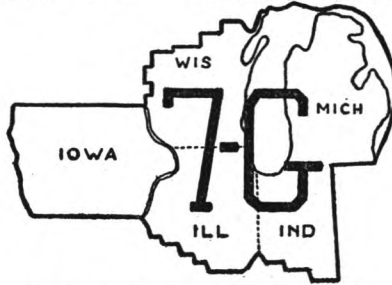


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 9, No. 10

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October 1, 1926

BUSINESS CONDITIONS IN THE UNITED STATES

INDUSTRIAL activity and distribution of commodities continued in large volume in August at a level higher than a year ago. The general level of wholesale prices receded further in August, reflecting price declines for agricultural commodities.

PRODUCTION—The index of production in basic industries, which is adjusted for the usual seasonal variations, declined slightly in August, but this decline is accounted for by the fact that there were five Sundays in August as against four in July. Textile mill activity and production of steel ingots, zinc, and petroleum increased, while the output of pig iron, lumber, coal, copper, cement, and sugar was smaller than the month before. Automobile production increased considerably in August and was larger than in any month since April. Factory employment and payrolls, after declining in July, increased in August, as is usual at this season of the year.

Building activity, as measured by contracts awarded in thirty-seven states east of the Rocky Mountains, was in larger volume in August than in July or in any other previous month with the exception of August, 1925. In eastern and southeastern states the volume of building was smaller in August than a year ago, while in the Middle West contracts awarded were larger. Contracts for residential structures were smaller than last year, while those for industrial buildings and for public works and public

utilities were substantially larger.

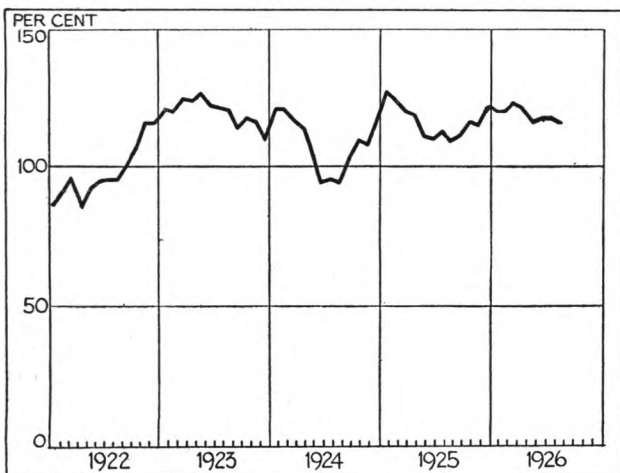
Crop conditions improved in August, according to a statement by the Department of Agriculture. September forecasts of yields of corn, barley, hay, tobacco, and most fruit and vegetable crops were above those made in August, while expected yields of oats and spring wheat were slightly less.

A cotton crop of 15,810,000 bales was indicated on the basis of the condition of the crop at the middle of September. The crop, however, is later than last year, and ginnings up to September 16 amounted to only 2,511,000 bales, compared with 4,282,000 bales prior to September 16, 1925.

TRADE—Volume of wholesale trade and of sales at department stores increased in August, and retail sales were larger than a year ago. Stocks of dry goods and shoes carried by wholesale firms were smaller at the end of August than last year, while those of groceries and hardware were larger. Inventories of department stores increased in preparation for autumn trade, but this increase was less than is usual at this season, and at the end of the month stocks were smaller than a year ago.

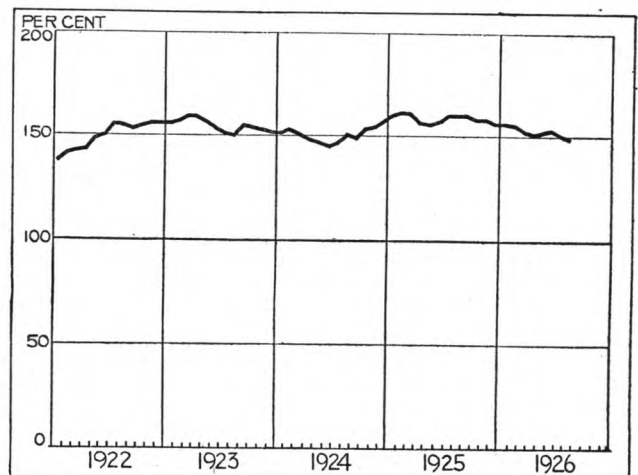
Freight carloadings in August continued higher than in the corresponding months of previous years, and for the weeks of August 28 and September 4 exceeded all previous weekly records. Loadings of grain continued large, and shipments of merchandise in less-than-carload lots, mis-

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities, adjusted for seasonal variations (1919=100). Latest figure, August, 1926: 116.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, August, 1926: 149.2.

Compiled September 27, 1926

cellaneous commodities, ore and coke were considerably larger than in the corresponding period of previous years.

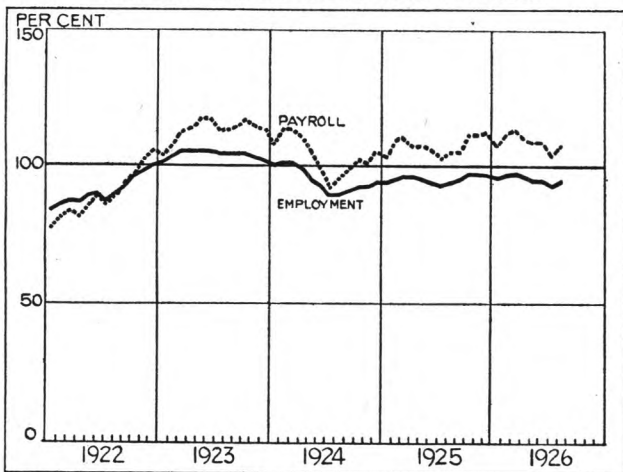
PRICES—Wholesale commodity prices, according to the index of the Bureau of Labor Statistics, declined by over one per cent in August, reflecting largely price decreases for grains, live stock, and meat products. Prices of clothing materials, fuels, and metals increased between July and August, while prices of cotton, wool, sugar, building materials, and rubber showed little change. In the first half of September prices of grains, cattle, sugar, bituminous coal, and coke advanced, while prices of raw cotton, silver, and bricks declined.

BANK CREDIT—Increased demand for bank credit in connection with the harvesting and marketing of crops and autumn trade, together with an increase in loans on securities was reflected in a considerable growth between the

middle of August and the middle of September in loans of member banks in leading cities. The banks' holdings of investments also increased, though there was a decrease in investments at banks in New York City, and total loans and investments on September 15 were larger than at any previous time.

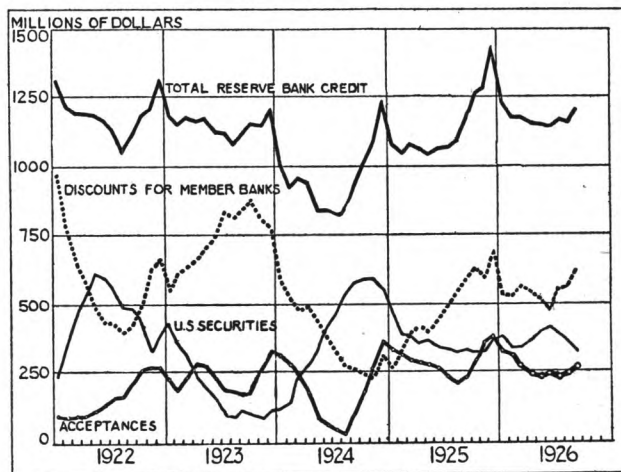
The volume of reserve bank credit increased by about \$90,000,000 between August and September 22, partly in response to seasonal demands for currency. Discounts for member banks rose in September to the highest figure for the year, and acceptance holdings also increased, while United States securities declined by about \$55,000,000. Money rates continued to rise in September. Rates on commercial paper advanced by one-fourth per cent to $4\frac{1}{2}$ - $4\frac{3}{4}$ per cent, and rates on security loans also averaged higher than in August.

FACTORY EMPLOYMENT AND PAYROLL



Federal Reserve Board's indexes of factory employment and payroll (1919=100). Latest figures, August, 1926: Employment, 94.4; Payroll, 107.7.

FEDERAL RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve Banks. Latest figures, averages for first 23 days in September, 1926: Total Reserve Bank Credit, 1,207 million; Discounts for Member Banks, 622 million; Acceptances, 263 million; U. S. Securities, 318 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

CURRENT conditions in the Middle West present few unusual features, in general following the trends characteristic of the season. Crop prospects are of especial significance at this time. September 1 estimates for corn in the Seventh district were higher than a month earlier, but the yield and quality depend upon weather conditions during the maturing period. Rains have interfered with the threshing of small grains, and the forecast for oat production has been reduced. The wheat crop turned out well, and farmers are planning to sow a larger acreage this fall than last. Prospects are favorable for abundant fruit crops provided frost does not come too early.

Industry was fairly active during August, the aggregate volume of employment practically the same as the month before, with payrolls higher following the usual vacation and inventory period decline. Iron and steel mills continued to receive heavy specifications and make heavy shipments during August; production exceeded a year ago. Illinois coal output increased for the third consecutive month. Building operations are still on a high level, and absorb a large amount of labor.

Merchandising reports for August indicate expansion over the preceding month and a year ago in sales by mail order houses and department stores, while comparisons for wholesale trade vary. Automobile sales at retail were less than in July but above August, 1925; agricultural machinery sales made gains in both comparisons.

August statistics covering financial operations show a decline from July in commercial paper sales, in the volume of bankers' acceptances executed, and in check payments, with a slight advance in savings deposits.

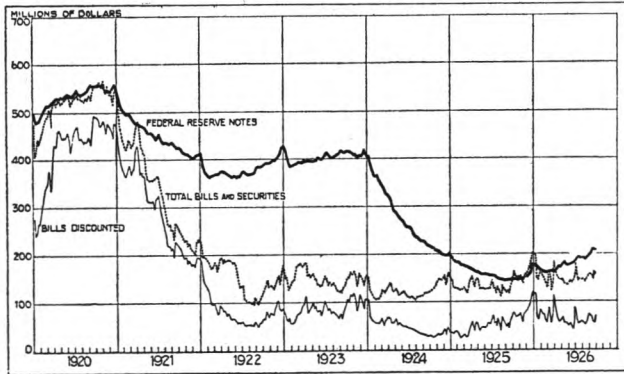
CREDIT CONDITIONS AND MONEY RATES

Credit conditions in the Seventh district are little changed from those reported a month ago. Demand has been well maintained, certain banks being called upon for heavier requirements than last year, and a few smaller, but reports on the whole indicating about the same volume. Current rates in Chicago are as follows: Commercial paper $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent, customers' over-the-counter loans $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent, and collateral loans $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent. The average rate earned by ten of the larger banks in Chicago during August was 4.86 per cent, approximately the July rate, and compared with 4.77 per cent in the corresponding month of 1925. In Detroit the prevailing rate on commercial loans during the week ending September 15 was unchanged at $4\frac{1}{2}$ to 6 per cent from the same period in August. The average rate earned by six Detroit institutions during August was 5.34 per cent, as against 5.30 per cent in July, and 5.13 in August a year ago.

Total reserves of the Federal Reserve Bank of Chicago on September 8 reached \$419,986,000, the peak point in nearly two years, falling off, however, to \$397,112,000 by September 22. Total bills and securities on the fif-

teenth aggregated \$163,830,000, the highest level since the close of June, but dropped to \$158,718,000 the following week. On September 22, the volume of bills discounted amounted to \$70,934,000, having touched \$73,604,000 on August 25, but declining steadily thereafter to \$53,538,000 on September 15. Federal Reserve notes in circulation exceeded \$200,000,000 on each reporting date during the month, the highest level being \$210,533,000 on September 8.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, September 22, 1926, in thousands of dollars: Federal Reserve Notes, 208,892; Total Bills and Securities, 158,718; Bills Discounted, 70,934.

Loans and discounts of reporting member banks dropped to \$2,171,098,000 on August 25, but had advanced to \$2,199,300,000 by September 15. The increase from August 11 to September 15 approximated five million dollars, and the volume for the latter date was \$132,133,000 greater than for the corresponding week a year ago, standing at the highest level since these data have been collected. Investments of reporting member banks in Chicago and Detroit totaled \$662,622,000 on September 15 compared with \$635,861,000 on August 11, while those in other selected cities changed only slightly, the September 15 figure for the last mentioned being \$118,599,000. Net demand deposits of reporting member banks declined about thirty-seven million between August 11 and 25, and then increased eighty million to the high point of \$1,897,464,000 on September 15. Time deposits were slightly lower than a month previous, aggregating \$1,050,273,000 on September 15.

Commercial paper rates strengthened during August, reporting dealers in this district averaging 4 to 4¼ for low and 4½ for high, with the customary rate ruling at 4¼ to 4½. After September 1, most bills sold at 4½. There was a moderate supply during August, but demand was light. Total sales by eleven dealers fell off 10.8 per cent from the July volume, although individually five showed gains; in comparison with August, 1925, declines by all but two amounted to a net drop of 16.0 per cent. Five houses averaged at the end of August 3.0 per cent less paper outstanding than on July 31, two registering increases and three declines; the reduction of 16.1 per cent from a year ago likewise reflects two gains and three decreases. Outstandings for twenty-six dealers throughout the country totaled \$638,110,000, the smallest amount this year.

Total purchases by six reporting dealers in the open bill market from August 19 to September 15 amounted on an average weekly basis to only 48.8 per cent of the volume bought during the preceding period; one house had no transactions, and four registered declines. Sales to local banks increased, but those to the Federal Reserve bank, to out-of-town banks, and to others fell off, the total averaging a drop of 53.0 per cent, which reflects individual declines for each of the dealers. Holdings on September 15 were

34.9 per cent higher than in the middle of August. The transactions covered principally grain, packing-house products, tobacco, sugar, canned goods, pig iron, cotton, turpentine, and oil. The supply of paper was reported small, and demand fair. Ninety-day maturities moved best, their offered rate advancing from 3½ at the beginning of the period to 3¾ by September 15.

The volume of bills accepted during August by sixteen reporting banks in this district was 12.1 per cent less than the July acceptances, and 15.5 per cent below a year ago. Transactions reported for the first two weeks of September covered principally lard and meats for export, tea, coffee, grain, pig iron, and sugar. August purchases in general exceeded those of July, while sales fell off; totals in both items, however, were affected by special dealings at two banks, so that the aggregate volume of bills bought was only half as large as in July, and sales were over 70 per cent heavier. The banks' liability as acceptors for bills outstanding declined for the fourth successive month, dropping 18.2 per cent below the July 31 amount, and 20.0 per cent under August 31, 1925. Total bills held at the close of August, as well as holdings of the banks' own acceptances, registered declines from July 31 and from last year. Holdings by the Federal Reserve Bank of Chicago advanced to \$36,029,219; purchases during the month amounted to \$27,505,413.

Agricultural Financing—Nineteen Joint Stock Land banks report loans outstanding on August 31 in the five states including the Seventh district, as \$211,757,382, compared with \$210,852,022 (revised figure) at the end of July, and \$185,763,211 on August 31, 1925. Loans outstanding in the same territory of four Federal Land banks totaled \$175,878,817 at the close of August; on July 31, they were \$174,327,881, and on the corresponding date a year ago \$156,853,151. Four Federal Intermediate Credit banks had loans and discounts (including rediscounts) on August 31 of \$1,336,419, as against \$1,287,355 a month previous, and \$1,619,248 last year on this date.

Volume of Payment by Check—The volume of payment by check during August in thirty-seven clearing house centers of the Seventh district totaled \$5,696,254,000, a decline of 6.4 per cent from July but an increase over August, 1925, of 9.6 per cent. The decrease in the four larger cities—Chicago, Detroit, Milwaukee, and Indianapolis—averaged 5.9 per cent, and in thirty-three smaller centers, 9.1 per cent. In the comparison with a year ago, the four cities named showed a gain of 11.1 per cent, while the smaller cities reported only a 2.9 per cent increase.

Savings—The number of savings accounts reported as of September 1 by 219 banks in this district was 0.7 per cent greater than on July 31. Deposits, however, declined 0.2 per cent, decreases in Illinois and Michigan offsetting gains in the other three states; individually 120 banks reported heavier deposits. In comparison with a year ago increases at 109 banks and declines at 77 raised the state totals except for Illinois, and averaged a net advance for the district of 1.8 per cent; the gain of 3.2 per cent in number of accounts reflected increases in each of the five states.

Bonds—The bond market has been relatively quiet during the past few weeks, with prices generally holding firm. The principal retardment to more active business is the scarcity of new offerings, as buyers are in a receptive mood, with money for investment plentiful. It was expected that after Labor Day, bringing the vacation period more or less to a close, the market would be supplied with considerable new financing. The number of issues appearing, however, was small, so that those offered met with ready reception. Investors continue especially interested in pub-

lic utilities, although good industrials also are in excellent demand. First mortgage bonds are exceptionally active, August sales exceeding a year ago; the fewer issues now

being offered reflect the decline in construction. There has been a marked trend in favor of foreign government bonds, accompanied by advancing prices.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

September 1 estimates for the corn crop in the Seventh Federal Reserve district showed a gain over the previous month; the growth of the plant was late, however, with a large portion of the grain dented and some still in the milk stage the middle of September; the weather continued unsettled and cloudy, and more sunshine and warm dry weather were needed to bring the crop to full maturity before early frosts. September floods caused serious damage to crops on river bottom lands in the Indiana, Illinois, and Iowa corn belt. The wheat crop turned out well, but there was still some wheat and considerable oats unthreshed September 15, which have been damaged by the rains. Estimates of oat production were reduced on September 1 from the beginning of August. Farmers are planning to sow a larger acreage to winter wheat this fall than last; their intentions may be interfered with, however, by the tangled condition of the corn in the fields to be put in wheat, and by unfavorable weather conditions. The crop of sweet corn was smaller than last year.

Prospects for fruits are favorable: the grapes are a little late, but are ripening, and the yield is large; the harvesting of peaches had begun by Labor Day, and the crop is abundant; the picking of pears is also under way, with production larger than a year ago. The 1926 acreage of cucumbers raised for pickles, totaled less than that for 1925. Estimates of the Indiana onion crop have been reduced since August 1.

On the basis of September 1 condition, the Bureau of Agricultural Economics forecasts the commercial production of Danish cabbage in Wisconsin, Michigan, and Indiana at 65,300 tons, the Indiana, Illinois, Iowa, and Michigan crop of tomatoes for manufacture at 227,200 tons, the Michigan celery at 632,000 crates, and the Illinois-Michigan apples at 2,974,000 barrels for 1926, compared with the respective harvests of 63,200 tons, 381,200 tons, 780,000 crates, and 2,864,000 barrels last year.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		
	FORECAST 1926	FINAL 1925	FORECAST 1926	FINAL 1925	5-YR. AV. 1921-25
Corn	909,277	1,096,997	2,697,872	2,905,053	2,849,189
Oats	497,833	593,459	1,263,619	1,511,888	1,326,916
Winter Wheat	65,280	53,673	626,482	395,558	548,843
Spring Wheat	3,062	2,287	212,109	270,875	252,959
Barley	38,506†	34,962†	195,204	217,497	186,105
Rye	11,107†	10,049†	41,870	48,612	68,153
Potatoes (white).....	59,789	50,852	351,558	325,902	396,469
Tobacco*	37,376	45,210	1,306,494	1,374,400	1,289,699

*In thousands of pounds. †Five states including the Seventh Federal Reserve district.

Grain Marketing—The movement of wheat to interior primary markets in the United States continued in large volume during August, although it was not quite so great as in the preceding month; arrivals of corn also declined, but those of oats gained over July. Receipts of oats and corn showed a recession and those of wheat an expansion from a year ago and from the five-year average for August. Reshipments of grain from the above terminals were lower for corn and oats, and increased for wheat in comparison with July and the corresponding month of last year, but all were under the 1921-25 August average. Visible supplies of all grain in the United States, with the exception of corn, showed a seasonal gain on September 11 over the preceding month, and those of wheat, corn, and rye were in excess of the corresponding week of 1925, while holdings of oats

and barley declined in the latter comparison. Grain prices trended downward at Chicago after the first week in August, with the quotations for wheat, oats, and rye averaging a little lower and those for corn a trifle higher for the month as a whole than for July. Quotations tended to firm by the middle of September. Smaller amounts of wheat, corn, and rye and greater quantities of oats were contracted for future delivery by members of the Chicago Board of Trade during August than in July; the aggregate, however, declined from the corresponding month of 1925, although the tonnage of corn showed a slight increase.

Flour—Figures furnished by the Chicago Board of Trade show that receipts of flour in the city during August aggregated 1,258,000 barrels, and shipments from there 869,000 barrels, representing gains in both items over the preceding month and a year ago; net receipts were 389,000 barrels, as compared with 327,000 barrels in July and 343,000 in August last year. Data on production, stocks, and sales of mills in the Seventh district are indicated below.

CHANGES IN AUGUST, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1926	AUGUST 1925	JULY 1926	AUGUST 1925
Production (bbls.)	+ 7.2	+11.9	34	34
Stocks of flour at end of month (bbls.).....	+19.1	+22.3	30	30
Stocks of wheat at end of month (bu.)	+88.2	+36.4	30	30
Sales (volume)	— 0.9	+ 6.0	15	14
Sales (value)	— 1.4	— 9.5	15	14

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

Movement of Live Stock—Liberal quantities of corn-fed steers and a number of grasser cows and heifers were marketed during August, but owing to the price level for westerns, fewer range cattle were offered during the month than in August, 1925, so that bovine receipts at public stock yards in the United States failed to show as large an increase over July as usual. The movement of lambs continued to expand during August, but a slightly smaller volume of hogs arrived than in the preceding month. Arrivals of both cattle and lambs tended to increase during the early part of September.

LIVE STOCK SLAUGHTER

	CATTLE		HOGS		LAMBS AND SHEEP		CALVES
	August, 1926	August, 1925	August, 1926	August, 1925	August, 1926	August, 1925	
Yards in Seventh District,	255,086	648,931	304,366	92,756			
Public Stock Yards in U. S.							
August, 1926.....	792,165	1,710,467	1,057,595	397,074			
July, 1926.....	771,559	1,873,148	912,456	396,137			
August, 1925.....	831,346	1,586,277	977,824	449,601			

Reshipments of cattle and lambs to feed lots increased over August, with the movement for feeder lambs 34.6 per cent greater and that for feeder cattle and calves 30.0 per cent smaller than during the corresponding month of 1925.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	SEPT. 11 1926	AUGUST 1926	JULY 1926	AUGUST 1925
Native Beef Steers (average) \$10.30	\$9.50	\$9.40	\$12.10	
Fat Cows and Heifers.....	6.35	6.80	6.75	6.20
Hogs (bulk of sales).....	11.75	11.55	12.65	13.15
Yearling Sheep.....	11.00	10.80	11.30	11.25
Lambs (average).....	14.35	14.10	14.15	14.80

Meat Packing—Slaughtering establishments in the United States produced a slightly smaller quantity of meat and fat during August than in the preceding month. Employment for the last payroll in the period increased 0.9 per cent in number, 1.0 per cent in value, but declined 0.3 per cent in hours worked from the corresponding week of July. Domes-

tic demand continued a little draggy at the beginning of August, though broadening later. The total value of sales billed during the period to domestic and foreign customers by fifty-eight packers in the United States increased 3.8 per cent over July but declined 0.2 per cent from a year ago. Chicago prices for beef and smoked meat eased slightly in August, and those for lard and most pork declined; quotations remained about steady for lamb, strengthened somewhat for dry salt fat backs, while those for veal advanced over the July level. Prices for pork and lamb eased slightly; those for beef and veal showed little change during the early part of September. Inventories on September 1 reported for cold-storage warehouses and packing plants in the United States showed a recession in volume from the preceding month and from the five-year average for the date; stocks of beef, pickled pork, and miscellaneous meats declined from September, 1925, but holdings of lambs and dry salt pork increased; lard and frozen pork stocks were somewhat greater than a year ago or the 1921-25 average for September 1. Demand from England improved for hams, bellies, and a few other cuts; lard trade was moderately active at the beginning of the period, but declined during the last two weeks of the month. Continental trade increased for fat backs and short clear backs; inquiry for lard was rather quiet from that quarter during the first two weeks but improved later. The total tonnage of meat and lard forwarded in August by American packers for export gained slightly over July, owing largely to a tendency to build up consignment stocks for fall trade; clearances from United States ports also increased. European prices

Illinois output of bituminous coal increased in August for the third consecutive month, totaling 4,778,413 tons, as compared with 4,268,197 tons in July and 5,293,423 tons in August, 1925. There were 166 mines in operation in the state during the month, averaging 14.9 days' working time, while in the preceding month only 152 mines worked for an average of 14.5 days. Demand for domestic sizes of coal has continued to improve moderately since the latter part of August, although deliveries have been interfered with in

INDUSTRIAL EMPLOYMENT CONDITIONS

Reports from industrial plants for August indicate that while there has been considerable readjustment in various industries in volume of employment, the aggregate remains practically the same as a month earlier. Increases in metals and metal products, chemicals, and rubber products were balanced by corresponding decreases for vehicles, food, and leather products. Tanning as well as the manufacture of boots and shoes showed an upward trend, but recessions in various other leather products resulted in an aggregate decline for the group. Gains and losses under building materials practically offset one another. Additional employment in the manufacture of machinery, electrical apparatus, and agricultural implements contributed to the one per cent increase in the metals and metal products group, the first gain in five months.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED			WEEK ENDED		
	AUGUST 15 1926	JULY 15 1926	PER CENT CHANGE	AUGUST 15 1926	JULY 15 1926	PER CENT CHANGE
All groups (10).....	371,198	371,649	-0.1	\$9,665,431	\$9,398,949	+ 2.8
Metals and metal products (other than vehicles).....	148,821	147,297	+1.0	3,627,539	3,430,571	+ 5.7
Vehicles.....	38,023	39,471	-3.7	1,115,470	1,174,669	- 5.0
Textiles and textile products.....	26,417	26,570	-0.6	669,502	613,877	+ 9.1
Food and related products.....	50,720	51,768	-2.0	1,339,895	1,377,088	- 2.7
Stone, clay, and glass products.....	14,474	14,714	-1.6	432,788	421,428	+ 2.7
Lumber and its products.....	32,018	31,618	+1.3	784,776	719,348	+ 9.1
Chemical products.....	10,626	10,195	+4.2	281,376	264,985	+ 6.2
Leather products.....	17,238	17,560	-1.8	402,080	393,157	+ 2.3
Rubber products.....	3,200	3,068	+4.3	82,933	74,294	+11.5
Paper and printing.....	29,661	29,388	+0.9	929,072	929,532	- 0.0

for lard were a little under the Chicago basis, while those for meat continued about on a parity with our domestic market.

Dairy Products—The tonnage of butter manufactured in August by sixty-six creameries in the Seventh district declined 18.9 per cent from the previous month and increased 1.1 per cent over a year ago. A recession in both comparisons was indicated for the country as a whole in statistics issued weekly by the American Association of Creamery Butter Manufacturers. Sales of creamery butter billed to customers by sixty-eight companies in the district showed a decline of 14.7 per cent in quantity from July and an increase of 2.6 per cent over August, 1925. Receipts of American cheese at primary markets in Wisconsin, from factories within that state, aggregated 16.7 per cent less for the four weeks ended August 28 than for the preceding period, and were 19.1 per cent under a year ago; redistribution from those centers totaled 2.4 per cent and 1.1 per cent greater, respectively, in the two comparisons. A greater tonnage of cheese and seasonally smaller quantities of butter and eggs were received at Chicago during August than in July. Larger stocks of butter and cheese but a smaller volume of eggs were in cold-storage warehouses and packing plants in the United States on September 1 than at the beginning of August or a year ago; holdings exceeded the 1921-25 average for the date. Prices of dairy products averaged higher at Chicago during August than in July, and tended to strengthen during the early part of September.

COAL

certain sections by the heavy rains.

Data for August show that production of bituminous coal in the United States totaled 46,352,000 tons, representing a gain over July and over the corresponding month of the two preceding years; anthracite output was less in the comparison with the prior month and a year ago, but heavier than in 1924. Bituminous coal loaded into vessels at Lake Erie ports during August declined from the same month of 1925, though showing an increase over August, 1924.

The apparent increase in payrolls over July reflects a return to normal business after the usual seasonal vacation and inventory period, rather than an expansion in industrial activity. Exceptions are the gains in textiles and in leather products, where there were no corresponding losses the month before. The heavy decline noted in the vehicles group for July continued during August.

The volume of employment outside of factories also remained fairly constant. Thus, while distributive industries, retail and wholesale, showed some recession, public utilities and coal mining reported increases, and building activity continued undiminished. The ratio of applicants to positions at the Illinois free employment offices declined from 139 per cent to 131, while for Indiana the ratio was 83 per cent as against 92 the previous month.

MANUFACTURING ACTIVITIES AND OUTPUT

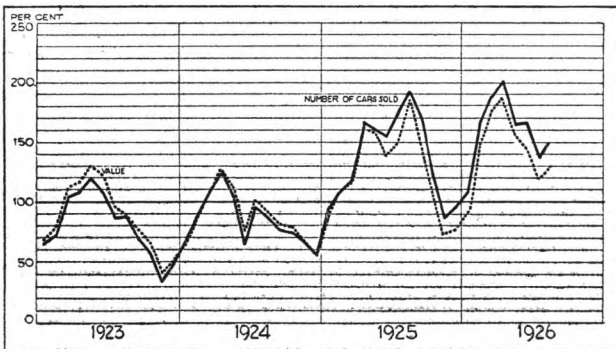
Automobile Production and Distribution—The number of passenger automobiles manufactured in the United States during August totaled 379,111, representing an increase of 20.0 per cent over the preceding month and of 75.4 per cent over August, 1925. Output of trucks aggregated 45,283, as compared with 39,592 in July and 36,364 in the corresponding month a year ago.

Retail sales of new cars in the Middle West declined in August for the third successive month, while wholesale distribution showed an increase in the month-to-month comparison for the first time since April, according to reports furnished this bank by representative dealers and distributors. Decreases in the number and value of cars sold at wholesale were recorded in the comparison with August, 1925, and the number and value of retail sales was higher. Stocks gained over the preceding month and a year ago. Deferred payment sales of thirty-six firms averaged 38.8 per cent of their total retail sales in August, as compared with 49.0 per cent in July and 45.8 per cent in the corresponding month of 1925.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1926	AUGUST 1925	JULY 1926	AUGUST 1925
Changes in August, 1926, from previous months				
New cars				
Wholesale—				
Number sold	+ 1.8	—15.0	40	39
Value	+ 4.0	—19.9	40	39
Retail—				
Number sold	—13.4	+10.2	88	57
Value	— 0.8	+ 2.2	88	57
On hand August 31—				
Number	+ 6.1	+15.8	60	59
Value	+ 5.2	+18.8	60	59
Used cars				
Number sold	—15.0	+13.6	90	59
Salable on hand—				
Number	— 3.3	+40.4	60	59
Value	+ 3.5	+43.6	60	59

MIDWEST AUTOMOBILE DISTRIBUTION Sales at Wholesale—34 Firms



Monthly average 1923-1924-1925=100. Latest figures, August, 1926; Value, 130; Number, 150.0.

Agricultural Machinery and Equipment—As compared with July, the aggregate value of agricultural machinery and equipment billed in August to domestic and foreign customers by one hundred two manufacturers in the United States increased 6.9 per cent for the tractor, thresher, and combined harvester group, 1.7 per cent for all other (exclusive of barn supplies and pumps), and 12.4 per cent for barn equipment, but declined 5.4 per cent for agricultural pumps. Gains of 4.5 per cent for the light group, 13.4 per cent for heavy machinery, 24.6 per cent for barn equipment, and 0.6 per cent for pumps were shown in the comparison with a year ago.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1926	AUGUST 1925	JULY 1926	AUGUST 1925
Changes in August, 1926, from previous months				
Domestic sales billed.....	— 3.9	+9.0	102	102
Sales billed for export.....	+63.3	+6.6	54	54
Total sales billed.....	+ 4.0	+8.6	102	102
Production	+ 2.2	+9.5	98	98

Sales based on value. Production computed from average employment during the month.

Iron and Steel Products—As reflected in shipments, specifications, and new orders, activity in the steel industry of this district during August was maintained at approximately the July rate, and continued better than usual for the season; in certain instances shipments were the largest of any month this year. Unfilled orders of the United States Steel Corporation on August 31 totaled 3,542,335 tons, a decline of 60,187 tons from those on the books at the close of July, but a slightly larger amount than a year ago. Steel ingot production in the United States for August was the largest since April, the daily output averaging 154,022 tons, compared with 140,425 tons in July and 131,577 in the corresponding month of 1925. Pig iron output declined in the daily average for the fourth successive month, but was heavier than in August, 1925 or 1924.

Following a slight decline on September 1 from \$37.61 to \$37.58 in the composite average price of fourteen iron and steel products (*Iron Trade Review*) gains were recorded in the three succeeding weeks; the figure on September 22 stood at \$37.86, which compares with \$37.40 on September 23 a year ago. There has been little change in scrap metal prices at Chicago during the past month.

The majority of twenty-six iron and steel casting foundries sending August reports to this bank, showed heavier shipments than in the preceding month, but the aggregate value and tonnage declined; gains were recorded in the comparison with a year ago. Production was less than in July but higher than in August, 1925. Shipments of stove and furnace manufacturers were much heavier than in either July or the corresponding month of last year, and production increased; orders booked were larger than in the preceding month but below August last year.

Shoe Manufacturing, Tanning, and Hides—Operations at shoe factories in the Seventh district showed the customary increase in volume during August over July, and were at a higher level than a year ago, according to a compilation made from the reports of thirty-two companies. Shipments slightly exceeded current production. Inventories reported for September 1 by twenty-eight of the manufacturers were equivalent to 64.9 per cent of the quantity of shoes forwarded by those firms to customers during the previous month. Unfilled orders reported by twenty-three companies were equivalent to approximately five and one-half weeks' business at the current rate of distribution.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1926	AUGUST 1925	JULY 1926	AUGUST 1925
Production	+27.1	+10.0	32	32
Shipments	+25.9	+10.4	32	32
Inventories	— 5.5	+ 1.0	28	28
Unfilled orders	—18.6	+27.2	23	23

A majority of the reporting tanneries in the Seventh district showed a gain in the production of leather over July and a year ago; the total value of sales billed to customers also increased in both comparisons. Demand for belting was greater than in July but under that for the corresponding month of 1925; sales of harness continued about on a level with July. Quotations for leather held steady.

A smaller number of packer green hides and calf skins was sold at Chicago during August than in the previous month; the volume of receipts and shipments also showed a recession. Hide prices ranged from steady to slightly firmer.

Furniture—In comparison with July, orders booked during August by nineteen furniture manufacturers in the Seventh district declined 24.1 per cent; they also totaled 7.6 per cent below the volume of August a year ago, but were 27.9 per cent heavier than in the corresponding month of 1924. Shipments showed a seasonal gain, totaling 13.3 per cent more than in the preceding month. The amount forwarded averaged 0.8 per cent below August, 1925, and 24.7 per cent above the same month of 1924. Shipments aggregated slightly less than new orders booked, but the cancellations received brought unfilled orders on hand at the end of August to 3.3 per cent less than the amount held on July 31; a decline of 4.7 per cent was recorded from

August, 1925. As was the case in July, operations increased in the month-to-month comparison and showed a reduction from the corresponding month of a year ago.

Raw Wool and Finished Woolens—Through the greater part of August, demand for wool remained dull, although dealers in this district report sales in excess of August, 1925. During the last week in the month and since the first of September, the situation has shown more activity, with a larger number of mills in the market and these buying in greater quantities. Prices were maintained on a fairly even basis during August, with a few cases of slight easing, but have shown signs of renewed strengthening since September 1. The Australian and London sales opened firm; foreign markets are still on a higher level than domestic. Makers of finished materials have been booking a conservative amount of advance business since the spring openings in August, which were on a price basis approximately 10 per cent below last year.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

The demand for lumber continued in fair volume during August, with sales by both manufacturers and wholesalers averaging somewhat higher than for July. A marked decline from a year ago, however, has been reflected in the sales of manufacturing and wholesale concerns for several months past. For twenty-one reporting wholesalers and manufacturers, aggregate sales were 2.2 per cent over the previous month and 12.1 per cent below last year's figures. Collections were good, and the ratio of outstanding accounts to sales fell to 117 per cent in comparison with 122 the month before and a year ago. Stocks on hand were about as large as at the close of July, but were below last year's volume.

At retail yards, sales were on a lower level than in either July or a year ago. Reports for two hundred twenty-one yards showed a decrease of 2.3 per cent in the month-to-month comparison, and of 6.5 per cent from August, 1925. Outstanding accounts at these yards showed some increase, registering 313 per cent of sales, as against 295 the previous month and 305 at the close of August, 1925. Stocks registered little change during the month, but were slightly lower than a year ago.

Reports for the United States on production and shipments of cement indicate a slight recession in activity in this industry, although operations are still considerably greater in volume than a year ago. Stocks, which were reduced 9 per cent during the month, are about 30 per cent larger than at the end of August last year. In the brick industry, also, operations showed some decline, both in the comparison with July and with the corresponding month a year ago. Production is still high, however, and stocks have greatly increased.

Building Construction—Contracts awarded during August in the Seventh Federal Reserve district were 20.2 per cent in excess of the July valuation and 62.2 per cent larger than the August, 1925, figure. The awards totaled \$128,213,256, of which amount \$40,621,180, or about 32 per cent, was for residential construction. The permits issued in fifty cities of the district also reflected a gain in both the monthly and yearly comparison, the estimated valuation gaining 11.5 per cent over July and 16.0 per cent over August, 1925. The number of permits issued was very slightly below the previous month and practically the same as last year. In the five larger of the reporting cities, the gain in estimated cost over a year ago was proportionately less than in the smaller cities.

MERCHANDISING CONDITIONS

Wholesale Trade—Reporting shoe dealers in this district, and with three exceptions dry goods houses, sold a larger volume during August than in July, the sales index of the latter reaching a high point for 1926, and of the former within 10.0 per cent of the March peak. In the hardware and grocery groups, two-thirds of the firms registered declines from July, averaging, however, nominal decreases as compared with more marked reductions last year. In drugs the declines by all but one dealer reflect the first July-August drop in the six years (since 1921) of the index series. In comparison with August, 1925, half the grocery group and the majority of drug, dry goods, and hardware firms indicated smaller trade this year; in shoe sales gains by six dealers were offset by three declines.

Collection comparisons show declines from July for all groups, and for all except groceries from a year ago. The volume of outstandings advanced during the month for forty-six firms and declined for thirty, group increases ranging from 0.2 per cent in drugs to 14.1 per cent in shoes; hardware accounts aggregated the same as last year, grocery 3.5 per cent higher, and the others lower.

Stocks held by shoe dealers at the end of August equaled July 31 totals, were 5.0 per cent higher for grocery firms, and showed declines of 2 per cent in hardware and drugs, and 3 per cent in dry goods. All except one dealer in the last-named group and the majority of hardware firms were inventoried lower than a year ago, while two-thirds of the grocery and half the drug firms were carrying heavier stocks this year.

Department Store Trade—Over half the department stores reporting August sales to this bank registered declines from July, and nearly as many showed decreases from a year ago; the total group, however, averaged a gain of 6.3 per cent in the former comparison and 6.9 in the latter. Cumulative sales since January 1 are larger than for the corresponding eight months of 1925 for forty-eight and smaller for thirty-three stores, and aggregate 7.5 per cent higher.

With four exceptions August collections fell below the July receipts, sixty-five stores averaging a drop of 16.4 per cent; accounts outstanding for the same group, nevertheless, totaled practically the same on August 31 as at the

beginning of the month. In comparison with collections a year ago, forty-one increases and twenty declines averaged a gain of 8.7 per cent, while their ratio of 35.0 per cent to receivables on the books July 31 compares with 36.5 per cent last year.

Three-fourths of the firms made net additions to their stocks during August, inventories for sixty-two at the end of the month averaging 11.6 per cent higher than on July 31; outstanding orders in the same comparison advanced from 10.0 per cent of 1925 purchases to 11.3 per cent. The gain of 3.7 per cent over August 31, 1925, reflects pronounced increases in one of the large cities, as three-fifths of the firms were inventoried lower.

Retail Furniture Trade—For forty-one retail dealers in this district, sales of furniture, furnishings, and equipment during August approximated the same aggregate volume as a year ago, while installment sales reported by eighteen fell off 8.2 per cent. Gains over July amounted to 0.3 per cent for installment sales at fifteen houses, and 9.1 per cent for total sales at thirty-seven. Total collections gained 6.6 per cent over July for thirteen stores, and receipts on

installment accounts for eight firms 0.3 per cent; declines during August amounted to 1.3 per cent in the former comparison, and 2.4 per cent in the latter. Accounts on the books of fourteen firms on August 31 were 1.8 per cent higher than on July 31 or a year ago. General reductions in stocks during August were offset by marked increases at a few stores, raising the total held on August 31 by twenty-three to 7.2 per cent above the July 31 inventories, and 5.4 per cent over a year ago.

Retail Shoe Trade—The dollar volume of shoes sold during August by forty-four reporting retailers in this district was within 4.3 per cent of the July sales, twenty dealers registering gains and twenty-four declines. The increase of 7.0 per cent over August, 1925, for forty-one dealers reflects individual gains for about half. Aggregate stocks held at thirty-four stores on August 31 were 7.7 per cent higher than at the close of July, only five firms making net reductions during the month. Accounts outstanding for nineteen firms on August 31 amounted to 82.9 per cent of the month's sales, compared with 82.0, the corresponding July ratio. August collections were smaller than those of the preceding month.

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	Aug. 1926	July 1926	Aug. 1925	July 1925	No. of Firms	Aug. 1926	July 1926	Aug. 1925	July 1925				
Meat Packing—(U. S.)—						Wholesale Trade—								
Sales (in dollars) ¹	62	114.6	110.5	113.2	114.1	Net Sales (in dollars):								
Casting Foundries—						Groceries								
Shipments (in dollars).....	27	73.2	76.5	72.7	73.7	41	76.3	77.1	69.9	75.5				
Stoves and Furnaces—						Hardware								
Shipments (in dollars).....	14	99.3	68.5	90.1	69.5	19	101.7	102.0	100.5	107.3				
Agricultural Machinery & Equipment—(U. S.)—¹						Dry Goods								
Domestic Sales (in dollars).....	113	146.5	156.8	127.2	140.7	13	84.5	72.1	95.9	78.0				
Exports (in dollars).....	72	181.3	126.0	147.2	136.8	14	95.1	97.0	103.7	95.8				
Total Sales (in dollars).....	113	154.1	153.6	131.1	139.9	11	44.9	33.7	45.8	33.0				
Production	109	137.0	136.5	109.7	106.6	Retail Trade (Dept. Stores)—								
Agricultural Pumps—(U. S.)—¹						Net Sales (in dollars):								
Shipments (in dollars).....	19	125.0	120.2	124.5	117.0	7	107.9	115.0	111.1	116.0				
Furniture—²						Chicago								
Orders (in dollars).....	20	135.8	179.6	146.1	168.2	4	151.6	136.3	130.6	114.2				
Shipments (in dollars).....	20	146.9	130.4	148.6	121.6	4	103.1	98.9	100.0	89.4				
Shoes—³						Des Moines								
Production (in pairs).....	34	113.2	89.0	103.1	85.7	5	109.6	105.3	106.6	107.7				
Shipments (in pairs).....	34	121.5	96.1	110.0	91.3	5	120.0	118.1	114.2	117.2				
Electric Energy—						Outside								
Output of Plants (KWH).....	8	201.0	187.2	171.8	167.8	39	95.4	87.5	95.1	82.1				
Industrial Sales (KWH).....	8	269.2	242.7	222.9	212.7	64	120.3	113.3	112.5	104.9				
Flour—						Retail Trade—(U. S.)—								
Production (in bbls.).....	35	118.0	110.1	110.7	110.5	Department Stores.....								
Output of Butter by Creameries—¹						359					105	99	98	95
Production	77	123.5	145.8	127.3	142.9	Mail Order Houses.....								
Sales	77	113.7	132.2	111.7	132.9	4					98	98	89	87
Automobiles—						Chain Stores:								
Distribution in Middle West—¹						Grocery								
New cars—Wholesale—Number sold....						27					295	333	243	259
Value	34	150.0	138.9	191.0	172.7	Drug								
New cars—Retail— Number sold....						9					195	198	171	166
Value	52	99.4	112.9	95.9	109.4	Shoe								
New cars—On hand—Number						6					122	145	120	122
Value	45	79.1	73.6	69.6	68.2	Five and Ten Cent.....								
Used cars— Number sold....						5					204	206	195	183
Used cars—On hand—Number						5					194	210	202	181
Value	43	133.3	150.7	110.7	131.1	Music								
Production (U. S.): Passenger cars....						4					121	108	128	104
Trucks	43	94.8	89.6	79.7	72.3	Cigar								
Freight Carloadings—(U. S.)—						5					148	155	142	136
Grain and Grain Products.....	145.5	149.3	140.9	117.3	Stamp Tax Collections—⁵									
Live Stock	89.4	84.5	92.0	84.4	Sales or Transfers of Capital Stock.....									
Coal	117.5	112.8	121.0	108.1	254.9						201.7	124.6	136.6	
Coke	126.7	127.3	108.0	103.8	Sales of Produce on Exchange—Futures									
Forest Products	123.9	121.2	125.1	121.9	U. S. Primary Markets— ⁶									
Ore	208.0	203.6	167.6	177.7	77.3						48.6	59.0	83.6	
Merchandise and Miscellaneous.....	143.8	141.6	140.7	138.6	Grain Receipts:									
Total	137.7	135.0	134.5	129.4	Oats									
Iron and Steel—						126.0						47.9	263.4	85.6
Pig Iron Production: ⁴						Corn								
Illinois and Indiana.....	156.6	162.4	123.4	126.4	77.0						89.4	117.9	65.1	
United States	123.2	124.1	104.1	102.6	Wheat									
Steel Ingot Production—(U. S.) ⁴	136.6	124.5	116.8	105.3	224.9						248.0	139.6	132.8	
Unfilled Orders U. S. Steel Corp.....	59.1	60.1	58.6	59.0	Grain Shipments:									
					Oats									
					49.5						59.2	100.2	95.4	
					Corn									
					60.0						68.9	62.2	70.2	
					Wheat									
					110.8						91.0	85.3	74.3	
					Building Construction—									
					Contracts Awarded (in dollars):									
					Residential									
					252.7						217.0	206.3	168.8	
					Total									
					233.3						194.1	143.8	126.0	
					Permits:									
					Chicago									
					Number						223.0	291.1	258.5	280.7
					Cost.....									
					391.8						292.3	357.7	328.2	
					Indianapolis									
					Number						258.3	235.4	262.3	257.5
					Cost.....									
					242.9						232.2	154.4	214.0	
					Des Moines									
					Number						115.7	103.9	172.5	199.0
					Cost.....									
					134.2						146.8	73.0	121.3	
					Detroit									
					Number						216.3	227.9	206.4	226.0
					Cost.....									
					208.5						235.1	223.6	271.1	
					Milwaukee									
					Number						199.6	198.7	208.3	202.5
					Cost.....									
					186.0						238.8	160.0	180.9	
					Others (45)									
					Number						234.6	224.0	225.0	225.9
					Cost.....									
					248.6						219.0	164.9	198.4	
					Fifty Cities									
					Number						221.5	223.6	221.7	227.0
					Cost.....									
					277.7						247.4	239.4	256.7	

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.