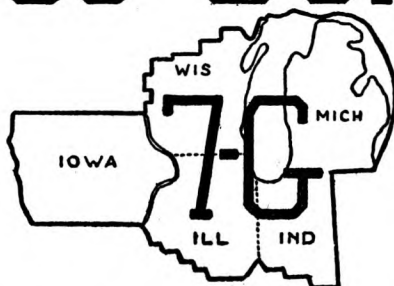


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 9, No. 9

MONTHLY REVIEW PUBLISHED BY THE
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September 1, 1926

BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION in basic industries and factory employment and pay rolls declined slightly in July, but the decrease in production was smaller than is usual at this season. Wholesale prices, after a further decline in July, were at the lowest level in nearly two years.

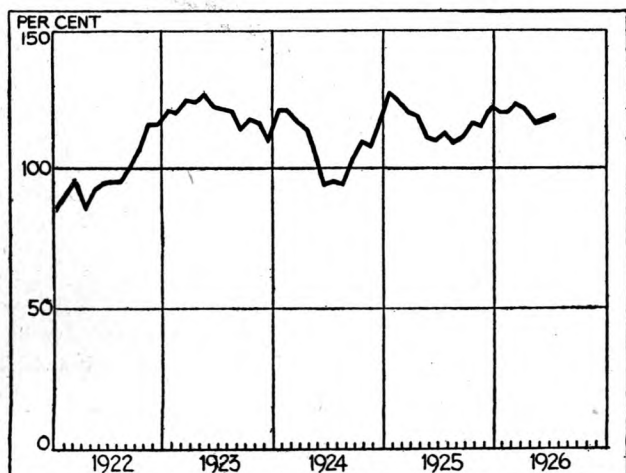
PRODUCTION—The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, increased about one per cent in July. Declines in the output of iron and steel and anthracite, and in the activity of textile mills were larger than the usual seasonal reductions, while production of flour, copper, zinc, cement, and petroleum increased. The manufacture of automobiles declined further and was smaller than a year ago. Factory employment and pay rolls showed the usual seasonal decline in July, which is due largely to closing for stock-taking and repairs and to summer vacations. Declines were noted in nearly all the important industries for which reports are received, with the exception of leather and shoes and certain food products and building materials. Building contracts awarded in thirty-seven states east of the Rocky Mountains, declined in July for the fourth consecutive month and as in June, were smaller than a year ago. Figures for the first three weeks in August were also

below those for the corresponding period of last year. The principal decreases were in the New York and Atlantic districts.

The composite condition of all crops, as reported by the Department of Agriculture, shows an improvement of 2 per cent in July, owing largely to the increase in the expected production of wheat. Cotton production, on the basis of August 16 condition, is estimated at 15,248,000 bales, compared with an output of 16,104,000 in 1925.

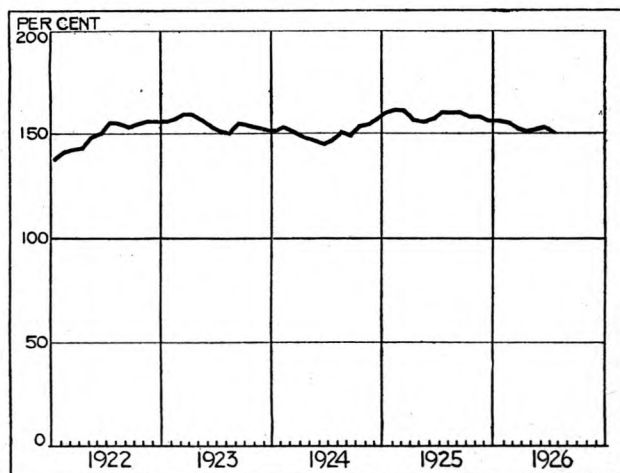
TRADE—Volume of trade at wholesale and retail showed a further seasonal decline in July, but continued to be large. Retail trade was larger than a year ago, while wholesale trade was slightly smaller. Sales of department stores and mail order houses declined less than is usual at this season, and were 4 per cent and 13 per cent, respectively, larger than in July of last year. Merchandise inventories at department stores continued to decline in July, and at the end of the month were in about the same volume as last year. Stocks of meat, dry goods, and shoes carried by wholesale firms were smaller than a year ago, but stocks of groceries, hardware, and drugs were larger. Shipments of goods by railroads were maintained at a high level during July for nearly all types of commodi-

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities, adjusted for seasonal variations (1919=100). Latest figure, July, 1926: 119.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, July, 1926: 150.7.

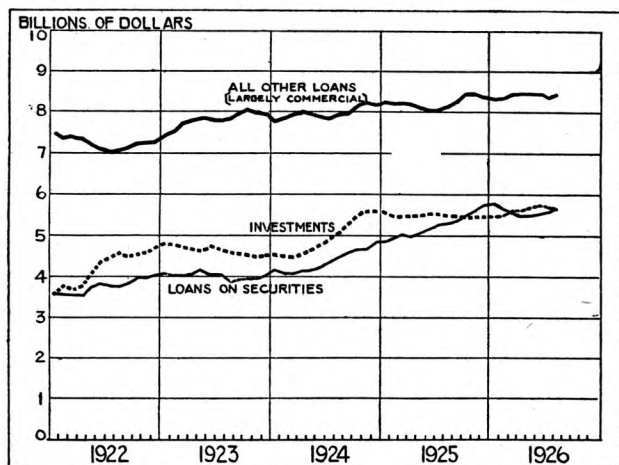
Compiled August 27, 1926

ties. Loadings of grain were larger than for any month since October, 1924, and were in record volume for July.

PRICES—The Bureau of Labor Statistics index of wholesale commodity prices declined about one per cent in July to the lowest level since September, 1924. Price declines were shown for most commodity groups, particularly farm products and foods, while prices of steel and other metals advanced. In the first three weeks of August the prices of grains, cotton, and rubber declined further, while cattle, hogs, potatoes, coal, and coke advanced in price.

BANK CREDIT—Between the middle of July and the middle of August, total loans and investments of member banks in leading cities increased slightly, reflecting a

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly report dates in August, 1926: All Other Loans, 8,440 million; Loans on Securities, 5,643 million; Investments, 5,626 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

CONDITIONS in the Middle West during July reflected few changes of significance other than seasonal. As is customary at this time of year, interest in farming sections centered in growth of crops, delayed in July by heat and drought but recovering somewhat with more favorable weather in August. Other agricultural developments during July were the noticeable gain over June in wheat receipts, but the smaller tonnage of oats and corn, the reduction in the movement of live stock, and the declines in the output of dairy products.

In industry and trade, a midsummer slowing down was evident. An exception occurred at the steel mills where July bookings approximated the June volume, and unfilled orders at the end of the month registered an increase. Pig iron output and steel ingot production exceeded last year's levels, but declined from the preceding month and contributed to the district drop in industrial plant payrolls. In the number of employees, however, these losses were offset by gains in the seasonally active industries. Building construction also continued to absorb a large amount of labor, with contracts awarded ahead of the previous month and a year ago.

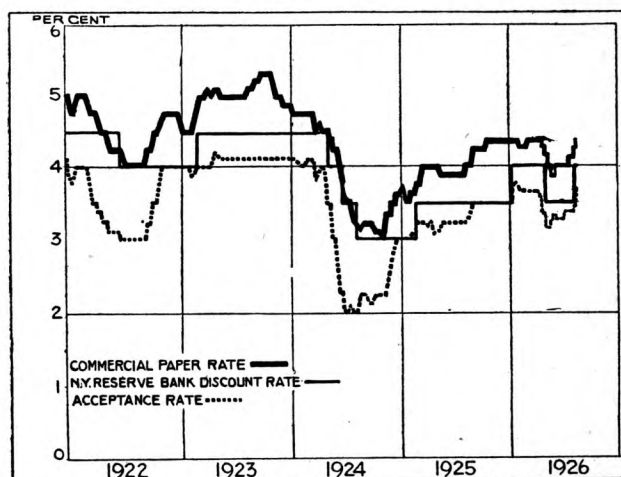
The majority of reporting retailers indicated a falling off in sales and collections, and a reduction in inventories, although continuing a volume of business larger than last year. Wholesalers likewise showed recessions from the preceding month, while comparisons with July, 1925, vary. Distribution of automobiles, both at wholesale and retail,

growth in the seasonal demand for credit for commercial purposes. Loans on securities on August 18 were in about the same volume as a month earlier, while the banks' investments declined.

Between July 21 and August 18, discounts for member banks and the holdings of acceptances increased considerably, while United States security holdings were somewhat reduced, with the consequence that the total volume of reserve bank credit increased by about \$50,000,000.

Money market conditions became firmer in August. The rate on commercial paper, which was 4 per cent in June and July, increased to $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent, and the rate on 90-day bankers' acceptances advanced to $3\frac{3}{4}$ per cent. The discount rate of the Federal Reserve Bank of New York was advanced on August 13 from $3\frac{1}{2}$ to 4 per cent.

MONEY RATES



Weekly rates in New York money market—Commercial paper rates on 4 to 6 months' paper, and acceptance rate on 90-day paper. Latest figures, third week of August, 1926: Commercial Paper Rate, $4\frac{1}{4}$ per cent; N. Y. Reserve Bank Discount Rate, 4 per cent; Acceptance Rate, $3\frac{3}{4}$ per cent.

declined during July, with the former below last year as well. Sales of agricultural machinery, exceeding those of July, 1925, declined in the aggregate from June. The lumber market showed less activity.

In the financial situation a broadened demand for credit was noted, with slight change of rates. The volume of payments by check increased; savings deposits dropped; and the bond market was seasonally quiet.

CREDIT CONDITIONS AND MONEY RATES

Demand for credit accommodation during recent weeks in the Seventh district has undergone a general expansion, met with sufficient funds, however, to hold rates at previous levels, except that individual institutions in some sections, especially Chicago, report a fractional increase. In the latter city, the present range of rates is 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 $5\frac{1}{2}$, 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 banks in Chicago during July was 4.86 per cent, compared with 4.88 per cent in June, and 4.71 per cent in July, 1925. The prevailing rate in Detroit during the week ending August 15 on customers' prime commercial loans was $4\frac{1}{2}$ -6 per cent which was unchanged from the corresponding period of the preceding month. The average rate earned by six Detroit banks in July was 5.30 per cent, compared with 5.29 in June and 5.18 per cent in July a year ago.

The volume of reserve bank credit employed in the district has changed little in recent weeks; total bills discounted by the Federal Reserve Bank of Chicago on August 18 amounted to \$57,169,000 as against \$56,250,000 on July 21. Total bills and securities on August 18 were \$150,093,000 compared with \$148,559,000 on the corresponding reporting date in July. Federal Reserve notes have shown a downward trend since the high point on July 14 when \$194,618,000 was reported, until August 11 when they stood at \$189,311,000, rising, however, to \$192,670,000 on August 18.

Loans and discounts of reporting member banks on August 11 aggregated \$2,194,832,000, the largest amount reported since this bank has received these data, dropping about five million on August 18. The increase over July 14 on August 11 approximated sixty million, and over the figure on December 30, 1925, the last reporting date in that year, more than one hundred million. Increases in Chicago and Detroit in commercial loans, and to a lesser extent in loans secured by stocks and bonds, account for the rise. Investments of reporting members in the district on August 18 stood at substantially the same figure as a month previous, the current amount being \$760,281,000. Net demand deposits on August 11 totaled \$1,854,643,000, attaining a new high point and exceeding the previous peak (\$1,811,538,000 on July 14) by over forty million. On August 18 the figure was reported as \$1,845,465,000. Time deposits were at substantially the same level on August 18 as a month before, the \$1,055,948,000 on the former date comparing with \$1,056,145,000 July 21.

During July commercial paper rates firmed about one-quarter of one per cent, the majority of reporting dealers indicating $4\frac{1}{2}$ for high and $3\frac{3}{4}$ -4 for low, with prime paper moving for the most part at $4\frac{1}{2}$, although demand for the choicest was strong at 4. After August 1, some paper sold at 4, but the prevailing range was from $4\frac{1}{4}$ to $4\frac{1}{2}$. The supply of paper during July was considered good for the season, while demand fell off. Aggregate sales of eleven dealers in this district were within 0.8 per cent of the June volume, four firms showing gains and seven declines, while the decrease of 13.8 per cent from July, 1925, reflects eight declines and two increases. The volume of paper outstanding at the end of July, as reported by five dealers, was 4.7 per cent higher than on June 30; in comparison with a year ago, three firms registered declines and one an increase, averaging for the group a drop of 2.9 per cent. Outstandings for twenty-six dealers throughout the country advanced from \$652,432,000 on June 30 to \$654,944,000 by July 31.

Six reports covering operations in the Chicago open bill market from July 15 to August 18 indicate on an average weekly basis an increase in purchases of 50 per cent as compared with the preceding period. Sales in the same comparison averaged an increase of 57.7 per cent. The bills were drawn principally for grain, meats, canned goods, tobacco, coffee, lard, leather, sugar, and petroleum. Ninety-day maturities were listed as in best demand, the offered rate of $3\frac{3}{8}$ on these at the close of the period comparing with $3\frac{3}{8}$ on July 14 and $3\frac{1}{4}$ the middle of June. Total bills held on August 18 were 47.5 per cent of the July 14 holdings, transactions with the reporting dealers' other offices affecting comparison of the two dates.

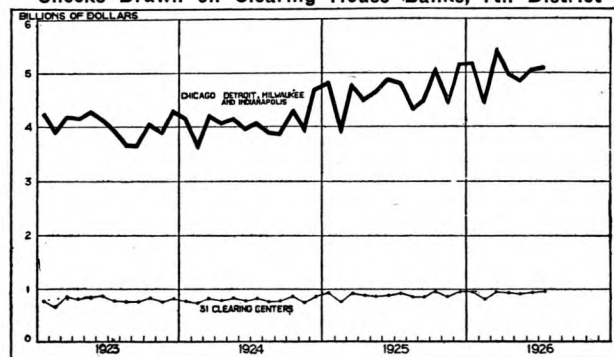
Marked increases during July over the previous month in the volume of bills accepted by a few of the reporting banks in this district more than offset other declines, so that the aggregate advanced 29.7 per cent, and to within 19.9 per cent of the April peak; comparisons with the corresponding month of 1925 continue to average declines from last year. Transactions in the first two weeks of August, as reported by three Chicago houses, covered principally grain, lard and

meat exports, coffee, provisions, and pig iron. Very heavy buying during July by one bank advanced purchases for the group to the largest volume since March, and increased the amount of bills held to the highest level since August 31, 1925. Sales were 33.5 per cent smaller than in June, and slightly over half the volume of a year ago. The amount of the banks' liability for acceptances outstanding dropped at the close of July 4.9 per cent below the June 30 amount; in comparison with a year ago, declines at five banks and increases at nine averaged a drop of 2.2 per cent from July 31, 1925. Purchases of bankers' acceptances by the Federal Reserve bank during July amounted to \$28,585,834, and holdings at the close of the month were \$32,052,227.

Agricultural Financing—Loans outstanding of nineteen Joint Stock Land banks in the five states including the Seventh district, on July 31 totaled \$211,352,022, as against \$209,610,906 at the close of the preceding month, and \$183,517,821 July 31, 1925. Four Federal Land banks, with loans outstanding in the same territory of \$174,327,881 on July 31, exceeded the June 30 aggregate by approximately \$1,300,000 and the figure on July 31 a year ago by over \$18,000,000. Loans and discounts (including rediscounts) of four Federal Intermediate Credit banks on July 31 this year amounted to \$1,287,355, compared with \$1,428,119 on June 30 and \$1,312,826 a year ago.

Volume of Payment by Check—Thirty-seven clearing house centers in the Seventh district totaled \$6,082,832,000 in payments by check during July, representing an increase of 1.2 per cent over June and of 5.9 per cent over July, 1925. The four larger cities in July gained 0.8 per cent over June and 6.1 per cent over the corresponding month a year ago, while thirty-three smaller cities gained 3.3 per cent and 4.9 per cent, respectively, in the two comparisons.

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, July, 1926, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 5,089,960; 31 other Clearing House Centers, 965,723.

Savings—For nearly two-thirds of the reporting banks in this district and by groups for each of the five states, savings deposits on July 31 were below the mid-year levels. Post-interest period withdrawals exceeded new deposits, although the number of accounts increased at over half the banks and for all states except Illinois. As compared with a year ago, 109 out of 186 banks showed gains in amount of deposits, averaging for the district 2.6 per cent, with a corresponding increase of 2.9 per cent in number of accounts; all five states registered gains in the latter comparison, while in the former, Illinois averaged the one decline.

Bonds—The Chicago bond market during the past few weeks has been characterized in general by seasonal dullness. The public, however, absorbs attractive issues readily, although at present the amount of new securities offered for sale is not large, with few issues of importance. Two

dealers in real estate bonds report abundance of capital seeking this form of investment, with July sales in excess of previous records. Prices remain fairly firm; bonds of

the highest grade have been steady, with instances of appreciating; municipals are strong; foreign issues have fluctuated with political developments.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Heat and drought delayed the growth of corn, potatoes, pasturage, and lesser crops in sections of the Seventh district during July and caused the oats to head rather short, which accounted for the smaller August 1 production estimates as compared with July 1 for both corn and oats in Iowa and for the latter grain in Illinois, Wisconsin, and Michigan. Recent reports indicate that crops have made progress with more favorable weather conditions in August.

The Bureau of Agricultural Economics on the basis of August 1 condition estimated the 1926 production of onions in Indiana, Michigan, Iowa (exclusive of the Pleasant Valley district), Wisconsin, and Illinois at 5,344,000 bushels, the Michigan-Wisconsin sugar beets at 1,041,000 tons, the Michigan, Illinois, and Indiana grapes at 70,545 tons, and the Illinois broom corn at 10,500 tons, compared with the 1925 harvests of 4,115,000 bushels, 1,132,000 tons, 27,910 tons, and 8,800 tons, respectively.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		5-YEAR AVERAGE
	FORECAST 1926	FINAL 1925	FORECAST 1926	FINAL 1925	
Corn	841,652	1,092,525	2,576,936	2,905,053	2,849,188
Oats	529,510	588,113	1,311,159	1,511,888	1,326,916
Winter Wheat	65,280	53,673	626,482	395,610	548,843
Spring Wheat	3,079	2,287	212,719	270,875	252,959
Barley	36,913†	34,962†	191,088	217,497	186,105
Rye	11,107†	10,049†	41,870	48,612	68,153
Potatoes (white).....	56,819	50,852	345,569	325,902	396,469
Tobacco*	35,904	45,210	1,202,884	1,374,400	1,289,699
All Hay**	15,943	16,118	88,072	99,515

*In thousands of pounds.

**In thousands of tons.

†Five states including the Seventh Federal Reserve district.

Grain Marketing—The receipts of wheat at interior primary markets in the United States showed more than the customary gain in volume over June and exceeded the 1921-25 average for July by 73.1 per cent. A smaller tonnage of oats and corn was handled at these terminals during July than in the previous month or a year ago, but reshipments of wheat increased. Visible supplies in the United States on August 7 exceeded those for the corresponding week last year, while wheat stocks showed a gain and holdings of other grain a decline from July 10. Chicago prices of wheat averaged lower and those of corn, oats, and rye higher for July than for the preceding month. Quotations tended to ease somewhat during the early part of August. Members of the Chicago Board of Trade contracted for greater quantities of future delivery grain during July than in June, but the tonnage fell slightly under that of July, 1925.

Flour—At Chicago, receipts and shipments of flour during July, according to figures furnished by the Chicago Board of Trade, were heavier than in either the preceding month or July, 1925, and exceeded those of any previous month this year. A decline from a year ago was reported for July in sales and production of flour by mills in the Seventh district, although gains in volume were registered in the comparison with the preceding month.

CHANGES IN JULY, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1926	JULY 1925	JUNE 1926	JULY 1925
Production (bbls.)	+ 5.3	— 0.4	34	34
Stock of flour at end of month (bbls.)	+ 0.7	+ 6.6	31	31
Stocks of wheat at end of month (bu.).....	+168.1	— 7.7	31	31
Sales (volume)	+ 8.9	— 6.8	16	15
Sales (value)	— 0.7	—15.0	16	15

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

Movement of Live Stock—Public stock yards in the United States received a greater number of hogs and lambs and a smaller quantity of other kinds of live stock during July than a year ago; all receipts, however, were under June. Corn-fed steers constituted the bulk of the cattle run, although there was a seasonal gain in the marketing of grassers from the ranges and a limited offering of cows and heifers. Demand remained rather draggy for heavy-weight steers during the greater part of the month. Early lambs continued to arrive in liberal volume from the northwestern states, and a fair movement began from some of the late sections. Hog receipts contained a fairly large percentage of heavy packing sows, but preference remained centered on the lighter weight animals.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, July, 1926	262,592	720,864	251,271	105,486
Public Stock Yards in U. S. July, 1926	771,559	1,873,148	912,456	396,137
June, 1926	782,757	2,087,040	998,463	434,150
July, 1925	800,221	1,803,835	938,584	452,065

The reshipments of cattle and lambs to feed lots increased over those in June, while the movement of lambs was larger and that of cattle smaller than for the corresponding period of 1925.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	AUGUST 14, 1926	JULY 1926	JUNE 1926	JULY 1925
Native Beef Steers (average).....	\$ 9.65	\$ 9.40	\$ 9.65	\$12.05
Fat Cows and Heifers.....	6.85	6.75	7.50	6.90
Hogs (bulk of sales).....	11.60	12.65	14.05	13.40
Yearling Sheep.....	10.75	11.30	13.20	12.00
Lambs (average).....	13.75	14.15	16.00	15.00

Meat Packing—United States production of meat totaled slightly less for July than for the preceding month. Employment for the last payroll in the period, however, increased 0.7 per cent in number, 2.6 per cent in hours worked, and 1.5 per cent in total value over the corresponding week in June. Domestic demand was active for smoked and a number of prepared meats but rather draggy for other edible products, owing to the decline in consumption of the latter commodities during the hot weather in July. The total value of sales billed during the month to domestic and foreign customers by fifty-six slaughtering establishments in the United States showed recessions of 6.6 per cent from June and of 1.1 per cent from a year ago. Trade improved somewhat early in August. Quotations for pork, lard, lamb, and for most mutton declined in July from the previous month; mutton legs, light-weight mutton fore-quarters, smoked meat, and common-to-good veal averaged a trifle higher, and choice veal a little lower than in June; beef prices held steady to slightly firmer at the beginning of the period but showed an easier tendency later. August quotations strengthened for veal, remained steady for lamb, and declined slightly for beef, pork and lard. Packing plants and cold-storage warehouses in the United States reported larger inventories of lard, pork, and miscellaneous meat, and smaller tonnages of beef and mutton on August 1 than at the beginning of July. Stocks of beef, pickled pork, and miscellaneous meat were slightly smaller than a year ago, while holdings of other items increased. With the exception of stocks of cured beef, inventories were under the 1921-25 average for August. American packers forwarded a smaller quantity of meat and lard in July for export than in June, owing to a slow foreign demand. Consignment stocks already abroad had changed little on

August 1 from a month previous. European quotations were nearer parity with our domestic markets because of the decline in prices in the United States.

Dairy Products—Butter production in July receded 10.8 per cent from the June level but gained 7.4 per cent over July, 1925, according to reports from sixty-four creameries in the Seventh district. Statistics for the four weeks ended July 31, compiled by the American Association of Creamery Butter Manufacturers, indicate declines from both the preceding period and a year ago for the country as a whole. The tonnage of butter billed to customers by sixty-six creameries in the Seventh district totaled 10.1 per cent less for July than for June but 1.8 per cent over the correspond-

ing month last year. Factories in Wisconsin supplied the primary centers of that state with a 12.8 per cent smaller quantity of American cheese during the four weeks ended July 31 than in the preceding period, and the volume was 9.4 per cent under a year ago; redistribution from those markets declined 12.3 per cent and 20.2 per cent, respectively, in the two comparisons. A larger tonnage of cheese and smaller quantities of both butter and eggs arrived at Chicago during the month than in June. Inventories in the United States showed a seasonal increase in dairy products on August 1 over the beginning of July and were in excess of the five-year average for the date. July prices at Chicago averaged somewhat under June; quotations strengthened slightly, however, at the beginning of August.

COAL

Previous to price advances on August 1, demand for domestic coal in this district picked up somewhat during July. Production of bituminous coal in Illinois during the month aggregated 4,268,197 tons, an increase of 224,062 tons over the June tonnage, but 0.2 per cent under the corresponding month of last year and 5.9 per cent below July, 1924. Screenings prices for the most part showed firmness, although quotations on southern Illinois screenings weakened slightly after August 1.

United States output of bituminous coal for July increased over June and was heavier than in the same month of 1925 or 1924; anthracite production was somewhat less

than in the preceding month but above the tonnage mined in July of the two previous years. The amount of bituminous coal distributed from Lake Erie ports to American lake ports during July declined from the June amount, though increasing in the yearly comparison with 1925 as well as with 1924. According to statistics compiled by the Department of Commerce, Bureau of Mines, stocks of bituminous coal in the hands of consumers on July 1 had gained 3,000,000 tons over supplies held May 1, exceeded the tonnage of June 1 last year by 1,000,000 tons, but were 12,000,000 tons under June 1, 1924.

INDUSTRIAL EMPLOYMENT CONDITIONS

Introduction of part-time schedules in many industries, vacations, and some reductions in working forces were reflected in payrolls for July, reporting firms with an aggregate employment of about 380,000 workers showing a drop of 3.1 per cent from the preceding month in their total wages. In the metals and metal products group where employment was reduced less than one per cent, payrolls showed a decline of about 6 per cent. For "vehicles" the loss in payrolls was almost 9 per cent, with the number of men laid off totaling 2.2 per cent. This was the heaviest curtailment in forces shown by any of the reporting industrial groups with the exception of "chemicals," where the declines were 5.3 per cent in the number of employees and 7.5 per cent in payrolls.

Reductions in working forces in the above industries, however, were more than offset by additions made in others, so that the aggregate employment of all the reporting groups registered a 1.3 per cent increase for the month, the

first since last March. The largest of these gains took place in food products, the employment in this group expanding by over 10 per cent. This was almost entirely due to the seasonal rush in canning and preserving factories which more than doubled their forces. The meat packing industry also added to its employment, as did manufacturers of ice, ice cream, and of bakery goods. A definite expansion was apparent in the leather group, both employment and payrolls increasing 4 per cent over the corresponding week a month earlier.

The demand for labor, outside of industrial plants, continues good. Construction work is being well maintained, road work is at its peak, and the demand for farm help increasing. At the free employment offices of Indiana there was a reduction in the ratio of applicants to positions from 130 per cent the first week in July to 92 per cent early in August. At Illinois offices the ratio showed a slight rise from 138 per cent to 139.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED			WEEK ENDED		
	JULY 15, 1926	JUNE 15, 1926	PER CENT CHANGE	JULY 15, 1926	JUNE 15, 1926	PER CENT CHANGE
All groups (10).....	380,449	375,411	+1.3	\$9,700,246	\$10,006,541	-3.1
Metals and metal products (other than vehicles).....	149,305	150,184	-0.6	3,514,740	3,733,518	-5.9
Vehicles.....	42,673	43,649	-2.2	1,262,633	1,386,726	-8.9
Textiles and textile products.....	25,449	25,119	+1.3	589,280	586,816	+0.4
Food and related products.....	54,064	48,997	+10.3	1,444,428	1,358,729	+6.3
Stone, clay, and glass products.....	14,648	14,679	-0.2	424,728	441,449	-3.8
Lumber and its products.....	34,465	33,542	+2.8	793,736	828,897	-4.2
Chemical products.....	10,316	10,890	-5.3	282,289	305,233	-7.5
Leather products.....	17,405	16,813	+3.5	388,271	373,500	+4.0
Rubber products.....	3,068	2,997	+2.4	74,294	76,628	-3.0
Paper and printing.....	29,056	28,541	+1.8	925,847	915,045	+1.2

MANUFACTURING ACTIVITIES AND OUTPUT

Agricultural Machinery and Equipment—The aggregate value of the sales of agricultural machinery and equipment billed during July to domestic and foreign customers by ninety-seven manufacturers in the United States declined 22.7 per cent from June for the tractor, thresher, and combined harvester group, 1.7 per cent for lighter machinery, 10.2 per cent for barn equipment, and 15.2 per cent for agricultural pumps. In comparison with July, 1925, increases of 16.8, 10.8, and 10.0 per cent were shown for the

first three groups, respectively, while agricultural pump sales declined 5.1 per cent.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	Changes in July, 1926, from previous months			
	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1926	JULY 1925	JUNE 1926	JULY 1925
Domestic sales billed.....	-14.6	+15.2	97	97
Sales billed for export.....	-3.6	+1.3	53	53
Total sales billed.....	-13.4	+13.4	97	97
Production.....	-2.3	+18.6	94	94

Sales based on value. Production computed from employment.

Automobile Production and Distribution—United States output of passenger cars during July aggregated 315,861, from the Department of Commerce report, a decrease of 23,681 from the preceding month and of 33,123 from July a year ago. A total of 39,585 trucks was produced in July in the United States, representing a decline from June and from the corresponding month of 1925.

Both wholesale and retail distribution of new cars in the Middle West continued to decline during July, according to reports furnished this bank by representative dealers and distributors. Sales at retail showed a gain over July, 1925, but other comparisons with the preceding month and a year ago revealed declines. Sales made on the deferred payment plan aggregated 49.5 per cent of total retail sales during July, according to the reports of thirty-seven dealers, and this ratio compares with 46.6 per cent in the prior month and 42.0 per cent in July, 1925.

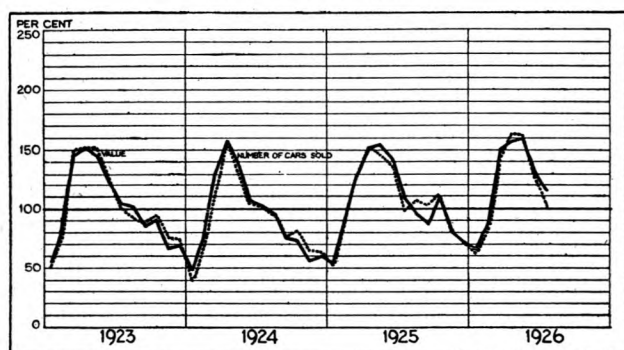
MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in July, 1926, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1926	JULY 1925	JUNE 1926	JULY 1925
New cars				
Wholesale—				
Number sold	—16.4	—17.2	39	38
Value	—18.3	—19.1	39	38
Retail—				
Number sold	—12.4	+ 2.9	59	59
Value	—18.7	+ 1.8	59	59
On hand July 31—				
Number	—19.8	+ 7.0	61	61
Value	—18.5	+14.5	61	61
Used cars				
Number sold	— 9.3	+14.8	61	61
Salable on hand—				
Number	— 8.0	+46.7	61	61
Value	— 8.2	+20.7	61	61

MIDWEST AUTOMOBILE DISTRIBUTION

Sales at Retail—52 Firms



Monthly average 1923-1924-1925=100. Latest figures, July, 1926: Value, 101.1; Number, 114.0.

Iron and Steel Products—The customary midsummer slackening in the steel industry did not take place in July this year. Reports from mills in the Chicago district indicate that bookings were maintained at approximately the same volume as in June, with specifications in some instances ahead of shipments. For the first seven months of this year, the steel tonnage consumed by industries served by Chicago mills has averaged about 12 per cent greater than in the corresponding period of 1925. For the first time since December 31 last year, a gain was shown in the amount of unfilled orders held by the United States Steel Corporation over those on hand at the end of the preceding month, the increase on July 31 aggregating 123,880 tons; the amount is also higher than on July 31 last year when a decline was shown in the month-to-month comparison. Steel ingot production in the United States averaged less during July in the daily amount than in June, but was unusually high for the season of the year. Average daily pig iron output for

the country declined in July from the preceding month, though showing increases over the two preceding years, and in the Illinois and Indiana district followed the same trend.

Beginning with July 28, the composite average price of fourteen leading iron and steel products, compiled by *Iron Trade Review*, remained stable for four succeeding weeks at \$37.61; at about the same time a year ago this price level was \$37.45. Following a decline in prices of iron and steel scrap at Chicago the latter part of July, quotations have held firm through the middle of August.

The third monthly decline in shipments by iron and steel casting foundries in the Seventh district took place during July, although forwardings were slightly larger than in the corresponding month of last year; production showed a decrease in the month-to-month comparison and was also heavier than in July, 1925. The majority of stove and furnace manufacturers reporting to this bank shipped a smaller volume in July than in June or the same month last year; orders booked were less in both comparisons; while production was considerably heavier.

Shoe Manufacturing, Tanning, and Hides—Shoe factories in the Seventh district lowered their manufacturing operations during July, principally to permit the taking of annual vacations and inventories. Shipments exceeded current production, however, but declined slightly in volume from June. Twenty-five companies reported stocks on hand August 1 equivalent in the aggregate to 89.5 per cent of the quantity forwarded to customers during the preceding month. Unfilled orders held by twenty-one of the manufacturers gave assurance of approximately eleven weeks' future business at the present rate of distribution.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1926	JULY 1925	JUNE 1926	JULY 1925
Production	— 1.7	+ 5.5	30	30
Shipments	— 0.2	+ 1.5	30	30
Inventories	+ 4.3	+17.9	25	25
Unfilled orders	+ 9.0	+33.1	20	20

A greater quantity of leather was tanned in the Seventh district during July than in the preceding month. Sales billed to customers by reporting tanners showed a slight recession in the aggregate from June, although nearly half the concerns recorded a gain. Demand for harness increased over the previous month, but was somewhat under that of a year ago. The belting business experienced a seasonal decline. Sole leather prices for July eased, while those of most other tannages ranged from barely steady to slightly firmer. Nearly all quotations strengthened during the early part of August.

Sales of packer green hides and calf skins increased at Chicago over June. A greater volume of shipments of hides and skins moved from the city during July than during the previous month, despite a slight decline in receipts, according to a compilation made by the local Board of Trade. Quotations for July averaged higher than those for June.

Raw Wool and Finished Woolens—The general market in raw wool was rather quiet during July, with manufacturers buying in only moderate quantities, although the volume of sales is reported variously by firms in this district as equal to or in excess of that of July a year ago. Prices have remained quite stable since the first of July, and a few slight advances in certain grades have been recorded. Manufacturers of finished materials report that sales and production remained about the same in July as in the preceding month. On August 11, the American Woolen Company opened its lines of fancy woolens and worsteds for spring, 1927, at reductions from a year ago averaging approximately the same as on staples.

Furniture—As is customary during July because of seasonal buying and the furniture mart held during that month, a large increase was shown this year over June in the amount of orders booked by furniture manufacturers in the Seventh district, the aggregate gain for seventeen firms being 68.6 per cent. In comparison with July last year and 1924, new business increased 9.0 and 40.1 per cent, respectively. The volume was about 14 per cent less than in January this year, however, when the last furniture mart was held. Shipments also increased, although the majority

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

During the greater part of July, the lumber market showed a decline in activity, retail yards and factory consumers buying for immediate needs only, and building lumber also moving in smaller volume from the yards. There was an improvement, however, towards the close of the month as well as in early August, with furniture and flooring interests covering more freely on their requirements and prices becoming firmer both at mills and the retail yards. Sales for the month, as reported by twenty-two wholesale and manufacturing concerns, were 9.1 per cent less than in June and 5.5 per cent below those of July, 1925. One hundred twenty retail yards reported total sales as 7.6 per cent below the preceding month and 0.9 per cent ahead of the same month a year ago. Outstanding accounts of these yards increased during the month, registering 275 per cent of sales, as compared with 253 at the close of June and 291 per cent a year ago. For manufacturing and wholesale concerns, outstandings were lower than a month earlier but their ratio to sales was higher, 133 per cent as compared with 127; at the close of July, 1925, the ratio was 145 per cent.

Receipts of lumber at Chicago aggregated 7.1 per cent less than during June but were 1.3 per cent higher than a year ago. Shipments out of Chicago declined 11.1 per cent

of firms showed declines, the gain over June averaging 9.4 per cent; they were 6.0 per cent above July last year and 48.3 per cent heavier than in the corresponding month of 1924. Owing to the large volume of new orders and the proportionately smaller forwardings, unfilled orders on hand at the end of July increased 46.5 per cent over June 30, and in comparison with the same date of 1925 the amount held was 1.2 per cent greater. Operations expanded slightly but were at a lower rate than last year.

from the preceding month and 28.1 per cent from the corresponding month of 1925.

In the cement industry there was a marked tendency on the part of cement buyers to make purchases for current needs only, and shipments showed some decline from the preceding month. Production continued to gain, the output slightly exceeding that of June. Stocks were reduced further but are considerably larger than a year ago. Brick also showed some decline in activity, although production was well maintained and the volume of stock remained practically unchanged.

Building Construction—The building contracts awarded during July in the Seventh Federal Reserve district amounted to \$106,660,500, bringing the total awards so far this year to 0.4 per cent above the total for the first seven months of 1925. July awards exceeded those of June by 4.8 per cent and those of July a year ago by 54.1 per cent. Permits issued during the month, however, showed a decline both in the monthly and yearly comparison. In the former there was a loss of 5.9 per cent in the number of permits issued in fifty cities in the district, and of 15.6 per cent in their estimated cost. In the comparison with July, 1925, the number of permits issued was practically the same but the cost 2.7 per cent less.

MERCHANDISING CONDITIONS

Wholesale Trade—Wholesale trade in this district during July reflected the customary summer slowing down. Over sixty per cent of the reporting dealers sold less goods than in June, and by commodities the dry goods group averaged the one increase, gains by eight firms barely offsetting declines by the other six. In comparison with July, 1925, fifty-three out of ninety-four dealers registered decreases this year, grocery and shoe firms averaging slight increases, but drug, hardware, and dry goods declines of 0.3, 5.0, and 7.6 per cent, respectively; cumulative sales since January 1 are ahead of last year for thirty-eight firms and below for fifty-three. Thirteen reports containing data on advance sales indicate with five exceptions declines from the previous month and a year ago.

For all the shoe and dry goods dealers and for the majority of others, July collections were under the June receipts, group declines ranging from over 2 per cent for groceries and drugs to 23.0 per cent for shoes; accounts receivable as of July 31 were lower than at the end of June for three-fifths of the firms, declines amounting to less than one per cent for drugs, and around 2 per cent for the other four groups. As compared with a year ago, the majority of firms reported smaller collections and nearly half smaller outstandings on their books; hardware firms averaged a gain in the former comparison, and grocery firms in both.

Comparisons of July 31 inventories with those held June 30 and a year ago vary, increases and decreases being about evenly divided in both instances: changes during the month ranged from a 3.9 per cent drop for groceries to about one per cent gain for hardware and drugs, and 7 per cent for

dry goods and shoes; in hardware the gain of 2.6 per cent over July 31, 1925, is the first this year. Of fifteen houses reporting advance purchases, nine showed reductions from June and ten from a year ago.

Department Store Trade—The usual midsummer trends in department store trade were apparent in the July returns for this district: sales dropped to the lowest level of the year, collections fell off, accounts outstanding were reduced, and inventories lowered.

With ten exceptions, eighty-three stores reported a smaller volume of goods sold than in June, declining as a group 20.7 per cent. The drop of 10.6 per cent in collections represented individual increases at fifteen stores and decreases at forty-five, while outstandings for the same sixty firms by July 31 were 7.8 per cent below receivables on the books at the end of June, only seven firms indicating advances. Aggregate inventories for fifty-six stores on July 31 were 7.5 per cent less than holdings June 30, nearly ninety per cent reporting net reductions during the month. Unfilled orders, amounting at the close of June to 9.0 per cent of total 1925 purchases, had advanced to 10.0 per cent by July 31.

Comparisons with a year ago reflect the broader scale of business this year. Monthly sales show an increase of 8.0 per cent and total sales for the seven months' period, of 7.4 per cent, the former gain representing individual increases by three-fourths of the firms, and the latter by three-fifths. Collections for fifty-seven stores were 11.2 per cent heavier, and accounts outstanding 13.1 per cent. In stocks the decline of 2.4 per cent from July 31, 1925, reflects nineteen increases and thirty-five declines; for forty-

one houses July sales were 27.4 per cent of average stocks compared with 25.2 per cent last year, and cumulative sales since January 1 amounted to 217.0 per cent of average goods held, as against 207.9 per cent during the first seven months of 1925.

Retail Furniture Trade—July statistics from reporting retail dealers in furniture, furnishings, and equipment indicate a falling off from the preceding month in sales and collections, as well as a reduction in inventories. Total goods sold during the month by fifty-one firms were 12.2 per cent below the June volume, and installment sales, as shown on twenty-two reports, declined 14.1 per cent; decreases in collections amounted to over 15 per cent in both comparisons. Aggregate stocks held at the close of July at thirty-three stores were 3.9 per cent under the June 30 inventories, but 3.5 per cent larger than a year ago for thirty-five. Sales and collection comparisons with July, 1925, reflect increases this year, fifty-nine dealers averaging a 9.6 per cent gain in total sales and twenty-nine an increase

of 16.7 per cent in installment sales, with total collections for twenty-five dealers 10.6 per cent ahead, and partial payments for twenty-four 11.4 per cent heavier. Accounts outstanding reported by twenty firms were within 1.1 per cent of the June 30 receivables, and for twenty-six were 19.3 per cent above a year ago.

Retail Shoe Trade—Forty-eight reporting retailers in this district averaged during July a decrease from the preceding month of 22.1 per cent in the dollar volume of shoes sold; individually eleven stores registered increases, and thirty-seven declines. For nineteen of these, the sales decline from June amounted to 11.2 per cent, compared with a drop of 13.1 per cent in aggregate accounts outstanding at the end of the month. Total collections by seventeen firms were 7.0 per cent below the June receipts. Three-fourths of the dealers made net reductions in their stocks during the month, goods held on July 31 by thirty-seven averaging 7.2 per cent less than inventories at the close of June.

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	July 1926	June 1926	July 1925	June 1925
Meat Packing—(U. S.)—					
Sales (in dollars) ¹	62	111.8	118.6	114.1	115.7
Casting Foundries—					
Shipments (in dollars).....	27	76.4	87.7	73.7	84.4
Stoves and Furnaces—					
Shipments (in dollars).....	14	67.9	70.9	69.5	69.3
Agricultural Machinery & Equipment—(U. S.)—¹					
Domestic Sales (in dollars).....	113	162.0	189.6	140.7	144.7
Exports (in dollars).....	72	124.5	125.0	136.8	108.0
Total Sales (in dollars).....	113	158.6	178.5	139.9	137.7
Production.....	109	131.3	139.5	106.6	108.2
Agricultural Pumps—(U. S.)—¹					
Shipments (in dollars).....	19	109.2	126.8	117.0	122.8
Furniture—²					
Orders (in dollars).....	20	187.5	111.9	168.2	110.7
Shipments (in dollars).....	20	126.3	117.1	121.6	121.6
Shoes—³					
Production (in pairs).....	34	93.2	97.6	85.7	90.0
Shipments (in pairs).....	34	92.8	93.1	91.3	88.4
Electric Energy—					
Output of Plants (KWH).....	8	187.2	186.0	167.8	162.8
Industrial Sales (KWH).....	8	242.7	242.9	212.7	211.2
Flour—					
Production (in bbls.).....	35	110.1	104.5	110.5	101.2
Output of Butter by Creameries—¹					
Production.....	77	149.3	162.7	142.9	152.0
Sales.....	77	133.0	142.0	132.9	128.4
Automobiles—					
Distribution in Middle West: ⁴					
New cars—Wholesale—Number sold.....	34	138.7	165.7	172.7	153.9
Value.....	34	117.4	143.7	149.8	138.4
New cars—Retail—Number sold.....	52	114.0	130.6	109.4	142.1
Value.....	52	101.1	126.6	98.5	134.9
New cars—On hand—Number.....	45	74.1	96.1	68.2	55.8
Value.....	45	69.9	87.2	59.8	54.3
Used cars—Number sold.....	43	149.5	161.5	131.1	142.7
Used cars—On hand—Number.....	43	118.2	129.5	79.1	89.2
Value.....	43	91.7	105.1	72.3	81.0
Production (U. S.): Passenger cars.....		233.9	251.4	258.4	260.9
Trucks.....		153.1	170.6	154.8	140.6
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		149.3	110.1	117.3	95.9
Live Stock.....		84.5	84.1	84.4	82.4
Coal.....		112.8	109.7	108.1	98.7
Coke.....		127.3	130.9	103.8	103.6
Forest Products.....		121.2	134.0	121.9	130.8
Ore.....		203.6	191.0	177.7	173.4
Merchandise and Miscellaneous.....		141.6	142.3	138.6	137.5
Total.....		135.0	133.3	129.4	126.1
Iron and Steel—					
Pig Iron Production: ⁴					
Illinois and Indiana.....		162.4	166.1	126.4	136.4
United States.....		124.1	128.7	102.6	106.4
Steel Ingot Production—(U. S.) ⁴		124.5	127.9	105.3	109.4
Unfilled Orders U. S. Steel Corp.....		60.1	58.0	59.0	61.9

	No. of Firms	July 1926	June 1926	July 1925	June 1925
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	41	77.9	78.4	75.5	71.5
Hardware.....	19	102.0	109.0	107.3	114.6
Dry Goods.....	13	72.1	71.7	78.0	84.2
Drugs.....	14	98.4	101.9	95.8	101.3
Shoes.....	11	33.7	37.5	33.0	37.6
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	7	115.0	140.7	116.0	145.2
Detroit.....	4	136.3	184.6	114.2	167.9
Des Moines.....	4	98.9	118.4	89.4	114.7
Indianapolis.....	5	105.3	131.3	107.7	137.9
Milwaukee.....	5	118.1	148.5	117.2	145.2
Outside.....	39	87.4	104.0	82.1	100.8
Seventh District.....	64	113.3	144.2	104.9	138.8
Retail Trade—(U. S.)—					
Department Stores.....	359	99	130	95	126
Mail Order Houses.....	4	98	107	87	102
Chain Stores:					
Grocery.....	27	333	300	259	254
Drug.....	9	198	187	166	167
Shoe.....	6	145	153	122	152
Five and Ten Cent.....	5	206	204	183	187
Candy.....	5	210	204	181	184
Music.....	4	108	118	104	99
Cigar.....	3	155	152	136	134
Stamp Tax Collections—⁵					
Sales or Transfers of Capital Stock.....		201.7	261.9	136.6	158.2
Sales of Produce on Exchange—Futures.....		48.6	48.6	83.6	64.4
U. S. Primary Markets—⁶					
Grain Receipts:					
Oats.....		47.9	70.7	85.6	88.4
Corn.....		89.4	160.8	65.1	117.8
Wheat.....		248.0	73.4	132.8	72.3
Grain Shipments:					
Oats.....		59.2	61.0	95.4	92.2
Corn.....		68.9	75.4	70.2	92.1
Wheat.....		91.0	52.5	74.3	55.4
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....		217.0	240.3	168.8	254.1
Total.....		194.1	185.1	126.0	231.8
Permits:					
Chicago.....		291.1	230.8	280.7	276.5
Cost.....		292.3	361.3	328.2	381.0
Indianapolis.....		235.4	284.7	257.5	225.6
Cost.....		232.2	198.1	214.0	374.2
Des Moines.....		103.9	129.4	199.0	206.9
Cost.....		146.8	48.1	121.3	117.1
Detroit.....		227.9	252.9	226.0	219.0
Cost.....		235.1	251.2	271.1	247.5
Milwaukee.....		198.7	222.7	202.5	203.4
Cost.....		238.8	186.7	180.9	175.6
Others (45).....		224.0	233.3	225.9	235.9
Cost.....		219.0	307.4	198.4	194.5
Fifty Cities.....		223.6	238.3	227.0	226.6
Cost.....		247.4	293.2	256.7	272.3

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.