represents a larger volume than for May but smaller than in June, 1925, while shipments were heavier in both comparisons.

### CHANGES IN JUNE, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY 1926	JUNE 1925	MAY 1926	JUNE 1925
Production (bbls.).....	+16.8	+ 3.4	33	33
Stocks of flour at end of month (bbls.).....	-17.2	+14.4	29	29
Stocks of wheat at end of month (bu.).....	-44.7	-21.4	29	29
Sales (volume).....	+33.8	+20.3	16	15
Sales (value).....	+20.7	+12.0	16	15

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

**Movement of Live Stock**—Receipts of hogs during June at public stock yards in the United States continued less than a year ago, while the arrivals of cattle, calves, and lambs increased; with the exception of calves all were in excess of May. Corn-fed steers of medium to good quality constituted the bulk of the bovine supply, although a seasonally greater number of grasser cattle were received than in the previous month. Shed-born lambs from Idaho, Washington, Oregon, and other states of the northwest were predominant in the ovine markets; liquidation of the early crop of springers from California and Arizona neared completion. The hog receipts contained the usual large percentage of packing sows customary for this time of year.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, June, 1926.....	263,104	754,565	285,842	135,272
Public Stock Yards in U. S. June, 1926.....	782,757	2,087,040	998,463	434,150
May, 1926.....	757,060	1,872,089	844,719	436,883
June, 1925.....	716,138	2,298,010	907,866	474,083

Reshipments of cattle to feed lots declined and those of lambs increased over May; both were heavier than a year ago.

**Meat Packing**—Slaughtering establishments in the United States increased their production during June over that for the previous month, while employment for the last payroll of the period gained 1.0 per cent in number, 0.6 per cent in hours worked, and 1.6 per cent in total value over corresponding figures for May. A good domestic trade for beef and smoked meat developed, and the consumption of lamb, lard, cured meats, and the majority of fresh pork cuts about equaled current production; demand for heavy pork loins was rather draggy because of a large supply. The total value of sales billed to domestic and foreign customers increased 1.4 per cent over May and was 1.7 per cent in excess of a year ago, according to statistics compiled from the reports of fifty-eight companies in the United States. July 1 inventories aggregated less than a year ago or the five-year average for the season; lard, mutton, and the sweet-pickled and frozen pork hold-

ings increased slightly over those at the beginning of June. Chicago quotations for pork products, smoked meat, lamb, steer rounds, and good-to-choice veal averaged higher in June than in May; the majority of beef prices held steady, while those for mutton, common to medium quality veal, and a few of the less desired cuts of beef showed a recession. The prices of lamb, mutton, and pork declined during the latter part of June and in early July; those for veal and smoked meats continued steady. Beef quotations had advanced slightly by the middle of July.

American packers forwarded a smaller total volume of meat and fat in June for export than in May, partly owing to the seasonally small quantity of hog products available for trade abroad after supplying our domestic needs, and partly because foreign demand was restricted somewhat as a result of the liberal offering of local products by European slaughterers at prices under the cost of those from the United States. Exchange conditions on the Continent and the labor situation in England also continued to affect trade. Demand for lard was fairly good during the early part of June but lagged after mid-month. Very little benefit accrued to the American exporters from the recently enacted British regulations which prohibit importation of fresh meats from certain European countries, as most of the deficiency was offset by shipments of cured products from the Continent. Foreign quotations fell below a parity with those in the United States during the period. Consignment stocks held abroad on July 1 about equaled those of a month ago.

Although still comparatively quiet, conditions in the mid-west bituminous coal industry were better during June than in May. Production in Illinois increased over the preceding month, totaling 4,044,135 tons, compared with 3,745,011 tons in May and 3,809,357 tons in June, 1925; this amount is also larger than in the corresponding month of 1924. The early part of July there was some revival in demand from country sources, but the city retail market remained relatively inactive. The screenings market fell off somewhat the end of June, owing partly to 100 cars of

**Dairy Products**—Seventy-three creameries in the Seventh district reported production of butter for June 17.1 per cent greater in the aggregate than for the preceding month and 13.1 per cent over June, 1925. Statistics issued by the American Association of Creamery Butter Manufacturers indicate a similar trend for the country as a whole. Sales of butter increased 32.3 per cent over May and were 7.6 per cent above the corresponding month last year, according to a compilation made from the data sent direct to this bank by seventy-five creameries located in the Seventh Federal Reserve district. Receipts of cheese at primary markets in Wisconsin from factories within that state aggregated 35.5 per cent more for the five weeks ended July 3 than for the previous period and were 3.0 per cent greater than a year ago; redistribution from those centers increased 15.2 per cent and declined 3.2 per cent, respectively, in the two comparisons. Produce receipts at Chicago showed a seasonal fluctuation from the preceding month, with the arrivals of butter and cheese larger and those of eggs smaller in volume than in May. Cold-storage holdings of dairy products in the United States on July 1 showed a seasonal gain in quantity over a month ago. Stocks of butter and cheese increased and those of eggs declined in comparison with a year ago and the 1921-25 average for July. Chicago prices for butter and eggs averaged about the same as in May, despite an easing tendency after the first week in June; quotations for cheese advanced. Prices held fairly steady during the early part of July.

## COAL

coal being forced on the market through the suspension of shipments for a few days on the part of a large industrial plant; this market recently has failed to show any definite trend.

Production of bituminous coal in the United States during June was heavier than in May or the corresponding month of 1925 and 1924; anthracite output was also greater in these comparisons. June data on distribution of bituminous coal from Lake Erie ports to American lake ports show increases over May and over any other June on record (1919).

## INDUSTRIAL EMPLOYMENT CONDITIONS

For the third consecutive month this year there was a slight reduction in the volume of employment at the industrial plants of the Seventh district. The reduction during June at plants employing approximately 380,000 workers averaged 0.7 per cent, or the same as for each of the two preceding months. Changes within individual industrial groups, also, were to a great extent in line with those shown for May. Metals and metal products and lumber products continued to curtail their forces, while food products and building materials other than lumber still show an expansion. Most of the curtailment in the lumber industry was due to the seasonal lull in furniture and musical instrument factories. Under food products, the canning industry made a heavy seasonal gain, and meat packing plants and flour mills added considerably to their working forces.

The vehicles group showed a reversal in trend, registering a decline in employment of 1.8 per cent after a continuous expansion since the beginning of the year. June is generally a quiet month in this as well as other industries, and many plants close or operate with light shifts during the taking of inventory. Under "textiles" the trend varied, men's clothing showing increased employment but women's a decline. The manufacture of paints was about the only industry under "chemicals" to register a gain in employment. Boot and shoe factories also added workers during the month, while other leather industries declined.

With the beginning of the vacation period there has been an increase in the registration at state free employment offices. For Indiana the ratio of applicants to available jobs rose from 114 per cent to 130, and for Illinois from 122 to 132.

### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
	JUNE 15 1926	MAY 15 1926		JUNE 15 1926	MAY 15 1926	
All groups (10) .....	378,469	381,298	-0.7	\$10,060,774	\$10,083,433	-0.2
Metals and metal products (other than vehicles).....	152,406	154,297	-1.2	3,783,151	3,867,492	-2.2
Vehicles .....	45,038	45,857	-1.8	1,431,568	1,471,313	-2.7
Textiles and textile products.....	27,771	27,843	-0.3	649,189	602,583	+7.7
Food and related products.....	47,423	45,805	+3.5	1,324,865	1,266,251	+4.6
Stone, clay, and glass products.....	14,449	14,041	+2.9	430,666	423,334	+1.7
Lumber and its products.....	32,916	35,297	-6.7	806,963	846,868	-4.7
Chemical products .....	10,689	10,863	-1.6	287,222	285,536	+0.6
Leather products .....	16,603	16,413	+1.2	378,605	359,243	+5.4
Rubber products .....	2,997	2,953	+1.5	76,628	71,359	+7.4
Paper and printing.....	28,177	27,929	+0.9	891,917	889,454	+0.3

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—According to the Department of Commerce report, production of passenger automobiles in the United States during June totaled 339,542, while output of trucks aggregated 44,033, representing reductions from the preceding month of 9.0 and 8.0 per cent, respectively, and a loss in passenger car output from a year ago of 3.6 per cent but a gain in truck production of 21.1 per cent. For the first half of 1926, passenger automobiles manufactured in the United States totaled 2,070,390, compared with 1,866,131 in the same period of 1925, or an increase of 10.9 per cent; truck output for the six months totaled 254,387, compared with 229,114 in the corresponding half of 1925.

For the second consecutive month sales of automobiles at wholesale by reporting distributors in the Middle West showed a decline during June; they were higher than in the same month of 1925. Reports from retail dealers indicate a decided reduction in sales during June and likewise declines from a year ago. Stocks of new and used cars continue to diminish but remain considerably heavier than those held on the corresponding date last year. For the six months' period, both wholesale and retail sales of new cars have been greater, as well as those of used cars, while average stocks have been much larger. Deferred payment sales during June, as reported by thirty-eight dealers, averaged 50.5 per cent of their total retail sales, compared with a ratio of 51.5 for May and of 47.2 in June, 1925.

### MIDWEST DISTRIBUTION OF AUTOMOBILES

	JUNE, 1926		FIRST SIX MONTHS, 1926		COMPANIES INCLUDED		
	CHANGES FROM		CHANGES		MAY	JUNE	6-MO.
	MAY	JUNE	FROM SAME	MAY	JUNE	PERIOD	PERIOD
	1926	1925	PERIOD, 1925	1926	1925	PERIOD	PERIOD
<b>New cars</b>							
Wholesale—							
Number sold .....	— 2.7	+ 6.9	+16.7	41	39	40	
Value .....	— 9.0	+ 5.6	+12.4	41	39	40	
Retail—							
Number sold .....	—20.0	— 7.5	+ 4.9	91	59	60	
Value .....	—24.1	— 3.8	+ 8.0	91	59	60	
On hand June 30—							
Number .....	—18.9	+55.9	+46.7*	64	62	61	
Value .....	—19.2	+49.8	+30.0*	64	62	61	
<b>Used cars</b>							
Number sold .....	— 9.0	+11.7	+ 8.3	93	61	60	
Salable on hand—							
Number .....	— 8.4	+43.4	+23.6*	64	62	61	
Value .....	— 8.4	+49.8	+15.9*	64	62	61	

\*Average monthly.

**Agricultural Machinery and Equipment**—Sales of agricultural machinery and equipment billed in June by 104 manufacturers in the United States increased over those in May by 22.5 per cent for the heavy group (tractors, threshers, and combination harvesters), 42.6 per cent for agricultural pumps, 36.1 per cent for barn equipment, and declined 8.5 per cent for all other. Compared with the corresponding month of 1925 the gains were 49.3 per cent, 25.4 per cent, 35.4 per cent, and 28.0 per cent, respectively.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY	JUNE	MAY	JUNE
	1926	1925	1926	1925
Domestic sales billed.....	+ 5.0	+33.1	104	104
Sales billed for export.....	+ 0.4	+64.7	51	51
Total sales billed.....	+ 4.4	+36.1	104	104
Production .....	— 2.8	+12.5	100	100

Sales based on value. Production computed from employment.

**Iron and Steel Products**—A high rate of activity for this season of the year was maintained by Chicago steel mills during June. Orders received were heavier than in May and considerably above June last year, and this new business assures well sustained activity for the months of July and August. Specifications passed to the mills also increased over the preceding month and a year ago. Unfilled orders of the United States Steel Corporation on June 30 totaled 3,478,642 tons, a decrease from May 31 of 170,608 tons. Average daily ingot production for the United States declined from 151,744 tons in May to 144,256 tons for

June, which compares with 123,248 tons in the corresponding month last year. Pig iron production for the country averaged 107,844 tons in June, a decrease from the preceding month of 4,460 tons but an increase over June, 1925, of 18,729 tons. In the Illinois and Indiana district average daily pig iron output was higher than in May and considerably above a year ago. Buying for the third quarter has been unusually heavy in this district.

Following a low point for the year on June 23 of \$37.58, the composite price of fourteen leading iron and steel products as compiled by *Iron Trade Review*, rose to \$37.74 for the weeks of June 30 and July 7, then dropped slightly again on July 14 to \$37.69 and to \$37.67 on July 21; this last compared with \$37.45 on July 22 last year. At Chicago the advance in prices on plates, shapes, and bars has been well maintained, while prices for iron and steel scrap continue to rise.

Shipments of twenty-nine iron and steel casting foundries of the district declined in volume during June for the second consecutive month but showed an increase of 1.8 per cent in value, and a gain in both over June last year. Production, as measured by metal consumption, was less than in the preceding month, though above a year ago. Fourteen stove and furnace manufacturers report an aggregate increase in shipments over the prior month and June, 1925; declines in orders booked were shown in both comparisons; production was heavier than in May or a year ago.

**Shoe Manufacturing, Tanning, and Hides**—June shipments of shoes by thirty-five factories located in the Seventh district were 4.7 per cent under current production, while both items showed a gain in volume over May. Inventories reported for July 1 by thirty-one of the companies were equivalent to 90.7 per cent of the quantity shipped by them during the preceding month. Unfilled orders on the books of twenty-four firms were sufficient to provide approximately nine weeks' future business at the current rate of distribution.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY	JUNE	MAY	JUNE
	1926	1925	1926	1925
Production .....	+18.5	+ 8.5	35	35
Shipments .....	+ 7.0	+ 5.3	35	35
Inventories .....	+ 2.8	— 7.3	30	29
Unfilled orders .....	+29.7	+ 8.2	24	23

District leather production was rather irregular in trend during June, with part of the tanneries reporting a gain in operations over the preceding month and the others a reduction; the aggregate, however, increased slightly over May. The total value of sales billed to customers by these concerns exceeded that for the previous month or a year ago. Demand for harness experienced a seasonal recession and was under the corresponding month last year; the belting business about equaled that of June, 1925. Prices were practically unchanged during the month.

An active market toward the end of June followed inaction earlier in the period, and accounted for sales of calf skins and packer green hides at Chicago showing an aggregate increase in quantity for the month over May. June receipts and shipments of hides and skins from this city gained over those in the preceding period, according to information compiled by the local Board of Trade. Prices for June averaged a trifle under May; quotations tended to firm slightly by the middle of July.

**Furniture**—A seasonal decline was reported in the volume of new business booked during June by eighteen furniture manufacturers in this district, the decrease averaging 22.5 per cent. Orders booked were 1.1 per cent above June last year, and an aggregate gain of 29.0 per

cent was shown over the corresponding month of 1924. Shipments also followed a seasonal trend in their decline, averaging 10.4 per cent less than in the preceding month, 3.5 per cent below a year ago but with two-thirds of the firms showing increases, and 27.8 per cent above June, 1924. A heavier volume of shipments than orders booked caused a decline in the amount of unfilled orders held at the end of June of 7.2 per cent from May 31; orders on hand aggregated 2.7 per cent less than on June 30 last year. Production schedules were reduced from May and were below a year ago.

**Raw Wool and Finished Woolens**—The market for raw

wool broadened during the last two weeks of June; there was a larger movement to the mills and price quotations were firmer, in some cases even advancing slightly. Territory wools especially were more active. Pullers of wool in this district report stocks as relatively light. Little change has been shown in conditions in the finished goods industry. Production and sales remain curtailed and the market in general continues quiet. On July 7, the American Woolen Company opened the spring, 1927, lines of staple worsteds at prices about 7 to 10 per cent less than for fall, 1926, or spring a year ago. This opening took place somewhat earlier than last year's.

## BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

An active demand for lumber continued throughout June, and sales by both wholesale and retail distributors averaged higher than for the preceding month. The increase as reported by twenty-three wholesale and manufacturing concerns amounted to 5.0 per cent of the previous month's sales, while for 216 retail yards the gain was 13.8 per cent. In comparison with the sales of June, 1925, retail yards showed an increase of 2.4 per cent, but wholesalers and manufacturers registered a decline, 3.9 per cent. The taking of inventory affected the inquiries from many of the factory consumers, and the furniture interests were seasonally quiet. The demand for building material, especially flooring and interior finish, for railway car material, and for the requirements of the automobile industry was holding up in good volume. At Chicago the receipts of lumber were 9.7 per cent larger than in May, and the shipments therefrom 5.6 per cent heavier. Price quotations continued to show a downward trend.

Outstanding accounts for the reporting wholesale and manufacturing concerns changed only slightly during the month, but in ratio to sales fell from 151 per cent to 146; the ratio at the close of June, 1925, was 132. At retail, outstandings increased during the month: the ratio to sales was 276 per cent as compared with 274 in May and 296 a year ago. Retail stocks were reported by the majority of firms as lower, but for wholesalers the increases and decreases were evenly divided.

Cement moved in good volume during the month, notwithstanding interruptions caused by the rainy weather. From Iowa reports show there has been some improvement due to the development of the road construction program. Stocks continue unusually high for the season of the year. The brick industry reports a capacity output for the Chicago territory with continuous operations of all plants. Shipments exceeded somewhat those of a month ago and were about on a level with June, 1925.

**Building Construction**—Contracts awarded in the Seventh district during June totaled \$101,737,361, an increase of 7.1 per cent over the preceding month but 20.2 per cent below the total of June, 1925. The first six months of 1926 have averaged 6.8 per cent less than the same period in 1925. Residential and other types of construction work have declined by practically the same percentage. Permit valuation for the past six months shows a decrease of 5 per cent for the five larger cities but an increase of 8 per cent for the forty-five smaller reporting cities, the total averaging about 2 per cent below 1925. For June, the figures registered a decrease of 9.4 per cent in number and a gain of 2.1 per cent in valuation in comparison with the preceding month. Declines in valuation as well as in the number of permits were more numerous than increases, but the contemplated construction of a \$5,000,000 factory in one of the reporting cities considerably raised the aggregate amount.

## MERCHANDISING CONDITIONS

**Wholesale Trade**—June returns to this bank from reporting wholesalers in the district indicate with few exceptions heavier sales of groceries than in the preceding month or a year ago; aggregate sales of drug dealers also show increases in both comparisons; the other three groups—hardware, dry goods, and shoe firms—registered declines from June, 1925, and from May of this year. Cumulative sales since January 1 are below the first six months of 1925 for over half the firms.

Collections for nearly eighty per cent of the firms were larger than in May, and for the majority exceeded the receipts a year ago. For all groups except groceries accounts on the books were reduced during the month; in comparison with June 30, 1925, grocery and drug firms averaged slight advances, hardware and shoe dealers decreases of over 3 per cent, and dry goods 10 per cent.

The last named were the one group inventoried higher on June 30 than at the end of May; in the other commodities thirty-six out of forty-eight firms showed decreases, reductions ranging from 1.0 per cent for drugs to 7.7 per cent for shoes. The majority of grocery and drug dealers were carrying heavier stocks than a year ago, the groups averaging gains of 10.9 and 4.3 per cent, respectively; declines for the others amounted to 3.2 per cent for hardware, 6.7 for dry goods, and 25.2 per cent for shoes.

**Department Store Trade**—Department stores reporting for June reflect a general falling off in sales, reduction in inventories, and declines in accounts outstanding, with varied collection comparisons.

With ten exceptions, reporting firms sold a smaller volume of goods during June than in May, the group of ninety averaging a drop of 8.5 per cent. The gain of 4.2 per cent over June, 1925, represents individual increases at fifty-two stores and declines at forty, while the cumulative excess since the beginning of the year of 7.2 per cent for eighty-six stores reflects fifty-one gains and thirty-five declines.

Aggregate stocks were reduced 3.3 per cent during the month, but were 3.2 per cent higher than on June 30, 1925. For forty-seven firms June sales amounted to 32.6 per cent of average stocks as compared with 31.7 per cent a year ago; sales since January 1 for the same group represent 185.1 per cent of average goods held, as against 178.6 the first half of 1925. The ratio of orders outstanding to total 1925 purchases advanced from 7.3 per cent on May 31 to 8.8 per cent by the end of June.

Collections during the month were heavier than May receipts for thirty-nine firms and smaller for thirty-two; sixty of these showed declines in accounts outstanding from May 31 to June 30; for sixty-four stores collections

amounted to 41.6 per cent of receivables on the books May 31, or 1.3 points below the corresponding 1925 ratio.

**Retail Shoe Trade**—Sales of shoes at retail in this district declined during June from the preceding month, reversing the upward trend followed since February; with nine exceptions, forty-six reporting dealers registered decreases from May, the group averaging a drop of 5.4 per cent. Nineteen firms furnishing data on accounts receivable by June 30 had reduced their outstandings 9.6 per cent below the May 31 balances, although individually less than half showed declines, and sales for the same firms had fallen off 15.9 per cent; the ratio of accounts on the books to the volume of goods sold amounted to 82.5 per cent as compared with 76.7 per cent at the end of May. The majority of dealers continued to lower their stocks: for thirty-three the aggregate reduction from May 30 averaged 7.7 per cent.

**Retail Furniture Trade**—Forty-six retail dealers reporting June sales of furniture, furnishings, and equipment, averaged an increase of 21.3 per cent over a year ago; for forty of these, comparison with the preceding month indicates a decrease of 29.8 per cent. Separate data available for part of the group on installment sales show a decrease from May of 32.8 per cent and a gain of 36.1 per cent over

June, 1925. Collections on installment accounts were 41.2 per cent heavier than a year ago, and on total accounts 36.8 per cent larger; corresponding gains over the preceding month amount to 14.8 per cent and 4.3 per cent, respectively. Accounts outstanding at the end of June for seven firms were higher than on May 31 and for four lower; the increase of 24.6 per cent over June 30, 1925, reflects individually twelve gains and three declines. Aggregate stocks showed little change from the beginning of the month, but were 4.1 per cent heavier than a year ago.

**Chain Store Trade**—The two grocery and two drug chain store systems reporting to this bank sold during June, 1926, the largest volume of goods on record for that month; for the former, however, average sales per store were below last year. In comparison with the preceding month, one drug and one musical instrument firm registered increases, and the other five chains declines.

**Mail Order Trade**—Chicago's two leading mail order houses both made gains during June over a year ago, and combined sales exceeded the May volume. Cumulative sales since January 1 are 10.5 per cent ahead of the first half of 1925. Buying as reported by one house is still very conservative with a view to keeping inventories low.

### 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	June 1926	May 1926	June 1925	May 1925
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars) <sup>1</sup> .....	62	118.1	116.8	115.7	110.4
<b>Casting Foundries—</b>					
Shipments (in dollars).....	27	87.7	86.0	84.4	90.5
<b>Stoves and Furnaces—</b>					
Shipments (in dollars).....	14	70.9	69.5	69.3	72.4
<b>Agricultural Machinery &amp; Equipment—(U. S.)<sup>1</sup>—</b>					
Domestic Sales (in dollars).....	114	168.5	156.6	144.7	133.2
Exports (in dollars).....	73	152.9	142.2	108.0	107.0
Total Sales (in dollars).....	114	163.8	153.4	137.7	128.2
Production.....	109	128.2	140.6	108.2	108.5
<b>Agricultural Pumps—(U. S.)<sup>1</sup>—</b>					
Shipments (in dollars).....	19	143.3	93.0	122.8	117.5
<b>Furniture<sup>2</sup>—</b>					
Orders (in dollars).....	20	111.9	137.6	110.7	117.1
Shipments (in dollars).....	20	117.1	134.9	121.6	137.7
<b>Shoes<sup>3</sup>—</b>					
Production (in pairs).....	34	97.6	82.4	90.0	89.3
Shipments (in pairs).....	34	93.1	87.0	88.4	86.6
<b>Electric Energy—</b>					
Output of Plants (KWH).....	8	185.4	186.5	162.8	163.9
Industrial Sales (KWH).....	8	243.2	225.4	211.2	195.2
<b>Flour—</b>					
Production (in bbls.).....	35	104.6	90.3	101.2	90.7
<b>Output of Butter by Creameries<sup>4</sup>—</b>					
Production.....	77	169.7	143.1	152.0	139.5
Sales.....	77	144.6	114.9	128.4	121.3
<b>Automobiles—</b>					
Distribution in Middle West <sup>5</sup>					
New cars—Wholesale—Number sold..	34	165.6	164.8	153.9	160.3
Value.....	34	146.4	156.4	138.4	159.4
New cars—Retail—Number sold..	52	130.6	159.7	142.1	153.0
Value.....	52	127.3	162.1	134.9	145.8
New cars—On hand—Number.....	45	96.0	111.2	55.8	74.5
Value.....	45	87.1	106.1	54.3	78.2
Used cars—Number sold..	43	159.0	184.2	142.7	149.6
Used cars—On hand—Number.....	43	133.5	146.7	89.2	99.7
Value.....	43	105.4	117.2	81.0	81.4
Production (U. S.): Passenger cars..		251.4	276.3	259.5	269.8
Trucks.....		170.3	185.0	135.8	155.3
<b>Freight Carloadings—(U. S.)—</b>					
Grain and Grain Products.....		110.1	101.9	95.9	93.8
Live Stock.....		84.1	84.3	82.4	80.3
Coal.....		109.7	103.3	98.7	94.3
Coke.....		130.9	128.6	103.6	102.4
Forest Products.....		134.0	134.2	130.8	131.2
Ore.....		191.0	145.5	173.4	168.0
Merchandise and Miscellaneous.....		142.3	140.9	137.5	129.7
Total.....		133.3	128.6	126.1	120.3
<b>Iron and Steel—</b>					
Pig Iron Production: <sup>6</sup>					
Illinois and Indiana.....		166.1	161.4	136.4	144.6
United States.....		128.7	134.0	106.4	112.9
Steel Ingot Production—(U. S.) <sup>6</sup> .....		127.9	134.6	109.4	118.0
Unfilled Orders U. S. Steel Corp.....		58.0	60.9	61.9	67.6

	No. of Firms	June 1926	May 1926	June 1925	May 1925
<b>Wholesale Trade—</b>					
Net Sales (in dollars):					
Groceries.....	41	78.4	71.9	71.5	67.8
Hardware.....	19	108.6	116.7	114.6	112.7
Dry Goods.....	14	72.6	74.7	85.2	72.6
Drugs.....	14	102.1	97.4	101.3	95.6
Shoes.....	11	37.5	40.9	37.6	39.3
<b>Retail Trade (Dept. Stores)—</b>					
Net Sales (in dollars):					
Chicago.....	7	140.7	142.1	145.2	136.0
Detroit.....	4	184.6	196.3	167.9	159.0
Des Moines.....	4	118.4	122.6	114.7	120.6
Indianapolis.....	5	131.3	145.9	137.9	136.5
Milwaukee.....	5	148.5	167.1	145.2	149.6
Outside.....	39	104.7	119.9	100.8	111.7
Seventh District.....	64	144.4	156.9	138.8	138.7
<b>Retail Trade—(U. S.)—</b>					
Department Stores.....	359	129	137	126	128
Mail Order Houses.....	4	107	105	102	95
<b>Chain Stores:</b>					
Grocery.....	27	299	305	254	254
Drug.....	9	186	190	167	163
Shoe.....	6	153	174	152	149
Five and Ten Cent.....	5	204	214	187	191
Candy.....	5	203	220	184	195
Music.....	4	118	109	99	96
Cigar.....	3	151	160	134	143
<b>Stamp Tax Collections<sup>6</sup>—</b>					
Sales or Transfers of Capital Stock.....		261.9	144.4	158.2	151.9
Sales of Produce on Exchange—Futures.....		48.6	57.8	64.4	99.6
<b>U. S. Primary Markets<sup>6</sup>—</b>					
<b>Grain Receipts:</b>					
Oats.....		70.7	64.2	88.4	64.5
Corn.....		160.8	81.2	117.8	81.0
Wheat.....		73.4	49.7	72.3	58.7
<b>Grain Shipments:</b>					
Oats.....		61.0	103.1	92.2	105.5
Corn.....		75.4	83.9	92.1	68.4
Wheat.....		52.5	62.9	55.4	67.4
<b>Building Construction—</b>					
Contracts Awarded (in dollars):					
Residential.....		240.3	231.1	254.1	253.5
Total.....		185.1	172.9	231.8	177.8
<b>Permits:</b>					
Chicago.....	Number	230.8	257.9	276.5	303.6
Cost.....		361.3	353.7	381.0	484.3
Indianapolis.....	Number	284.7	249.3	225.6	251.2
Cost.....		198.1	186.8	374.2	193.3
Des Moines.....	Number	129.4	211.8	206.9	206.9
Cost.....		48.1	233.9	117.1	166.7
Detroit.....	Number	252.9	272.9	219.0	261.2
Cost.....		251.2	277.7	247.5	247.0
Milwaukee.....	Number	222.7	233.2	203.4	197.3
Cost.....		186.7	203.0	175.6	218.7
Others (45).....	Number	241.8	288.7	235.9	267.0
Cost.....		314.1	266.6	194.5	238.4
Fifty Cities.....	Number	241.5	266.5	226.6	251.0
Cost.....		295.2	289.1	271.1	315.0

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. Average daily production; 5. First Illinois internal revenue district; 6. Monthly average receipts 1919=100.