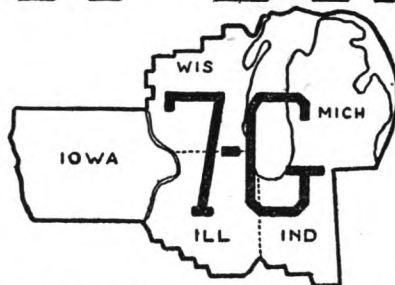


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 10, No. 3

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

March 1, 1927

BUSINESS CONDITIONS IN THE UNITED STATES

INDUSTRIAL activity has been slightly larger since the turn of the year than at the close of 1926. Seasonal liquidation of reserve bank credit has been in unusually large volume owing chiefly to the inflow of gold from abroad, and conditions in the money market have been easy. Wholesale prices have continued to decline.

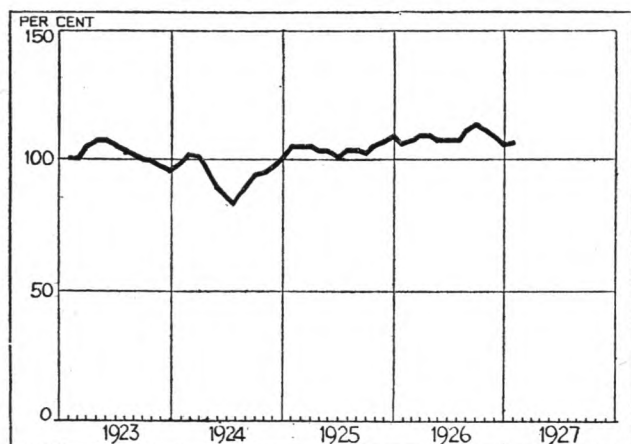
PRODUCTION—Output of factories was larger in January than in December, but smaller than in January, 1926 or 1925. Mineral production, though somewhat below the December level, continued in unusually large volume, reflecting the maintenance of production of bituminous coal, crude petroleum, and copper. Manufacture of iron and steel, which was sharply curtailed in December, increased in January and February. Automobile output was increased considerably from the unusually low level of production reached last December, but the number of passenger cars produced since the beginning of the year has been smaller than for the corresponding period of the past four years. The textile industries have continued active since December without, however, showing the usual seasonal increase.

Building contracts awarded in thirty-seven states during the first seven weeks of the year were smaller in value than those for the same period of 1926. Decreases have been largest in New York and in the New England, Southeast-

ern, and Northwestern states, while increases occurred in the Middle Atlantic and Central Western states. By types of building, contracts awarded for residential and industrial building in January showed large reductions as compared with December and with January, 1926, while contracts for commercial buildings were larger than a month or a year ago.

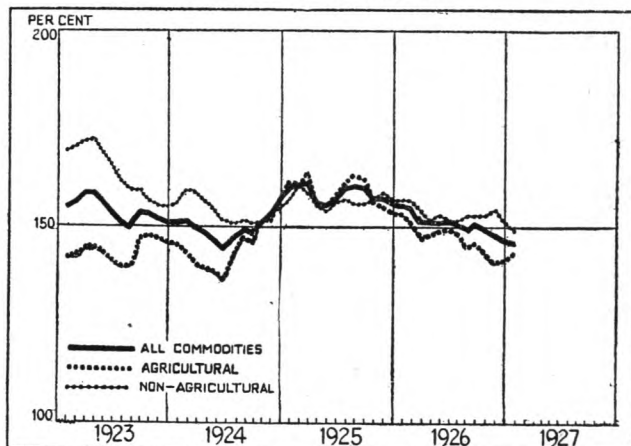
TRADE—Retail trade showed more than the usual seasonal decline between December and January. Sales of department stores were in about the same volume as a year ago, while those of mail order houses were 7 per cent smaller. Wholesale trade declined in nearly all leading lines in January and was considerably smaller than a year ago. Inventories of department stores were reduced less than is customary, and at the end of the month were in about the same volume as in January, 1926. Stocks of merchandise carried by wholesale firms increased slightly, but continued in smaller volume than in the corresponding month of the previous year. Freight carloadings declined by somewhat more than the usual seasonal amount between December and January, but owing chiefly to heavier shipments of coal this year, weekly loadings since the beginning of the year were larger than for the same period of 1926. Shipments of merchandise in less-than-carload lots were also slightly larger than last year, but those of most

INDUSTRIAL PRODUCTION



Index number of production of manufacture and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, January, 1927: 106.

WHOLESALE PRICES



Indexes of U. S. Bureau of Labor Statistics (1913=100). Latest figures, January, 1927: All Commodities, 146.9; Agricultural Commodities, 143.4; Non-agricultural Commodities, 149.6.

Compiled February 25, 1927

basic commodities were smaller.

PRICES—The general level of wholesale prices declined fractionally in January, according to the index of the Bureau of Labor Statistics, considerable advances in prices of live stock being somewhat more than offset in the total by decreases in nearly all other commodity groups included in the index. Prices of non-agricultural products, as a group, declined to the lowest level since early in 1922. In February there were decreases in the price of iron and steel, nonferrous metals, bituminous coal, grain, and hides, while prices of cattle, sheep, cotton, and gasoline increased.

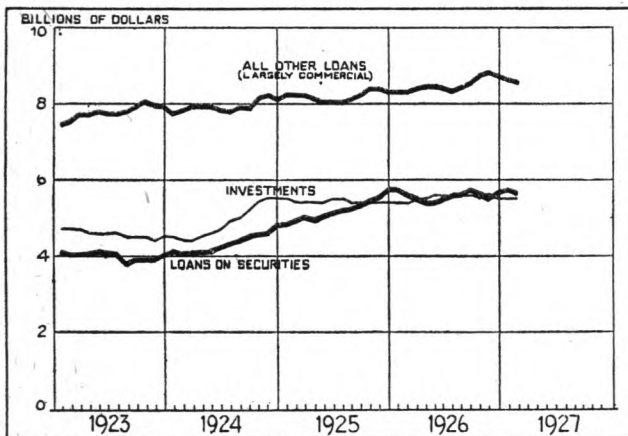
BANK CREDIT—Commercial loans of member banks in leading cities continued to decline during the four weeks ending February 16, although at a less rapid rate than in earlier weeks, and in the middle of February the volume of these loans was about \$270,000,000 below the seasonal peak

reached in the middle of November, though about \$200,000,000 above last year's level. Loans on securities also declined during the period, while the banks' investment holdings increased somewhat.

The volume of reserve bank credit remained during the four weeks ending February 23 near the low level reached at the end of January. Liquidation of reserve bank credit since the high point of last December has been in excess of \$500,000,000, the unusual extent of this reduction being due chiefly to the large inflow of gold from abroad. Total bills and securities of the reserve banks on February 23 were about \$200,000,000 smaller than on the corresponding date of last year.

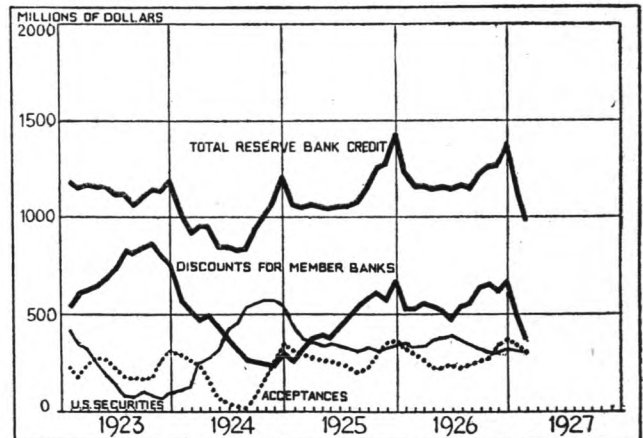
Easier money conditions in February were reflected in a decline in the rate on prime commercial paper from 4-4¼ to 4 per cent after the first week of the month.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly reporting dates in February, 1927: All Other Loans, 8,562 million; Loans on Securities, 5,604 million; Investments, 5,578 million.

RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 23 days in February, 1927: Total Reserve Bank Credit, 994 million; Discounts for Member Banks, 381 million; Acceptances, 306 million; U. S. Securities, 305 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

A COMPARISON of the midwinter business situation in the Seventh district this year with last indicates a smaller volume of production and distribution at present than in 1926, with lower inventories on hand as well as a decline in unfilled orders.

Important exceptions are the tonnage of coal mined—the largest for January in two years—and the continued excess over a year ago in the value of building contracts awarded and permits issued, seasonally less, however, than in December. Creameries and shoe manufacturers also reported gains over January, 1926. Iron output, automobile production, and manufacture of farm machinery, castings, stoves and furnaces, and of flour, all dropped below last year. Distribution, likewise, of most of the commodities covered by our survey was smaller than a year ago, and for the large majority declined seasonally from December.

Inventory statistics show holdings of meat and dairy products at cold-storage warehouses and packing plants in general under the 1922-26 averages. Reductions from last year were reported by department stores, wholesale grocers and dry goods houses, automobile and wool dealers, woolen goods and shoe manufacturers, and by lumber distributors. Reported unfilled orders on January 31 were below the corresponding date in 1926, and with the exception of department stores and furniture manufacturers showed recessions from the volume of outstandings at the close of the year.

The noticeable drop in check payments during January reflects the contraction in business activity. Other financial

features were the large number of new bond issues brought out, post-interest period withdrawals of savings, and increased sales and reduced rates in commercial paper.

CREDIT CONDITIONS AND MONEY RATES

With the exception of a slight tightening the first of the month in some of the larger cities, reflecting month-end requirements of business, credit conditions in the Seventh district have been easy during the past thirty days, accompanied by a downward trend in rates. Current quotations in Chicago are: 4 to 4¼ for commercial paper, collateral loans 4¼ to 4¾ per cent, and commercial loans 5 per cent. The average rate earned on loans and discounts by ten of the larger banks in Chicago during January was 5.02 per cent, compared with 5.06 per cent in December and 5.03 per cent in January a year ago. Reports from a few manufacturing centers indicate an increasing volume of activity in industry, which is finding reflection in slightly heightened demand for bank credit. In Detroit, demand for credit during January continued without material change from the preceding month, with rates fairly steady. Prevailing rates on commercial loans in that city during the week ended February 15 ranged from 4½ to 6 per cent, as was the case the corresponding week in the preceding month, and six of the larger banks reported an average rate earned on loans and discounts of 5.45 per cent in January, compared with 5.44 in December and 5.32 per cent a year ago.

Total bills and securities of the Federal Reserve Bank of Chicago showed a distinctly downward trend, usual at

this season, after the last reporting date of 1926, December 29, until February 16 when this item rose to \$163,252,000, compared with \$158,775,000 February 9, and \$178,529,000 January 19, the corresponding reporting date that month. Loans to member banks have followed the same direction, amounting to \$69,056,000 February 9 and \$78,871,000 February 16, as against \$90,169,000 January 19. Federal Reserve notes in circulation on February 16 were given as \$210,803,000, representing a drop of over 2 million from the prior week, and of about 15 million from January 19. On February 17 a year ago Federal Reserve notes were in circulation to the amount of \$161,362,000.

Loans and discounts of reporting member banks in the Seventh district declined slightly in volume during January, especially commercial loans in Chicago; thus far in February the figures indicate a downward movement. On February 16 the aggregate was \$2,139,240,000, compared with \$2,149,116,000 January 19. A rising movement in the investment holdings of reporting members has been shown by their reports during recent weeks. On February 16 the total stood at \$751,721,000, compared with \$743,035,000 the prior week and \$727,510,000 January 19. Net demand deposits have moved generally upward, though fluctuating from week to week, the \$1,783,768,000 given February 16 comparing with \$1,746,133,000 January 19. Time deposits have shown no established trend; \$1,058,685,000 was reported February 16, as against \$1,057,583,000 February 2 and \$1,052,603,000 January 19.

Commercial paper sales during January, 1927, by eleven dealers reporting to this bank exceeded the December total by 50.2 per cent, and were 5.2 per cent larger than a year ago; both comparisons reflect eight increases and three declines. In general, houses reported a fair supply of paper during the month and a good demand. Rates tended to ease, with low ruling at 4 compared with 4¼ in the last two months of 1926; over half the dealers listed 4½ for high. Paper outstanding on January 31 for five firms aggregated 5.2 per cent above the close of 1926, but 8.6 per cent less than a year ago; for twenty-six dealers throughout the country outstandings amounted to \$551,000,000.

Aggregate purchases by six dealers in the Chicago open bill market from January 13 to February 16, 1927, averaged on a weekly basis 32.3 per cent heavier than during the four weeks preceding; sales increased 38.5 per cent in the same comparison. Transactions involved principally grain, cotton, rubber, meat products, sugar, and canned goods. The supply of paper was generally reported as fair, and demand during the latter part of January good, with bills moving freely at the offered rates; later inquiry fell off, and paper sold less readily. Sixty- and ninety-day maturities were in best demand. Bid and offered rates on the latter at the close of the period were 3⅞ and 3¾ per cent, as compared with 3¾ and 3⅝, respectively, on January 12; rates on other classes were identical for the two dates. The volume of bills held by February 16 had advanced to 5.4 per cent above the January 12 amount; holdings of ninety-day maturities were heaviest.

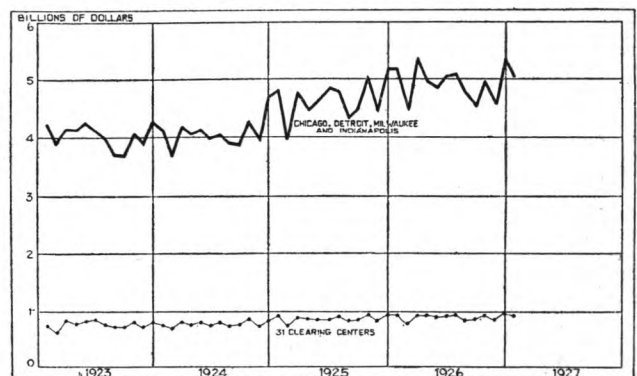
The volume of bills accepted in January, including renewals of paper maturing during the month, by sixteen reporting banks in this district averaged 39.5 and 75.8 per cent, respectively, above the preceding month and a year ago; individually, in both comparisons eight banks indicated increases, and five declines, while three reported no transactions. Acceptances executed during the first two weeks of February covered principally provisions, grain, cotton, sugar, copper, coffee, tea, rubber, and rattan. January purchases by seven banks were 27.7 per cent below December, but 7.6 per cent above the previous year; sales in the same comparisons averaged for nine banks declines

of 45.7 and 16.6 per cent. The liability of the banks for bills outstanding fell off 12.6 per cent during the month, eight reporting a smaller amount on January 31 than at the turn of the year, and five an advance; the gain of 9.5 per cent over a year ago represents seven increases and six declines. Total holdings were higher on January 31 than at the close of any month last year. The Federal Reserve Bank of Chicago bought \$26,383,046 in acceptances during January, and was holding at the end of the month \$38,803,448.

Agricultural Financing—An aggregate of loans outstanding of nineteen Joint Stock Land banks in the five states including the Seventh district amounting to \$216,085,949 on January 31, represented a rise of \$906,625 over the corresponding figure on December 31, 1926. Four Federal Land banks with aggregate loans outstanding in the same territory of \$183,852,617 on January 31, exceeded the previous high point of \$182,280,845 December 31 by about one and a half million. Loans and discounts, including rediscounts, of four Federal Intermediate Credit banks on January 31 aggregated \$918,418 compared with \$952,026 December 31. On January 31, 1926, the total of loans outstanding for each class of banks in the five states including the Seventh district was as follows: Joint Stock Land banks, \$195,965,235; Federal Land banks, \$162,344,783; and Federal Intermediate Credit banks, \$1,599,351.

Volume of Payment by Check—Thirty-seven clearing house centers in the Seventh district reported an aggregate volume of payment by check in January 6.1 per cent below December and 2.5 per cent less than the corresponding month a year ago. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, showed check payment as 6.4 per cent below December, and 2.7 less than in January, 1926, Chicago decreasing 8.0 and 3.1 per cent, respectively, in the two comparisons. Thirty-three smaller centers reported a decline of 4.2 per cent in the aggregate from December, and of 1.0 per cent from January a year ago.

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



Figures used are estimates for calendar month, based on weekly reports to this bank. Latest figures, January, 1927, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 5,020,168; 31 Other Clearing House Centers, 933,890.

Savings—The January reduction in savings deposits, reflecting largely post-interest period withdrawals, amounted to 1.4 per cent for the 215 reporting banks in this district; individually 149 of the group indicated lower balances on February 1 than at the close of 1926, with state declines ranging from 0.1 per cent in Michigan to 3.5 per cent in Wisconsin. For over two-thirds of the banks, however, and for each of the five states, the number of new accounts opened offset those closed, the district increase averaging 0.4 per cent. In comparison with a year ago, the gain of 0.7 per

cent in deposits represents state increases for Indiana, Michigan, and Wisconsin, and for 108 of the 184 banks for which comparable 1926 data are available; all states contributed to the advance of 2.9 per cent in number of accounts.

Bonds—The bond market was very active during the latter half of January and first part of February. A large volume of issues was brought out which sold readily, the abundant funds available for reinvestment, and the lack of bond accumulation from 1926, contributing to a rapid

AGRICULTURAL PRODUCTION AND FOODSTUFFS

The number and gross valuation of live stock on farms in the five states including the Seventh district and in the United States on January 1, 1926 and 1927, are estimated by the Bureau of Agricultural Economics as follows:

	(IN THOUSANDS)			
	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES	
	NUMBER	VALUE	NUMBER	VALUE
1927				
Swine, including pigs.....	19,079	\$329,483	52,536	\$ 838,420
Cattle and calves.....	11,766	623,472	57,521	2,430,593
Lambs and sheep.....	4,351	44,312	41,909	406,531
Horses and colts.....	3,596	288,614	15,279	974,886
Mules and mule colts.....	372	31,480	5,734	426,175
1926				
Swine, including pigs.....	19,282	320,661	52,055	791,632
Cattle and calves.....	12,199	601,092	59,148	2,290,615
Lambs and sheep.....	3,844	44,722	39,864	418,965
Horses and colts.....	3,725	295,453	15,840	1,036,896
Mules and mule colts.....	376	32,079	5,733	466,988

Farm holdings of milk cows and heifers, two years of age and over, in the five states including the Seventh Federal Reserve district declined 2.6 per cent on January 1 from the corresponding date of 1926, while the number of heifers, one to two years of age, increased 5.2 per cent; the aggregate for both classes was 1.5 per cent under January 1, 1926.

Grain Marketing—Interior primary markets in the United States received a slightly heavier tonnage of corn and oats and a smaller quantity of wheat during January than in the preceding month; reshipments declined. Wheat receipts showed the only gain over a year ago; all items fell considerably under the 1922-26 average for January 1. Visible supplies of corn and rye in the United States increased on February 12 over a month previous; other grain holdings declined. Wheat and corn inventories exceeded a year ago, but stocks of oats, rye, and barley were smaller. Members of the Chicago Board of Trade contracted for a considerably smaller tonnage of future delivery grain during January than in December or the corresponding month last year. Chicago quotations advanced for rye, and ranged from barely steady to slightly firmer for oats, corn, and wheat during January as compared with December.

Flour—The movement of flour through Chicago and production by mills in the Seventh district were less in January than in the preceding month. As compared with January a year ago, receipts at Chicago were somewhat smaller and shipments heavier, while production by reporting mills declined.

CHANGES IN JANUARY, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	DECEMBER	JANUARY	
Production (bbls.).....	- 9.6	- 4.6	34
Stocks of flour at end of month (bbls.).....	+ 6.2	+ 2.4	30
Stocks of wheat at end of month (bu.).....	-15.0	+28.6	30
Sales (volume).....	+ 1.6	+ 6.3	15
Sales (value).....	- 2.9	-12.6	15

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

Movement of Live Stock—Receipts of live stock in January at public stock yards in the United States increased

absorption. Demand covered various types of bonds: both domestic and foreign securities were popular, the latter becoming increasingly difficult to obtain with the improved condition of foreign investors; January business in real estate bonds was fully up to expectations; institutional inquiry for municipals was reported as increasing. Prices advanced until the second week in February when signs appeared of a slight reaction, traceable in part to the new offerings reaching a volume too heavy to move quickly. Inventories, on the whole, remained comparatively low.

slightly in volume over December, with hogs, fat lambs, and short-fed beeves from the corn belt and adjacent states comprising the bulk of the offerings.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, January, 1927.....	268,622	983,232	363,240	117,806
Federally Inspected Slaughter U. S. January, 1927.....	786,373	4,513,543	1,114,889	396,652
December, 1926.....	886,805	4,393,602	1,171,829	410,046
January, 1926.....	819,179	4,500,631	1,039,270	409,526

January reshipments to feed lots declined for cattle and increased for lambs in comparison with a year ago; both items showed the customary recession from December.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	FEB. 12 1927	JAN. 1927	DEC. 1926	JAN. 1926
Native Beef Steers (average).....	\$10.50	\$10.20	\$10.25	\$ 9.65
Fat Cows and Heifers.....	6.75	6.40	6.40	6.65
Hogs (bulk of sales).....	12.00	11.95	11.65	11.95
Yearling Sheep.....	10.75	10.25	9.20	12.70
Lambs (average).....	12.80	12.55	12.40	15.25

The index numbers compiled by the International Live Stock Exhibition show the volume of inspected slaughter in the United States as 96, the price of all live stock as 123, and the total value of the slaughter 118 for January, compared with similar indices of 101, of 127, and 128, respectively, for December.

Meat Packing—Slaughtering establishments in the United States produced a slightly smaller tonnage of meat and fat during January than in the preceding month. Largely because of an additional working day in the current comparison, employment for the last payroll in January increased 1.8 per cent in number, 17.2 per cent in hours worked, and 15.1 per cent in total value over the corresponding period in December. Domestic demand continued moderate. The total value of sales billed to domestic and foreign customers by fifty-six meat packing concerns in the United States increased 6.9 per cent over December, but was 4.1 per cent under a year ago. Sales figures for the calendar year 1926 were 2.1 per cent greater than for 1925. Chicago quotations advanced in January over the December average for veal, cows, and common quality steers, and firmed slightly for fresh and pickled hams, dry salt meat, fresh bellies, and a majority of beef cuts. Prices eased somewhat for lard, pork loins, pickled picnics, and smoked meat, but showed practically no change for lamb and most carcass beef. During the early part of February quotations ranged from steady to slightly easier.

February 1 inventories at packing plants and cold-storage warehouses in the United States exceeded those for January 1, although some recession was shown in beef, lamb, and miscellaneous meat stocks. Dry salt pork holdings declined from a year ago; the volume of other products increased. All items, with the exception of pickled

beef, frozen pork, and lamb, fell below the 1922-26 average for February 1. Foreign demand for packing-house products remained practically unchanged in January from the preceding month; a majority of firms reported shipments for export slightly greater for lard and oleo oil and smaller for meat than in December. Consignment inventories abroad were indicated a little heavier for lard and lighter for meat on February 1 than at the beginning of January. European quotations remained slightly below the Chicago parity.

Dairy Products—The quantity of butter manufactured by sixty-four creameries in the Seventh district totaled 10.0 per cent greater for January than for December, and was 7.3 per cent in excess of a year ago. Statistics issued by the American Association of Creamery Butter Manufacturers indicate an increase for the country over December, but a recession from the corresponding period last year. Sales of creamery butter billed to customers by sixty-six companies in the district declined 2.9 per cent from December and increased 4.8 per cent over January, 1926. Butter produc-

The storing of coal by railroads and large industrial consumers, against a possible suspension of operations on April 1 in the union fields, was the chief feature of the bituminous coal market in this district during January. Demand for domestic sizes expanded and contracted in consonance with weather conditions. The prices of screenings have been very firm, while those of the prepared sizes were reduced somewhat after the first week in February.

Production in this district during January remained on about the December level. Output of mines in Illinois totaled 8,391,428 tons for the month, a decline of only 63,000 tons from December, and larger than in January, 1926 or

INDUSTRIAL EMPLOYMENT CONDITIONS

The downward trend in manufacturing activity that has continued since last September, persisted through the early weeks of 1927, and by the middle of January had brought employment 1.3 per cent below the volume of a month earlier. With the exception of the textiles group, all of the reporting industries registered declines either in the number of employes, in the amount of payrolls, or, as was most often the case, in both of these items. The gains reported for the textile industry were the result of increased activity in the manufacture of men's and women's clothing, an increase which is lagging behind the usual requirements of the season. A sharp drop in construction operations, as well as in the automobile industry, was accompanied by dullness in many other lines, as in the output of iron and steel, of lumber, and stone, brick, and cement. Under the "metals and metal products" group, an aggregate decline was registered for the third consecutive month; the losses for electrical apparatus, and agricultural implements were especially heavy. Declines were general for the industries in-

tion figures reported to this bank showed a gain of 5.3 per cent for the calendar year 1926 over 1925, while sales increased by 1.6 per cent. Receipts of American cheese at Wisconsin primary markets from factories within that state during the four weeks ended January 29, exceeded those for the previous period by 19.9 per cent, but declined 13.9 per cent from a year ago; redistribution from these centers receded 0.4 per cent and 29.7 per cent, respectively, in the two comparisons. Inventories of dairy products at cold-storage warehouses and packing plants in the United States were lower for February 1 than at the beginning of January or a year ago. Butter and egg holdings fell below the 1922-26 average for February; the stock of cheese increased. January receipts of butter and eggs declined at Chicago from the previous month and the corresponding period last year; those for eggs showed the customary gain over December and were slightly greater than in January, 1926. Quotations at Chicago averaged lower in January for butter and eggs, and higher for cheese than in December.

COAL

1925. There were 226 mines in operation during the month (one less than in December), for an average of 20 2/10 days as compared with 20 days in the preceding month, and employing 72,259 men or 454 more than a month previous.

Output of bituminous coal in the United States for January was somewhat less than in December, but heavier than in any other January of which this bank has record (1915). At the current rate of consumption in the United States, stocks in the hands of commercial consumers on January 1 were sufficient to last thirty-seven days, as compared with thirty days a year ago.

cluded under food products, although returns available for the latter half of the month indicate a substantial improvement in the meat packing industry.

Reports received from the Employers' Association of Detroit and covering employment at that city, show a steady gain since the low point that was reached the latter part of December. Early in February, the reported volume of employment was 4.1 per cent higher than at the beginning of the year and about on a level with last October; the comparison with a year ago still shows a reduction of about 17 per cent. While there were other indications of an upward trend in manufacturing activity since the middle of January, the reports from the free employment offices continue unfavorable, the number of applicants increasing steadily in ratio to available positions. In Illinois this ratio was 214 per cent at the close of January, as compared with 155 for December, and was the highest since January, 1922. For Indiana the ratio rose from 202 early in January to 213 the first week in February.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	JANUARY 15 1927	WEEK ENDED DECEMBER 15 1926	PER CENT CHANGE	JANUARY 15 1927	WEEK ENDED DECEMBER 15 1926	PER CENT CHANGE
All groups (10).....	354,318	358,831	-1.3	\$8,938,597	\$9,217,106	-3.0
Metals and metal products (other than vehicles).....	150,120	151,754	-1.1	3,587,315	3,709,571	-3.3
Vehicles	32,089	32,339	-0.8	869,059	899,762	-3.4
Textiles and textile products.....	26,477	26,180	+1.1	659,138	619,933	+6.3
Food and related products.....	44,690	45,964	-2.8	1,158,351	1,167,661	-0.8
Stone, clay, and glass products.....	12,769	13,878	-8.0	363,188	400,667	-9.4
Lumber and its products.....	29,657	30,197	-1.8	695,710	767,094	-9.3
Chemical products	8,645	8,384	+3.1	216,914	225,846	-4.0
Leather products	16,750	16,974	-1.3	353,892	369,781	-4.3
Rubber products	3,066	3,026	+1.3	75,765	79,491	-4.7
Paper and printing.....	30,055	30,135	-0.3	959,265	977,300	-1.8

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—A rise over December was recorded in automobile production for January, passenger cars manufactured in the United States aggregating 196,973, an increase of 43.4 per cent, while truck output totaled 37,157, a gain of 30.6 per cent. In the comparison with January a year ago, passenger car production was less by 27.2 per cent, but trucks showed an increase of 24.6 per cent.

Wholesale distribution of automobiles in the Middle West increased seasonally in January over the preceding month, but sales remained below the corresponding month of last year; retail sales declined in both comparisons. Although stocks of new cars in the hands of dealers increased over those held at the end of the year, the gain was smaller than usual for January 31 over December 31, and they were less in the yearly comparison for the first time since September, 1925. Sales made on the deferred payment plan during January by thirty-two dealers averaged 40.4 per cent of their total retail sales for the month, which compares with a ratio of 44.1 for December and with 47.3 in January, 1926.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in January, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	DECEMBER 1926	JANUARY 1926
	DECEMBER 1926	JANUARY 1926			
New cars					
Wholesale—					
Number sold	+32.2	—23.1	36	33	
Value	+31.4	—27.3	36	33	
Retail—					
Number sold	—20.0	—30.7	84	81	
Value	—23.7	—22.4	84	81	
On hand January 31—					
Number	+12.1	— 7.0	55	52	
Value	+ 9.5	— 3.8	55	52	
Used cars					
Number sold	—12.4	— 3.4	85	82	
Salable on hand—					
Number	+ 1.2	— 2.5	55	52	
Value	+ 9.4	+ 8.7	55	52	

Agricultural Machinery and Equipment—January billings of agricultural machinery and equipment to domestic and foreign customers by eighty-one manufacturers in the United States reporting to this bank, receded 5.5 per cent in total value for the tractor-thresher-combined harvester group, 48.9 per cent for barn equipment, and gained 63.9 per cent for all other in comparison with those for December. An increase of 6.1 per cent, and declines of 11.3 and 20.1 per cent, respectively, were shown from January a year ago. The sales billed to domestic customers aggregated 12.9 per cent greater for the calendar year 1926 than for 1925, while those billed for export increased by 16.0 per cent, with the combined total showing a gain of 13.4 per cent, according to a compilation from the monthly reports of ninety companies in the United States.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in January, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	DECEMBER 1926	JANUARY 1926	
Domestic sales billed.....	+37.8	—12.6	81
Sales billed for export.....	— 5.5	—16.4	46
Total sales billed.....	+29.9	—13.2	81
Production	+ 9.8	— 2.8	80

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

Iron and Steel Products—Demand for products of Chicago district steel mills continued quite active through January; specifications were general from all lines of industry. The unfilled tonnage of the United States Steel Corporation on January 31, amounting to 3,800,177 tons, showed a decline of 160,792 tons from the end of 1926, and compared with 4,882,739 tons on January 31, 1926. Average daily steel in-

got production for January in the United States was almost 10 per cent greater than in the preceding month, but fell below January of the two previous years. Pig iron output for the country likewise was less than in the corresponding month of 1926 or 1925, and increased very slightly over December; in the Illinois and Indiana district the daily average was the lowest in fifteen months.

Prices proceeded to soften further through January and the first half of February; the composite average of fourteen iron and steel products, on February 16 (compiled by *Iron Trade Review*) stood at \$36.91, representing the twelfth weekly decline and comparing with \$38.90 on February 17 last year. Chicago pig iron prices weakened toward the end of January, and scrap iron and steel prices which strengthened the first of February, declined again in the second week.

The value of shipments during January by twenty-seven iron and steel casting foundries in the Seventh district increased 1.9 per cent over the preceding month and declined 13.2 per cent from January, 1926. Production, as measured by metal consumption, increased in the month-to-month comparison but was lower than a year ago. The majority of stove and furnace manufacturers reporting to this bank shipped a smaller amount in January than in December or the corresponding month of 1926; orders booked increased in the former, and declined in the latter comparison; stocks have gained, as well as production.

Shoe Manufacturing, Tanning, and Hides—January shipments of shoes by thirty factories in the Seventh district exceeded current production by 6.7 per cent; both items increased in volume over a year ago. For the calendar year 1926, production and shipment figures reported to this bank gained 0.9 per cent and 2.1 per cent, respectively, over 1925. The number of stock shoes reported on hand February 1 by twenty-seven of the companies was equivalent in the aggregate to 76.9 per cent of the quantity distributed by them during January. Unfilled orders on the books of twenty-one concerns provided for approximately six weeks' future business at the current forwarding rate.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN JANUARY, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	DECEMBER 1926	JANUARY 1926	
Production	—12.4	+ 6.6	30
Shipments	+ 3.4	+10.0	30
Stock shoes on hand.....	— 5.9	—16.2	27
Unfilled orders	— 8.6	—10.4	21

Leather production showed little change in January from the previous month, and the total value of sales billed to customers failed to equal that for December, according to reports from representative tanners in the Seventh district. Quotations ranged from steady to slightly firmer.

The sales of packer green hides and calf skins at Chicago declined in quantity from December. Prices strengthened somewhat in January and then tended to ease early in February.

Furniture—A large increase—103.8 per cent—was reported over December in the amount of orders booked during January by twenty-four furniture manufacturers in the Seventh district, a reflection of the marts held during the month and the usual heavy seasonal buying. In comparison with the two preceding years, however, the volume of new business was smaller, orders booked by seventeen firms averaging a decline of 18.2 per cent from a year ago and of 5.5 per cent from January, 1925. Shipments declined 11.7 per cent from the preceding month, 10.4 per cent from

January last year, and were 1.2 per cent less than in the corresponding month of 1925. Unfilled orders on hand January 31, gained 44.3 per cent over a month previous, but aggregated 5.7 per cent below January 31, 1926. The rate of operations for January averaged about the same as in December and was slightly under last year.

Raw Wool and Finished Woolens—Demand for raw wool through January was moderate, but sales for the most part were reported higher than a year ago. Prices remained decidedly firm, with an upward tendency in a few grades.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Unfavorable weather conditions, together with unwillingness on the part of buyers to purchase more than enough for immediate needs, in view of a declining market, have retarded orders for lumber so that sales of twenty-one reporting wholesale dealers in the Seventh district declined 7.8 per cent from December and were 11.4 per cent smaller than in January a year ago. Two hundred thirty-two retail yards had decreases aggregating 12.5 and 5.4 per cent in the same comparisons. Stocks of both wholesale and retail dealers were somewhat larger than in December and approximately the same as last year. The ratio of outstanding accounts to sales for wholesale dealers was 139 in January, as compared with 129 in December and 135 a year ago; similar comparisons for retail dealers were 412, 470, and 410 per cent.

Cement manufacturers generally reported January business as seasonally smaller in volume, and falling somewhat below January, 1926. Production was considerably curtailed, but stocks still remain high. In the brick industry weather conditions have interfered with both shipments and production, and stocks have been reduced somewhat.

MERCHANDISING CONDITIONS

Wholesale Trade—January business in all five lines of wholesale trade reporting to this bank declined from December with the exception of drugs, sales of which increased somewhat. Collections and accounts outstanding were smaller in the monthly comparisons, but as against January, 1926, shoes showed increased accounts outstanding and groceries, hardware, and shoes reported better collections. Stocks, as compared with December, were larger for all lines; in the yearly comparison increases were indicated only in hardware and shoes.

Groceries—Heavy snows generally interfered with trade, resulting in a sales decline of 11.1 per cent from December, though a gain of 1.3 per cent was recorded over January a year ago, according to reports received from thirty-seven wholesale grocers in this district; individually, only six firms showed larger sales than in December. Collections, seasonally slow, dropped 18.2 per cent from December, but increased 3.0 per cent over January, 1926. Outstandings were smaller in both comparisons, and stocks, while declining 11.3 per cent from a year ago, increased 1.6 per cent over the end of December.

Hardware—Business of wholesale hardware dealers was likewise retarded by weather conditions in most sections of the district. Total sales of sixteen reporting firms declined 22.0 per cent from December and 8.4 per cent from a year ago; receivables were smaller in both comparisons; stocks increased 8.6 and 7.0 per cent, respectively; and collections, while 34.1 per cent under those of December, were 3.0 per cent larger than in January, 1926.

Dry Goods—According to reports received from fourteen wholesale dry goods dealers, sales, outstanding accounts,

Stocks in the hands of both dealers and manufacturers are lower than a year ago, the decline in manufacturers' stocks of raw material, however, being greater than the reduction in dealer's supplies. Contracting for the 1927 clip in the west has begun, but activity so far has been confined to a comparatively small number of dealers. Foreign primary markets display considerable strength. Manufacturers of finished materials report that January activity consisted principally in the completing of orders for the spring season and the final preparation of samples for fall.

In some sections of Iowa, however, shipments were markedly increased over both December and a year ago.

Building Construction—Contracts awarded in the Seventh district during January aggregated \$56,372,121, of which \$24,775,593 was for residential building. The total represented a decline of 38.8 per cent from December and an increase of 10.3 per cent over a year ago; residential building declined in both comparisons, the percentages of decrease being 34.6 and 8.2, respectively. For fifty cities reporting to this bank, the number of permits issued averaged a decline of 18 per cent from December and of 12.6 per cent from January last year, while the estimated cost of construction declined 29.1 in the first and increased 9.4 per cent in the second comparison. Des Moines, Milwaukee, and several smaller cities reported increases in both number and amount of permits over a year ago. Five of the larger cities of the district showed aggregate declines of 14.2 per cent in number and 19.8 per cent in cost in the comparison with the preceding month; as against January, 1926, these same cities issued 13.8 per cent fewer permits with an increase of 6.6 per cent in estimated construction cost.

and collections all declined as compared with December and a year ago. Decreases amounted to 8.8 and 12.8 per cent, respectively, in sales, 3.4 and 2.6 per cent in outstandings, and 37.7 and 9.2 per cent in collections. Stocks increased 16.2 per cent over December with only two firms showing decreased inventories, but were 17.2 per cent smaller than a year ago, all firms but one contributing to the decline.

Drugs—Sales of ten wholesale drug firms increased 4.7 per cent in January over the previous month, but fell 3.3 per cent below those of a year ago. Stocks, 6.9 per cent larger than in December, were approximately the same as in January, 1926; outstanding accounts decreased by 4.6 and 12.2 per cent in the two comparisons; and collections dropped 25.3 per cent and 6.6 per cent, respectively. Individually, all firms showed declines in the last item as compared with December.

Shoes—Eight reporting dealers showed average declines in sales of 13.1 per cent from December and of 1.8 per cent from a year ago, although four firms reported increases in the monthly and five in the yearly comparison. Stocks were larger than for either the previous month or a year ago. Both outstanding accounts and collections decreased from the December figures, the percentage declines being 12.7 and 39.1, but increased by 1.2 and 5.1 per cent, respectively, over the figures of January, 1926.

Department Store Trade—According to reports received from eighty-four firms, the usual post-holiday trends were evident in department store trade for the month of January. Sales decreased 53.7 per cent from December, with all stores registering declines; collections were 19.3 per cent larger, seven-eighths of the firms reporting increases; receivables declined 17.0 per cent; and stocks were reduced

by 4.5 per cent. Sales represented 26.0 per cent of average stocks for the month as compared with 27.5 per cent a year ago. Orders for new goods at the end of the month amounted to 7.0 per cent of total 1926 purchases.

January sales decreased 3.2 per cent from a year ago. Only three other declines have occurred in this comparison over a period of two years. Stocks were 1.2 per cent smaller than on January 31, 1926; collections and outstanding accounts were larger by 6.0 and 12.3 per cent, respectively.

Retail Furniture Trade—Total furniture sales during January, as reported by twenty-three department stores and twenty-nine retail furniture dealers, declined 37.6 per cent from December and 0.9 per cent from January a year ago. Stocks on January 31 were 5.0 per cent below the end of the year, but 4.3 per cent ahead of January 31, 1926. According to the reports of furniture stores, outstanding ac-

counts decreased 4.5 per cent from the previous month and increased 20.8 per cent over a year ago. Collections were 8.1 per cent smaller than in December but gained 7.0 per cent over January, 1926. Installment sales fell off 38.1 per cent from December and 0.3 from January last year, while collections on these sales increased 1.4 and 11.1 per cent, respectively.

Retail Shoe Trade—Retail shoe sales of thirty-five stores declined 49.1 per cent from December, and 1.6 per cent from January, 1926. Individually, only two firms showed larger sales than in the preceding month, and about one-half reported increases over a year ago. The ratio of accounts outstanding to sales stood at 103.8 for January, as compared with 84.3 for December and 102.4 for the corresponding month of last year. Stocks and collections decreased in both the month-to-month and yearly comparisons.

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 1923-1924-1925 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	Jan. 1927	Dec. 1926	Jan. 1926	Dec. 1925
Meat Packing—(U. S.)—					
Sales (in dollars).....	62	111.9	104.5	116.8	104.7
Casting Foundries—					
Shipments (in dollars).....	27	71.6	70.6	83.9	79.7
Stoves and Furnaces—					
Shipments (in dollars).....	13	55.9	84.0	61.3	92.9
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	90	107.5	80.4	119.4	95.4
Exports (in dollars).....	60	94.1	95.8	116.9	147.9
Total Sales (in dollars).....	90	105.4	82.8	119.0	103.8
Production.....	88	129.8	124.8	141.3	133.7
Furniture—					
Orders (in dollars).....	19	131.3	80.2	167.6	66.5
Shipments (in dollars).....	19	101.0	106.0	102.4	101.5
Shoes—¹					
Production (in pairs).....	34	93.2	106.4	87.4	102.6
Shipments (in pairs).....	34	100.4	96.7	91.7	97.4
Electric Energy—					
Output of Plants (KWH).....	8	140.2	139.4	126.6	126.9
Industrial Sales (KWH).....	8	131.9	126.7	117.9	117.6
Flour—					
Production (in bbls.).....	34	89.7	99.3	94.1	103.2
Output of Butter by Creameries—					
Production.....	77	91.0	81.1	86.5	81.0
Sales.....	77	96.2	103.8	80.9	100.3
Automobiles—					
Distribution in Middle West:					
New cars—Wholesale—Number sold..					
Value.....	28	86.0	63.1	113.5	99.0
Value.....	28	68.3	50.7	97.1	80.4
New cars—Retail —Number sold..					
Value.....	48	44.3	58.1	67.0	70.9
Value.....	48	47.1	63.6	63.0	70.7
New cars—On hand —Number.....					
Value.....	42	104.5	95.5	114.4	91.9
Value.....	42	104.0	94.9	106.7	84.2
Used cars —Number sold..					
Value.....	41	79.7	94.7	81.1	83.4
Value.....	41	131.6	129.3	156.8	149.2
Used cars—On hand —Number.....					
Value.....	41	111.3	112.8	120.0	114.2
Value.....		68.1	47.5	94.4	96.4
Production (U. S.): Passenger cars.....		110.3	84.5	88.5	97.2
Trucks.....					
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....	100.8	120.1	102.6	131.8	
Live Stock.....	97.6	93.4	100.8	103.1	
Coal.....	129.4	139.9	108.4	111.8	
Coke.....	102.4	137.4	151.0	187.4	
Forest Products.....	90.4	101.4	93.9	112.5	
Ore.....	24.7	27.6	25.5	31.0	
Merchandise and Miscellaneous.....	95.6	123.4	95.6	125.7	
Total.....	98.8	119.5	96.1	117.6	
Iron and Steel—					
Pig Iron Production:²					
Illinois and Indiana.....	102.9	103.7	108.8	108.0	
United States.....	101.9	101.5	108.9	106.8	
Steel Ingot Production—(U. S.)— ²	109.9	100.2	119.8	114.6	
Unfilled Orders U. S. Steel Corp.....	79.6	82.9	102.3	105.4	

	No. of Firms	Jan. 1927	Dec. 1926	Jan. 1926	Dec. 1925
Wholesale Trade—³					
Net Sales (in dollars):					
Groceries.....	39	60.2	67.4	59.5	70.7
Hardware.....	19	69.0	88.3	75.3	95.9
Dry Goods.....	13	56.6	62.8	64.8	64.7
Drugs.....	13	93.5	92.0	94.9	99.4
Shoes.....	10	26.5	31.3	27.2	30.9
Retail Trade (Dept. Stores)—³					
Net Sales (in dollars):					
Chicago.....	7	106.8	251.9	103.2	242.0
Detroit.....	4	138.1	317.2	138.5	302.3
Des Moines.....	4	106.8	190.0	100.1	189.6
Indianapolis.....	5	123.0	238.2	121.6	231.6
Milwaukee.....	5	116.2	257.6	143.3	252.6
Outside.....	39	80.8	178.2	85.1	179.9
Seventh District.....	64	113.9	249.6	118.8	242.9
Retail Trade—(U. S.)—³					
Department Stores.....	359	114	234	114	226
Mail Order Houses.....	4	107	165	116	168
Chain Stores:					
Grocery.....	27	343	373	286	332
Drug.....	9	209	261	178	225
Shoe.....	6	106	215	108	188
Five and Ten Cent.....	5	177	466	166	427
Candy.....	5	178	303	167	280
Musical.....	4	94	223	101	214
Cigar.....	3	134	222	127	212
Stamp Tax Collections—⁴					
Sales or Transfers of Capital Stock.....		119.6	64.2	170.1	158.8
Sales of Produce on Exchange—Futures.....		73.1	80.8	165.4	94.4
U. S. Primary Markets—⁵					
Grain Receipts:					
Oats.....		58.6	49.6	72.0	78.2
Corn.....		109.8	104.9	132.1	152.6
Wheat.....		60.8	61.9	57.9	100.4
Grain Shipments:					
Oats.....		33.3	49.2	55.4	65.5
Corn.....		36.6	40.3	45.3	57.7
Wheat.....		33.4	47.6	34.4	61.2
Building Construction—					
Contracts awarded (in dollars):					
Residential.....		83.8	136.9	76.0	116.7
Total.....		86.3	132.0	94.0	145.2
Permits:					
Chicago.....	Number	48.4	56.1	52.2	73.1
Cost.....		79.8	94.7	67.5	70.3
Indianapolis.....	Number	33.1	48.3	39.7	56.9
Cost.....		27.5	25.1	46.2	73.8
Des Moines.....	Number	30.4	20.6	28.4	35.1
Cost.....		30.6	70.7	27.1	44.5
Detroit.....	Number	34.8	41.2	52.2	65.5
Cost.....		58.5	97.2	80.4	108.7
Milwaukee.....	Number	56.2	61.6	54.4	75.9
Cost.....		97.8	67.9	40.8	51.9
Others (45).....	Number	32.8	43.8	36.6	45.7
Cost.....		55.2	116.9	44.6	76.2
Fifty Cities.....	Number	39.4	48.0	45.2	59.6
Cost.....		68.2	96.0	62.3	78.7

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Average daily production; 3. Monthly average 1919=100; 4. First Illinois internal revenue district; 5. Monthly average receipts 1923-24-25=100.