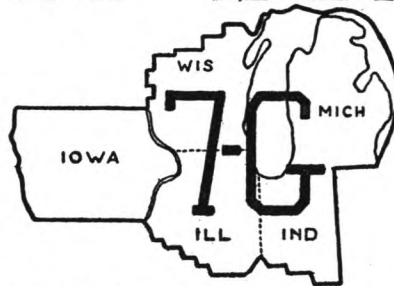


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 9, No. 11

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November 1, 1926

BUSINESS CONDITIONS IN THE UNITED STATES

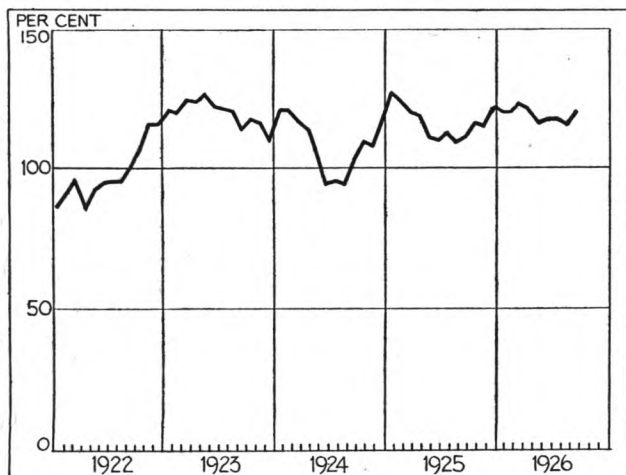
INDUSTRIAL and trade activity increased in September and is at present in considerably larger volume than in midsummer. The price of cotton has declined sharply within recent weeks, while prices of most groups of commodities have advanced. Volume of bank credit has increased seasonally, and money rates have remained firm.

PRODUCTION—Production in basic industries and factory employment and pay rolls, according to the Federal Reserve Board's indexes, after changing but little for about four months, advanced in September to the highest points since last spring. The increase has been particularly large in textile mill activity. Consumption of cotton has increased considerably, woolen mill activity is the largest since January, and employment has increased in nearly all branches of the textile industry. Iron and steel production was maintained from early in August until the latter part of October at a level higher than for the corresponding period of previous years. Automobile output was reduced in September but continued larger than a year ago. Mining of coal has steadily increased since midsummer, and the weekly run of crude petroleum from wells in October reached the highest level since June of last year.

Building contracts awarded during August and September were only slightly smaller in value than the awards for the corresponding period of last year and in the first half of October far exceeded those of a year ago. A substantial decline in contracts for residential structures has been largely offset by increases in awards for industrial and engineering projects. The Department of Agriculture's October 18 estimate placed cotton production at 17,454,000 bales, an increase of about three-quarters of a million over the estimate made on the first of the month and 1,350,000 bales more than last year's crop.

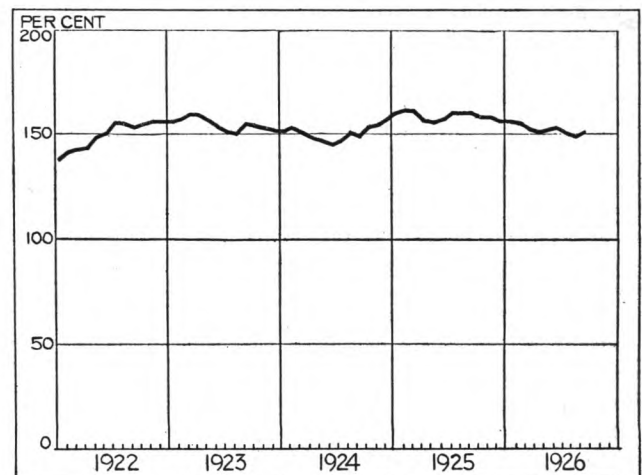
TRADE—Wholesale and retail trade increased in September and was slightly larger than last year. Inventories of department stores increased slightly more than is usual in September, and at the end of the month were in about the same volume as a year ago. Railroad freight car loadings reached new high weekly records in September, and shipments were maintained during the early weeks of October in much larger volume than in previous years. A great part of the increase as compared with last year is due to shipments of coal and ore, but loadings of manufactured commodities have also been larger.

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities, adjusted for seasonal variations (1919=100). Latest figure, September, 1926: 121.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, September, 1926: 150.5.

Compiled October 26, 1926

PRICES—The general level of wholesale prices advanced slightly in September and October, notwithstanding the drop in the price of cotton to the lowest level since 1921. The Bureau of Labor Statistics index of wholesale prices was about one per cent higher in September than in August, reflecting advances both in agricultural and in non-agricultural commodities. In recent weeks prices of corn, nonferrous metals, and paper have declined, while prices of live stock, meats, poultry and dairy products, and bituminous coal have increased.

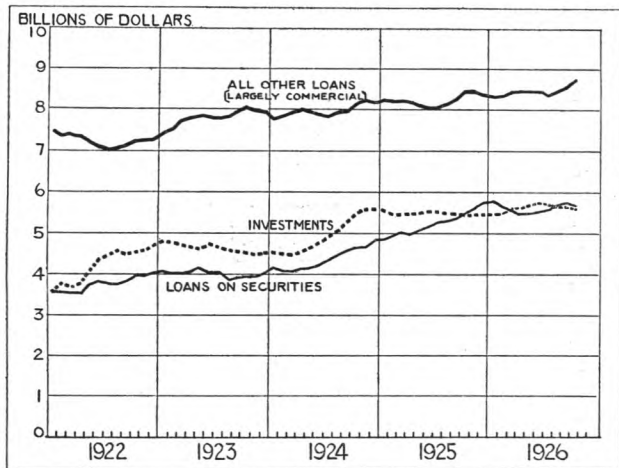
BANK CREDIT—Between September 22 and October 20 the seasonal increase in the demand for credit for agricultural and commercial purposes was reflected in a continued growth in the commercial loans of member banks in leading cities. Loans on securities and holdings of in-

vestments declined, but the banks' total loans and investments were about \$60,000,000 larger on October 20 than four weeks earlier.

At the reserve banks, the volume of member bank borrowing, after considerable fluctuations in response to temporary conditions, was in October at about the same average level as in September. There was little change in the banks' holdings of United States securities, while acceptance holdings continued to increase, as is usual at this season.

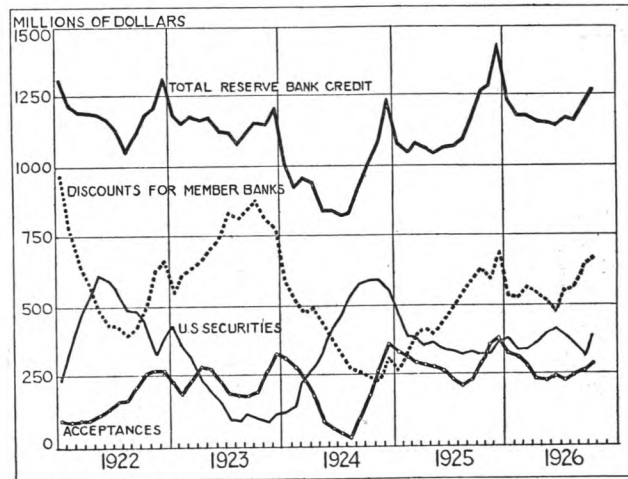
Except for a temporary firming around the first of October, there has been little change in the condition of the money market. Rates on commercial paper and on acceptances have remained at the levels established in September.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly report dates in October, 1926: All Other Loans, 8,740 million; Loans on Securities, 5,659 million; Investments, 5,589 million.

FEDERAL RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve Banks. Latest figures, averages for first 22 days in October, 1926: Total Reserve Bank Credit, 1,266 million; Discounts for Member Banks, 666 million; Acceptances, 289 million; U. S. Securities, 380 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

BUSINESS conditions are more varied at present than earlier in the season. Trade and industrial developments usual with the coming of the autumn period are abundantly apparent, but the heavy rains that prevailed extensively in the district for several weeks have added an uncertain factor to the situation.

The wet weather has deteriorated some of the crops as well as interfered with seeding and other farm activities, and in certain sections frosts have caused additional damage. Rains to a degree also have hampered retail trade and tended to retard collections; nevertheless, the total volume of goods distributed during September, both at wholesale and retail, showed considerable expansion over the preceding month. The decreases in automobile and farm machinery sales were outstanding exceptions, and like the recession in sales and production of dairy products followed seasonal trends. The wool market, on the other hand, showed improvement, and the marketing of cattle reached a volume unusually large for September, with resultant broadened activity at slaughtering plants. On the whole, industry added somewhat to the number employed, but with aggregate payrolls slightly reduced.

These various fall activities have increased the demand for funds and tended to strengthen rates in some areas. Holdings of bankers' acceptances were enlarged, although the volume of bills accepted during September was the smallest in several years, and reported commercial paper

sales were light for the season. Other changes in the money situation during September were the decline in the amount of check payments, the slight increase in savings deposits, and the temporary slowing down in the bond market.

CREDIT CONDITIONS AND MONEY RATES

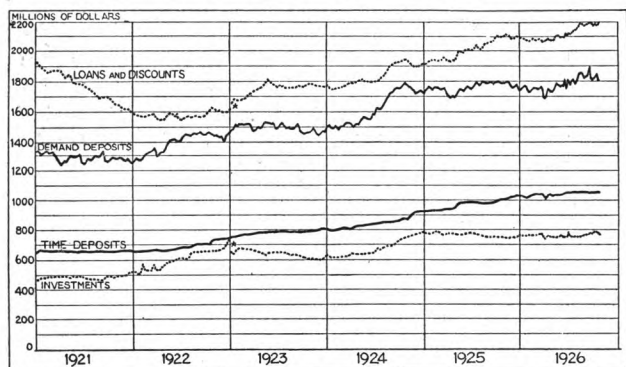
Autumn credit requirements in the district have resulted in a moderate increase in demand for accommodation at many banks, especially in Chicago where rates have firmed about one-fourth of one per cent in recent weeks and are quoted as follows: Commercial paper $4\frac{1}{2}$ to 5 per cent, collateral loans 5 to $5\frac{3}{4}$ per cent, and customers' over-the-counter loans 5 to $5\frac{3}{4}$ per cent. Other sections of the district report seasonal developments in the credit situation, loans for cattle feeding showing considerable expansion at some banks in western sections of the district. Other than in Chicago, however, rates remain fairly stable. The average rate earned on loans and discounts by ten of the larger Chicago banks in September was 4.94 per cent, compared with 4.86 per cent in August and 4.80 per cent in September, 1925, and for six Detroit institutions amounted to 5.32 per cent, as against 5.34 a month ago and 5.19 in the corresponding month of 1925. In the latter city the prevailing rate on commercial loans during the week ended October 15 was given as $4\frac{1}{2}$ to 6 per cent, unchanged from the corresponding week in September.

Total reserves of the Federal Reserve Bank of Chicago have fluctuated since September 15; on October 6 they

dropped to the lowest point since July 6 but on October 15 rose to \$413,526,000, a figure about five million less than a month previous. On October 20 the figure was \$387,507,000. Total bills and securities, reflecting a higher level of bills discounted, on October 6 touched the highest point (\$183,440,000) since March 31 (\$186,870,000), followed by small declines on October 13 and 20, amounting on the latter date to \$173,788,000. The increasing volume of Federal Reserve notes in circulation has been continued in recent weeks; the \$213,870,000 on October 13 constituted the largest aggregate since October 1, 1924 (\$215,109,000).

With the exception of a moderately rising trend of loans by Chicago reporting member banks on collateral other than government securities and stocks and bonds, loans and discounts of reporting member banks in the district have stood at the same general level in recent weeks as during the month of August. Following the high point of \$2,199,300,000 on September 15, the volume has shaded off somewhat, subject, however, to considerable fluctuation from week to week, on October 20 amounting to \$2,191,176,000, a rise of about sixteen million from the prior week. Investments since the middle of September have considerably exceeded the amounts reported since the end of June; \$783,361,000 on October 13 compared with \$781,221,000 September 15, and \$760,281,000 on August 18. A drop of about \$20,000,000 October 20, however, brought them to approximately the September 1 volume. Net demand deposits of reporting members showed a marked shrinkage in volume following a high point of \$1,897,464,000 September 15, but the first two reporting dates in October indicate a rising tendency, \$1,841,457,000 on October 13 comparing with \$1,819,376,000 the preceding week and \$1,805,536,000 September 29. The October 20 figure, however, (\$1,801,516,000) was the lowest shown since July 28. On October 20 time deposits were shown as \$1,056,879,000, a drop of about one million from the preceding week and a gain of approximately six and one-half million over September 15.

POSITION REPORTING MEMBER BANKS—7TH DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, October 20, 1926, in thousands of dollars: Loans and Discounts, 2,191,176; Demand Deposits, 1,801,516; Time Deposits, 1,056,879; and Investments, 763,131.

Commercial paper rates continued to strengthen during September: the majority of reporting dealers in this district indicated $4\frac{3}{4}$ for high and $4\frac{1}{4}$ for low, with customary ruling at $4\frac{1}{2}$. Sales were small for this time of year, the group of eleven averaging 38.0 per cent below September, 1925, and ten—for which comparable 1924 data are available—31.1 per cent less than two years ago. The drop of 17.8 per cent from August and the further falling off since October 1 are traceable in part to high call money and other investments attracting funds. For five dealers the amount of paper outstanding on September 30 was 3.8 per

cent smaller than on August 31, and 18.8 per cent below a year ago; two firms showed advances and three declines in both comparisons. Outstandings reported by twenty-six dealers throughout the country dropped to \$612,058,000, a new low.

Average weekly purchases by six dealers operating in the Chicago open bill market from September 16 to October 20 were 32.2 per cent heavier than in the preceding period. Total sales in the same comparison increased 63.1 per cent, those to out-of-town banks dropping 62.3 per cent, but sales to the Federal Reserve bank, to local banks, and to others making pronounced gains. Transactions covered principally grain, packing-house products, cotton, pig iron, skins, and tobacco. Rates on all classes of paper were the same as at the close of the preceding period, with ninety-day maturities at $3\frac{7}{8}$ continuing in best demand. The volume of bills held on October 20 was 52.0 per cent in excess of holdings on September 15.

The volume of bills accepted during September by fifteen reporting banks in this district averaged 26.9 per cent below the August amount and 26.4 per cent less than a year ago. Acceptances reported since October 1 have been principally for storage, for exports of meats, lard, grain, and cotton, and for imports of tea and coffee. Purchases during September were 12.5 per cent less than in the preceding month, and sales 57.7 per cent lower; both items showed declines from September, 1925. For the majority of banks their amount of liability as acceptors for acceptances outstanding advanced during the month, the September 30 total averaging 15.2 per cent above August 31; the gain of 4.2 per cent over September 30, 1925, reflects ten increases and three declines. Banks were holding about the same volume of their own bills at the close of September as at the beginning of the month, but other holdings had increased pronouncedly. Holdings by the Federal Reserve Bank of Chicago reached \$39,717,259, a high point since March, 1925; September purchases of \$24,505,215 were the lowest in six months.

Agricultural Financing—Loans of nineteen Joint Stock Land banks outstanding in the five states including the Seventh district aggregated \$213,040,068 on September 30, about \$1,300,000 above the August 31 total, and more than \$28,000,000 in excess of September 30, 1925. Four Federal Land banks with loans outstanding in the same territory of \$176,778,854 on September 30, gained about \$900,000 over August 31, and recorded a rise of over \$19,000,000 compared with September 30, 1925. Four Federal Intermediate Credit banks showed a total of loans and discounts (including re-discounts) on September 30 of \$1,290,968, or \$45,000 less than August 31, and \$600,000 above the aggregate at the close of the corresponding month of 1925.

Volume of Payment by Check—Thirty-seven clearing house cities in the Seventh district showed aggregate volume of payment by check in September as \$5,478,568,000, a drop of 3.8 per cent from the August total and an increase of 1.9 per cent over September, 1925. A year ago the September aggregate exceeded the August figure by 3.5 per cent. The decline this year from the prior month reflects lowered volume of check payment in three of the larger cities, Chicago less by 5.7 per cent, Detroit by 4.3 per cent, and Indianapolis by 0.5 per cent, Milwaukee showing a rise of 1.5 per cent. The thirty-three smaller reporting centers increased over August 1.7 per cent, and over September, 1925, 4.3 per cent.

Savings—October 1 savings deposits of 219 reporting banks in this district totaled 0.2 per cent higher than at the beginning of September; individually, however, over half the banks registered decreases, and by states only Indiana

and Michigan made gains. The aggregate number of accounts was 0.3 per cent in excess of September 1, all states averaging increases.

Of 186 banks for which comparable 1925 data are on record, 105 reported heavier deposits this year; for the group the advance amounted to 1.7 per cent, gains in four states offsetting the Illinois drop. The increase of 2.9 per cent in number of accounts reflects state gains except in Iowa.

Bonds—The tightening of money around October 1 was reflected in a changed attitude in the bond market. Whereas

previously offerings had been quickly disposed of, both private investors and banks were reported hesitant about making purchases. Prices of domestic issues declined somewhat after the middle of September, while foreign bonds appreciated in price; German investments were in particular demand. Inventories were light during the latter part of September, but have been replenished since. Demand continues strong for first mortgage real estate bonds yielding 6 to 6½ per cent; September sales were exceptionally large, and activity was well maintained in October.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Frost late in September and during the first week of October stopped most of the plant growth of the 1926 crops in the greater portion of the Seventh district. A good percentage of the corn had reached maturity, but more favorable weather was needed to dry out the remainder, and indications pointed to the possibility of a larger ratio of soft corn to the total yield than in 1925. Wet weather interfered with the cutting of silage and the harvesting of other crops, caused some rotting and new growth in the late potatoes, injured pulled beans and unthreshed grain, and delayed the fall plowing. Winter wheat and rye seeding progressed slowly, so that it remained doubtful if all the intended acreage would be planted; the portion of the crop already sown, however, made fine progress. Weather conditions had become slightly more favorable for harvesting and fall seeding by the middle of October. Pastures are good throughout the district. Hog cholera has made some ravages in Iowa and Indiana, owing to the lack of serum and because of the delayed vaccination. The carry-over of old corn is reported greater than a year ago. The discovery this autumn of the European corn borer in counties bordering the edge of the corn belt in the eastern portion of the Seventh district has resulted in the inauguration of strenuous efforts to check its further progress in 1927.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av. 1921-25
	FORECAST 1926	FINAL 1925	FORECAST 1926	FINAL 1925	
Corn	900,748	1,096,997	2,679,988	2,905,053	2,849,189
Oats	502,494	593,459	1,282,414	1,511,888	1,326,916
Winter Wheat	65,280	53,673	626,482	395,558	548,847
Spring Wheat	3,186	2,287	213,336	270,875	252,959
Potatoes (white)	58,678	50,852	350,821	325,902	396,469
Tobacco*	39,269	45,210	1,293,918	1,374,400	1,289,699

*In thousands of pounds.

Grain Marketing—Receipts of wheat for September at interior primary markets in the United States showed a recession of about 32 per cent in quantity from the preceding month and were under the corresponding period last year, owing to the unusually heavy movement of the grain during July and August this season. A delay in threshing together with a lower production accounted for the decline in the marketing of oats in both comparisons. Arrivals of corn, however, slightly exceeded those for both August and a year ago. Reshipments of the three grains were smaller than in the previous month or September, 1925. The tonnage of wheat, corn, and oats handled at the above-mentioned terminals totaled nearly 38 per cent less than the 1921-25 September average. Visible supplies of grain in the United States, with the exception of corn, showed a seasonal gain on October 9 over a month ago; the stock of wheat, corn, and rye was considerably heavier and that of oats and barley much lighter than for the corresponding week of 1925. Chicago grain prices trended upward after the middle of September; quotations for the month as a whole, however, averaged higher for wheat and lower for corn and rye than in August. Members of the Chicago Board of Trade contracted for smaller quantities of future

delivery grain during September than in August or a year ago.

Flour—Receipts and shipments of flour at and from Chicago declined in volume for September as compared with the preceding month, according to the Chicago Board of Trade statement; net receipts were heavier than in August. In the comparison with a year ago, receipts increased and shipments were smaller. The following table gives a summary of conditions at reporting mills in the Seventh district:

CHANGES IN SEPTEMBER, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1926	SEPTEMBER 1925	AUGUST 1926	SEPTEMBER 1925
Production (bbls.)	- 7.6	+ 2.3	33	33
Stocks of flour at end of month (bbls.)	- 3.8	+19.1	30	30
Stocks of wheat at end of month (bu.)	+ 2.5	+26.5	29	30
Sales (volume)	- 9.4	+10.6	15	15
Sales (value)	- 4.3	- 0.5	15	15

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

Movement of Live Stock—The marketing of cattle from the ranges and pastures was unusually heavy in September, in contrast to a small liquidation in the preceding month, and this accounted for bovine receipts at public stock yards in the United States reaching the highest levels since October, 1925, despite a seasonal falling-off in the volume of steers from the corn belt. The movement of lambs from ranges and inter-mountain states continued to increase during September, and the supply of corn-feds showed a seasonal recession; the total marketings were greater than for any month since October, 1924. Hog receipts gained slightly over August; the monthly arrivals since June have exceeded corresponding figures for last year. The volume of hogs tended to expand during the early part of October, while that of cattle and lambs remained seasonally heavy.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, September, 1926	297,390	574,265	332,658	95,355
Public Stock Yards in U. S. September, 1926	911,978	1,673,354	1,146,961	378,472
August, 1926	792,165	1,710,467	1,057,595	379,074
September, 1925	828,645	1,645,136	980,814	397,821

Reshipments to feed lots showed a large gain in September over the previous month and a year ago; the total movement for August and September aggregated 30.8 per cent greater for lambs and 2.3 per cent larger for cattle and calves than for the corresponding two-month period of 1925.

AVERAGE PRICES OF LIVE STOCK

(PER HUNDRED POUNDS AT CHICAGO)

	WEEK ENDED		MONTHS OF	
	OCT. 16 1926	SEPT. 1926	AUGUST 1926	SEPT. 1925
Native Beef Steers (average)	\$10.35	\$10.50	\$ 9.50	\$11.70
Fat Cows and Heifers	6.25	6.60	6.80	5.90
Hogs (bulk of sales)	12.30	12.05	11.55	12.40
Yearling Sheep	10.25	10.30	10.80	11.50
Lambs (average)	13.45	13.75	14.10	15.10

Index numbers based on the 1921-25 average, corrected for seasonal fluctuations, and compiled by the Department of

Stock Economics, International Live Stock Exhibition at Chicago, show the volume of inspected slaughter as 107, the price for all live stock as 123, and the total value of the slaughter as 132 for September, compared with similar indices of 105, of 116, and 122, respectively, for August.

Meat Packing—The quantity of meat produced in September at slaughtering establishments in the United States was greater than in the previous month, while payrolls reported for the last week of the period showed increases of 2.4 per cent in number of employees, 1.4 per cent in total hours worked, and 1.8 per cent in aggregate value over corresponding figures for August. A brisk domestic demand developed early in September for fresh and frozen pork and then slackened somewhat at the close of the period; trade was active for smoked, pickled, and dry salt meats but remained fair for lard. Beef and lamb moved into consumption channels in good volume throughout the entire period; distribution, however, failed to absorb all the current offerings after mid-month. The aggregate value of sales billed during September to domestic and foreign customers by fifty-two packers in the United States increased 8.1 per cent over August and 4.5 per cent over a year ago. Chicago quotations for lamb, mutton, and most pork products averaged somewhat lower for September than for the preceding month; beef firmed slightly, and veal advanced. Pork prices eased during the early part of October; beef, mutton, and smoked meat held steady; and quotations for lamb strengthened. Inventories at packing plants and cold-storage warehouses in the United States increased for beef and mutton and declined for the other products on October 1 compared with a month ago; holdings of each of the items were a little larger than for the corresponding date in 1925, and the total slightly exceeded the 1921-25 average for October 1.

The export business had not shown the usual pick-up expected for autumn and remained comparatively light during the greater part of September. Industrial conditions

in England and heavy importations of bacon to that country from the continent affected demand from the United Kingdom; trade on the continent remained only fair for most packing-house products from the United States, with the possible exception of fat backs. Owing to the slow demand abroad, most of the packers forwarded approximately the same tonnage in September for export as in August. Consigned stocks in European countries were reported moderate for October 1, and showed a slight increase in volume from the previous month. Prices of most items were a little under parity with those in the United States.

Dairy Products—Butter production in the Seventh district showed a seasonal recession during September of 14.2 per cent in volume from August, but was 13.6 per cent heavier than in September last year, according to a compilation made from the reports of fifty-nine creameries. Statistics issued weekly by the American Association of Creamery Butter Manufacturers indicate a similar trend for the country as a whole. Sales tonnage reported for September by sixty-one companies in the district aggregated 8.2 per cent under the preceding month, but was 5.2 per cent larger than in September, 1925. The quantity of American cheese supplied the Wisconsin primary markets by factories within that state totaled 12.3 per cent less for the four weeks ended October 2 than in the previous period, and was 15.2 per cent smaller than a year ago; redistribution from those centers decreased 5.6 per cent and 13.5 per cent, respectively, in the two comparisons. Chicago receipts of butter, cheese, and eggs declined seasonally from August and were under the 1923-25 September average. Inventories at cold-storage warehouses and packing plants in the United States showed a recession on October 1 from the previous month; stocks of butter increased over a year ago, while those for cheese and eggs declined; all holdings exceeded the 1921-25 October average. Chicago prices of dairy products continued to advance during September and the early part of October.

INDUSTRIAL EMPLOYMENT CONDITIONS

While a majority of the industrial groups of the district made slight additions to their employment during September, there was little accompanying increase in activity; time schedules were in many instances reduced, with a small drop in the aggregate payrolls. Industries representing approximately 390,000 workers reported an increase of 1.2 per cent in the number employed and a decline of 0.9 per cent in total payrolls. The most substantial gains were reported for the food products group where meat packing, canning, and confectionery showed considerable expansion. Increased employment at furniture and musical instrument factories contributed to a general gain in the lumber products group. Chemicals and rubber products also reported moderate increases in both men and payrolls.

In the metal products group where employment gained 0.6 per cent, payrolls declined 1.1 per cent owing to shorter hours. The vehicles group continued to show recessions, both men and payrolls declining one per cent. In textiles

there was an especially heavy reduction in payrolls, due to the closing of the busy season in men's clothing, while the women's clothing industry continued active. Cement, brick, and stone products registered losses in employment as did also the paper products group.

Reports on employment not classified as industrial indicate a curtailment in the public utilities and the construction industry. These were offset, however, by increased employment at the coal mines and in the distributive industries, both wholesale and retail. The ratio of applicants to positions in Illinois was 123 per cent, somewhat better than in August and on a par with 1925. At Indiana the ratio rose from 83 per cent to 91, approximating that at the close of July. Employment at Detroit, as reported by the Employers' Association of that city, was 4 per cent lower the first week of October than a month earlier, and 11.6 per cent below the corresponding week a year ago.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
	SEPTEMBER 15 1926	AUGUST 15 1926		SEPTEMBER 15 1926	AUGUST 15 1926	
All groups (10).....	388,231	383,655	+1.2	\$9,990,168	\$10,076,792	- 0.9
Metals and metal products (other than vehicles).....	154,088	153,139	+0.6	3,736,341	3,779,098	- 1.1
Vehicles	42,888	43,397	-1.2	1,268,480	1,280,772	- 1.0
Textiles and textile products.....	25,908	26,198	-1.1	583,418	654,652	+10.9
Food and related products	55,170	51,975	+6.1	1,447,413	1,366,976	+ 5.9
Stone, clay, and glass products	15,245	15,444	-1.3	455,394	459,567	- 0.2
Lumber and its products.....	33,124	32,406	+2.2	830,071	823,788	+ 0.8
Chemical products	10,806	10,687	+1.1	284,341	282,716	+ 0.6
Leather products	17,706	16,764	+5.6	378,815	394,219	- 3.9
Rubber products	3,206	3,200	+0.2	83,340	82,933	+ 0.5
Paper and printing	30,090	30,445	-1.2	922,555	952,071	- 3.1

COAL

The fourth monthly increase took place during September in output of bituminous coal in Illinois, the total amount mined aggregating 5,260,369 tons, as against 4,778,413 tons in August and 5,365,304 tons in September, 1925. The number of mines in operation in the state totaled 175 for the month, or an increase of nine mines over the preceding month, while the average number of working days rose from 14.9 to 16.0. Weather and road conditions have unfavorably affected domestic demand in recent weeks. Little change can be reported in the industrial situation.

In the United States, 48,976,000 tons of bituminous coal were mined during September; this amount represents an increase over August and over September a year ago, was larger than for any other month this year except January, and exceeded every September since 1920. Anthracite output for the month was also high, especially in comparison with September of previous years. For the season to the end of September, coal loaded into vessels at Lake Erie ports for distribution to lake ports considerably exceeded the total for the first nine months of last year and of 1924.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—The United States Department of Commerce reports that 350,811 passenger automobiles were manufactured in the country during September, a decrease of 29,447 from August but an increase of 86,956 over the corresponding month of 1925. Truck production in the United States gained slightly during September, rising from 45,368 in the preceding month to 46,312; the latter compares with 58,002 a year ago.

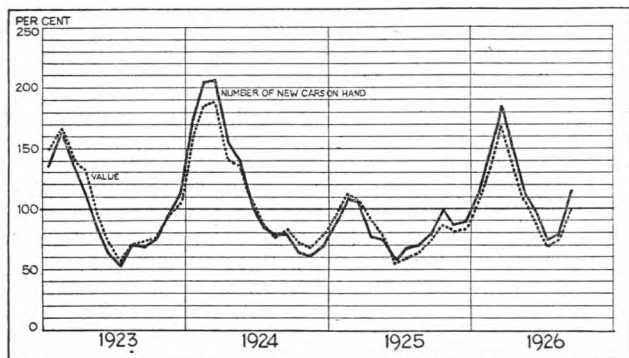
The fourth monthly decline took place during September in the retail sales of new cars by reporting dealers in the Middle West; the number and value were also less than a year ago. Distributors at wholesale reported a considerable falling-off in their sales from August, with a decline likewise recorded from last September. Stocks have increased decidedly over August 31 and are also heavier than on September 30, 1925. The used car situation shows no improvement, although sales continue somewhat larger than a year ago. Of the retail sales by thirty-nine firms reporting the item, 42.1 per cent were made on the deferred payment plan, as compared with 41.9 per cent for the same firms in August, and 44.1 per cent in September, 1925.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in September, 1926, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1926	SEPTEMBER 1925	AUGUST 1926	SEPTEMBER 1925
New cars				
Wholesale—				
Number sold	-32.5	-34.1	43	38
Value	-28.4	-30.0	43	38
Retail—				
Number sold	-24.7	-7.3	93	59
Value	-22.6	-13.9	93	59
On hand September 30—				
Number	+43.3	+52.0	65	61
Value	+36.1	+41.4	65	61
Used cars				
Number sold	-18.0	+11.6	94	60
Salable on hand—				
Number	+3.9	+35.7	63	59
Value	+3.1	+38.1	63	59

MIDWEST AUTOMOBILE DISTRIBUTION New Cars on Hand at End of Month—45 Firms



Monthly average 1923-1924-1925=100. Latest figures, September, 1926: Value, 98.2; Number, 114.3.

Agricultural Machinery and Equipment—The total value of the agricultural machinery and equipment sales billed in

September to domestic and foreign customers by ninety-one manufacturers in the United States declined 21.6 per cent from August for the thrasher-tractor-combined harvester group, 11.8 per cent for all other (exclusive of pumps and barn supplies), 17.3 per cent for barn equipment, and 12.7 per cent for agricultural pumps. As compared with a year ago, the declines were 2.7 per cent for the heavy group, 6.8 per cent for light machinery and 12.8 per cent for agricultural pumps, and the only increase 6.2 per cent for barn equipment.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in September, 1926, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1926	SEPTEMBER 1925	AUGUST 1926	SEPTEMBER 1925
Domestic sales billed.....	-17.9	-0.6	91	91
Sales billed for export....	-4.9	-20.0	48	48
Total sales billed	-15.6	-5.2	91	91
Production	+0.1	+7.2	86	86

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

Iron and Steel Products—Steel mills in the Chicago district report a continuance of good demand through September, and bookings for the fourth quarter indicate the maintenance of a satisfactory volume of business. An increase of 51,174 tons was shown in the unfilled orders of the United States Steel Corporation on September 30 as compared with August 31, the amount on hand totaling 3,593,509 tons. Average daily steel ingot production for the United States dropped from 154,022 tons in August to 151,180 tons in September, the latter a high rate, however, for this month. Pig iron output in September averaged greater in the daily rate for the country than in August, but for the Illinois and Indiana district was somewhat less.

The composite average price of fourteen leading iron and steel products, as compiled by *Iron Trade Review*, on October 20 was \$38.14, the highest figure since March 19, and comparing with \$37.61 on October 21 a year ago. Scrap metal prices at Chicago have shown a steadily declining trend since the middle of September.

Shipments of reporting iron and steel casting foundries in the district totaled less in September than in August, although the majority of firms showed increases; as compared with the corresponding month of 1925, the fourth successive gain was reported. Metal consumption also declined from the preceding month and increased over September last year. Stove and furnace manufacturers continue to report heavier shipments both in the monthly and the year-to-year comparison; orders booked during September were likewise larger in both comparisons; production increased over August and a year ago.

Shoe Manufacturing, Tanning, and Hides—September shipments of shoes by thirty-one factories located in the Seventh district totaled 10.4 per cent greater than production for the month; both items showed increases over August and a year ago. Inventories reported for October 1 by twenty-eight of the companies were equivalent in volume to 55.8 per cent of the quantity of shoes forwarded to customers by those firms during September. The unfilled

ers held by twenty-three concerns gave assurance of nearly five and one-half weeks' operations at the present rate of distribution.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1926	SEPTEMBER 1925	AUGUST 1926	SEPTEMBER 1925
Production	+ 7.4	+18.7	31	31
Shipments	+10.4	+14.7	31	31
Inventories	-12.0	- 7.3	27	27
Unfilled orders	+ 5.8	+17.1	23	23

Reports on volume of operations in the tanning industry were varied, some of the tanners in the district showing increases over August and the others declines; aggregate production was slightly heavier than in the preceding month or a year ago. Sales billed to customers by reporting tanneries in the Seventh district gained slightly in total value from August but were under the corresponding month a year ago. Prices held steady to slightly firmer.

The sales of packer green hides and calf skins increased at Chicago during September compared with the previous period; tanners in the district reported slightly greater purchases than in August. The local Board of Trade showed a decline in the tonnage of hides and skins shipped out of the city and an increase in the receipts for September. Quotations ranged from steady to slightly firmer.

Furniture—An increase of 6.2 per cent over August was shown in total orders booked during September by nine-

teen furniture manufacturers in the Seventh district, but the volume declined 2.2 per cent from the corresponding month of a year ago; in the comparison with September, 1924, a gain of 13.5 per cent was reported. September shipments exceeded the August volume by 10.8 per cent, were 6.2 per cent less than in September, 1925, and gained 9.5 per cent over the corresponding month of 1924. Shipments plus cancellations totaled larger than new orders, so that unfilled orders at the end of September showed a decline of 6.9 per cent from the amount on August 31; in comparison with September, 1925, they were 14.8 per cent less. The average rate of operations for fifteen manufacturers rose from 86.5 per cent of capacity in August to 89.7 per cent in September, which compares with 95.9 per cent a year ago.

Raw Wool and Finished Woolens—A decided improvement was shown during September in the domestic wool market, with dealers reporting more activity than in several months. This betterment is due in part to the strength of foreign primary markets, and in part to improved conditions with manufacturers. Wool moved quite freely during the month for all grades, with the result that supplies in the hands of dealers are not burdensome. Prices have become considerably firmer, and in certain instances advances of from 1 to 2 cents have been made. Mills in general have obtained a more satisfactory volume of business, although distribution of new orders has not been uniform and some manufacturers are booked further than others.

BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

Manufacturers and wholesalers of lumber reported an increase in the demand for hardwoods from the wood-consuming industries—particularly flooring, furniture, and automobile body plants. The construction industry and retail yards were active in the market for softwoods, the yards finding it necessary to replenish stocks markedly reduced during the month. As reported by twenty-six manufacturers and wholesalers, the value of September sales exceeded the August amount by 4.9 per cent, but was 2.3 per cent lower than for the corresponding month of 1925. Sales in board feet, reported by nineteen of the firms, registered a gain of 7.7 per cent over the preceding month and a loss of 3.2 per cent from a year ago. Outstanding accounts of twenty firms also increased in the monthly and declined in the yearly comparison; their ratio to sales amounted to 136 per cent, the same as at the close of August and for the corresponding date of 1925. Stocks were practically unchanged from a month and a year ago.

Reports covering sales at one hundred twenty-four retail yards of the district showed an increase of 3.6 per cent over August and a decline of 3.3 per cent from last year. Outstanding accounts at these yards were 285 per cent of the September sales, in comparison with 283 per cent the previous month and 288 for September, 1925. Reports on the volume of stocks indicate a substantial reduction, both in the monthly and the yearly comparison.

At Chicago, the receipts of lumber approximated those of

a year ago but shipments were considerably smaller, so that the net volume absorbed by the city gained 20 per cent. The trend in price quotations has been slightly upward.

The cement industry was affected by prevailing weather conditions, continuous rains causing a postponement of a large volume of concrete work. The United States survey of the industry shows decreases during the month of about 2 per cent both in production and shipments, while stocks were reduced 10 per cent and are now 39 per cent larger than a year ago. The production of bricks also registered a decline, although demand continued active and shipments were heavy.

Building Construction—The building contracts awarded in the Seventh district during September totaled \$110,760,279, or 13.6 per cent less than in August and 5.3 per cent below September a year ago. The accumulated awards for the first nine months of the year, however, exceed the corresponding period of 1925 by 5.8 per cent. Permits issued in fifty cities of the district declined 11.5 per cent from the previous month in cost, but gained 0.5 per cent in number; in the five larger cities, decreases both in number and cost were recorded, in the former 2.8 per cent and in the latter 13.1 per cent. In comparison with September, 1925, fewer permits were issued, especially in the larger cities, but they involved larger projects, so that the estimated cost shows an increase of 12.5 per cent for all of the reporting cities and of 14.1 per cent for the five larger centers.

MERCHANDISING CONDITIONS

Wholesale Trade—September wholesale trade statistics reported to this bank reflect the broadened activity usual in the fall. Each of the five commodity groups registered expansion over August in sales and collections, higher accounts outstanding, and lower inventories. Individually, the large majority showed gains in sales and accounts on the books, two-thirds in collections, and thirty-three out of fifty-seven reduced their stocks during the month.

In comparison with September, 1925, the majority of grocery, hardware, dry goods, and shoe dealers reported a larger volume of goods sold this year, while in drugs all

except one registered a decline. Cumulative sales for the first three-quarters of 1926 are below last year for forty-six firms and above for thirty-six, with the grocery group averaging the one increase. Other comparisons with a year ago vary, about half the firms reporting smaller collections and accounts receivable, and lower inventories; grocery dealers averaged gains in all three items, and dry goods firms declines, while in hardware, drugs, and shoes trends were mixed.

Department Store Trade—Department store trade in this district during September developed the customary seasonal

features: an increase over the preceding month in the volume of goods sold and of collections received, with an advance in accounts outstanding, and a general addition to inventories. Aggregates in all four items, furthermore, were ahead of a year ago.

Individually four-fifths of the stores reported heavier sales than in August, and three-fourths larger than in September, 1925, with sixty-six per cent showing gains for the first nine months over last year; district increases amounted to 31.8 per cent, 11.4, and 7.9 per cent, respectively, in these comparisons. The advance in accounts outstanding of 14.5 per cent between August 31 and September 30 reflects fifty-nine increases and nine declines, while the 2.9 per cent increase in September collections over August represents thirty-eight gains and thirty declines; in comparison with a year ago three-fourths of the firms reported heavier accounts on their books, and two-thirds larger collections.

With six exceptions, September 30 inventories exceeded holdings on August 31, the group of sixty-six averaging an increase of 6.6 per cent; unfiled orders for new goods dropped during the month from 11.4 per cent of 1925 purchases to 11.0 per cent. In comparison with September 30, 1925, increased stocks held by twenty-two stores offset declines for the others by 3.0 per cent; September sales amounted to 35.4 per cent of average goods held, as against 32.5 per cent last year; corresponding ratios for the nine-month periods are 274.8 and 260.8, respectively.

Retail Furniture Trade—September sales of furniture, furnishings, and equipment by thirty-five retail dealers in the district gained 45.8 per cent over August, and for thirty-six were 11.0 per cent heavier than a year ago; corresponding increases in installment trade, as reported by nine houses, amounted to 27.4 and 18.8 per cent, respectively. Total collections advanced 2.8 per cent in the month-to-month comparison, but were 2.4 per cent below September, 1925, while installment payments increased 10.0 and 7.0 per cent in the two comparisons. Accounts outstanding rose 2.3 per cent during the month to 6.7 per cent higher than on September 30, 1925. Inventories at the end of the month for twenty-one firms aggregated 3.0 per cent higher than on August 31, and for twenty-two 14.9 per cent above last year.

Retail Shoe Trade—As is customary, retail shoe trade expanded during September. Forty-three reports received by this bank totaled sales 34.8 per cent higher than the August volume, individually thirty-five firms indicating increases. In comparison with a year ago, thirty-two gains and thirteen decreases averaged a net advance of 11.8 per cent. Collections likewise were heavier than in August or in September, 1925. For nineteen firms accounts outstanding on September 30 amounted to 76.9 per cent of the month's sales as compared with 79.1 per cent, the corresponding August 31 ratio. Aggregate inventories were 2.5 per cent higher than at the close of August and 1.0 per cent in excess of last year; two-thirds of the firms showed increases in the former comparison and half in the later.

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	Sept. 1926	Aug. 1926	Sept. 1925	Aug. 1925
Meat Packing—(U. S.)—					
Sales (in dollars) ¹	62	123.3	114.6	117.7	113.2
Casting Foundries—					
Shipments (in dollars).....	27	69.8	74.7	67.1	72.7
Stoves and Furnaces—					
Shipments (in dollars).....	14	148.4	99.3	120.8	90.1
Agricultural Machinery & Equipment—(U. S.)—¹					
Domestic Sales (in dollars).....	113	113.8	135.1	116.3	127.2
Exports (in dollars).....	72	158.9	199.1	159.2	147.2
Total Sales (in dollars).....	113	122.5	150.3	124.6	131.1
Production.....	109	126.9	128.8	114.7	109.7
Agricultural Pumps—(U. S.)—¹					
Shipments (in dollars).....	19	105.6	116.1	125.9	124.5
Furniture—²					
Orders (in dollars).....	20	150.9	135.8	154.7	146.1
Shipments (in dollars).....	20	164.2	146.9	169.3	148.6
Shoes—³					
Production (in pairs).....	34	119.2	113.0	103.1	103.1
Shipments (in pairs).....	34	132.1	121.2	117.6	110.0
Electric Energy—					
Output of Plants (KWH).....	8	205.4	200.6	175.2	171.8
Industrial Sales (KWH).....	8	265.4	268.9	220.8	222.9
Flour—					
Production (in bbls.).....	35	109.0	118.0	112.4	110.7
Output of Butter by Creameries—¹					
Production.....	77	105.5	119.4	95.7	127.3
Sales.....	77	101.0	106.8	98.8	111.7
Automobiles—					
Distribution in Middle West— ¹					
New cars—Wholesale—Number sold....	34	105.7	156.9	169.3	191.0
Value.....	34	102.8	135.2	146.3	185.2
New cars—Retail—Number sold....	52	78.4	98.6	87.3	95.9
Value.....	52	86.0	104.5	102.3	107.1
New cars—On hand—Number.....	45	114.3	78.3	79.5	69.6
Value.....	45	98.2	72.2	73.0	63.1
Used cars—Number sold....	43	111.9	133.8	99.1	110.7
Used cars—On hand—Number.....	43	114.7	111.0	92.6	86.6
Value.....	43	98.8	95.3	88.6	79.7
Production (U. S.): Passenger cars....		259.8	281.6	195.4	160.0
Trucks.....		179.1	175.5	224.4	140.7
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		122.3	145.5	127.3	140.9
Live Stock.....		108.1	89.4	97.4	92.0
Coal.....		118.8	117.5	101.0	121.0
Coke.....		127.8	126.7	119.5	108.0
Forest Products.....		118.5	123.9	117.1	125.1
Ore.....		193.2	208.0	146.2	167.6
Merchandise and Miscellaneous.....		143.1	143.8	140.2	140.7
Total.....		136.1	137.7	128.3	134.5
Iron and Steel —					
Pig Iron Production: ⁴					
Illinois and Indiana.....		144.7	156.6	127.3	123.4
United States.....		124.8	123.2	108.5	104.1
Steel Ingot Production—(U. S.) ⁴		134.1	136.6	119.1	116.8
Unfiled Orders U. S. Steel Corp.....		59.9	59.1	62.0	58.6
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	41	82.6	76.3	78.7	69.9
Hardware.....	19	112.2	99.8	109.8	100.5
Dry Goods.....	13	109.4	86.7	108.3	95.9
Drugs.....	14	103.9	96.8	110.9	103.7
Shoes.....	10	60.2	51.0	57.8	51.9
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	7	136.5	108.3	122.3	111.1
Detroit.....	4	239.5	152.1	204.0	130.6
Des Moines.....	4	132.3	103.1	124.9	100.0
Indianapolis.....	5	132.3	109.6	125.0	106.6
Milwaukee.....	5	156.8	120.0	141.8	114.2
Outside.....	39	100.8	95.2	95.3	95.1
Seventh District.....	64	162.3	120.5	144.8	112.5
Retail Trade—(U. S.)—					
Department Stores.....	359	130	105	121	98
Mail Order Houses.....	4	120	98	114	89
Chain Stores:					
Grocery.....	27	303	295	245	243
Drug.....	9	192	193	169	171
Shoe.....	6	142	121	129	120
Five and Ten Cent.....	5	211	204	191	195
Candy.....	5	218	194	202	202
Music.....	4	137	121	136	128
Cigar.....	3	153	148	142	142
Stamp Tax Collections—⁵					
Sales or Transfers of Capital Stock.....		107.1	254.9	250.9	124.6
Sales of Produce on Exchange—Futures		49.5	57.3	62.9	59.0
U. S. Primary Markets—⁶					
Grain Receipts:					
Oats.....		81.5	126.0	149.0	263.4
Corn.....		92.0	77.0	86.9	117.9
Wheat.....		152.3	224.9	186.4	139.6
Grain Shipments:					
Oats.....		42.2	49.5	104.4	100.2
Corn.....		47.2	60.0	56.9	62.2
Wheat.....		76.3	110.8	89.3	85.3
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....		248.7	252.7	309.4	206.3
Total.....		201.5	233.3	212.7	143.8
Permits:					
Chicago.....		Number 198.5	223.0	280.7	258.5
Cost.....		298.8	391.8	236.7	357.7
Indianapolis.....		Number 260.5	258.3	231.6	262.3
Cost.....		167.8	242.9	124.7	154.4
Des Moines.....		Number 140.2	115.7	173.5	172.5
Cost.....		134.1	134.2	84.6	73.0
Detroit.....		Number 207.9	216.3	226.2	206.4
Cost.....		227.5	208.5	215.6	223.6
Milwaukee.....		Number 197.5	199.6	237.6	208.3
Cost.....		202.4	186.0	251.9	160.0
Others (45).....		Number 245.1	234.6	235.8	225.0
Cost.....		230.8	248.6	212.9	164.9
Fifty Cities.....		Number 222.5	221.5	236.0	221.7
Cost.....		245.6	277.7	218.3	239.4

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.