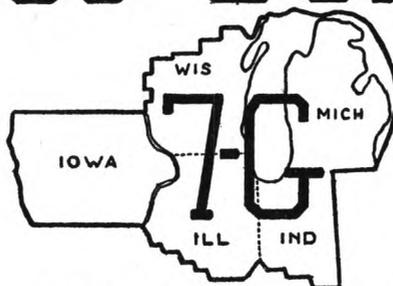


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 10, No. 4

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FEDERAL RESERVE BANK OF CHICAGO

April 1, 1927

BUSINESS CONDITIONS IN THE UNITED STATES

INDUSTRIAL output increased further in February and was slightly larger than a year ago, and distribution of commodities by the railroads was larger than for the corresponding period of any previous year. The general level of wholesale prices continued to decline and was in February at the lowest level since the summer of 1924.

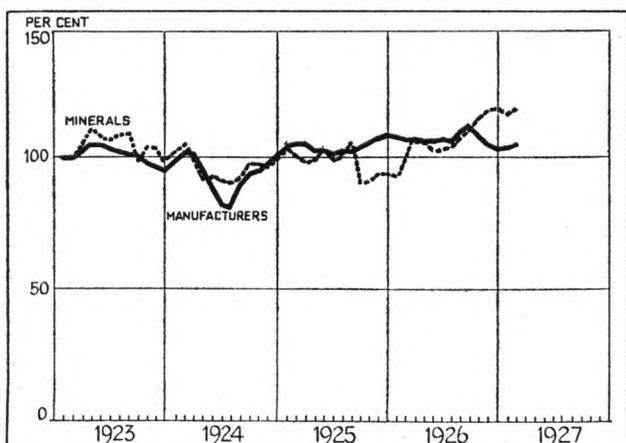
PRODUCTION—Production of manufactures increased in February for the second consecutive month, and the output of minerals, after declining in January, advanced once more in February to the record level reached last December. Factory production and employment, however, continued smaller than during the corresponding month of last year. Production of iron and steel has increased steadily since December, and reports indicate that operations of steel mills in March were at almost the same high rate as in March, 1926. Automobile production increased from 234,000 cars in January to 298,000 cars in February, and weekly figures of employment in Detroit factories indicate some further additions to production in March, but output has continued much smaller than a year ago. Daily average consumption of cotton by mills in February was larger than in any previous month on record, but activity of woolen and silk mills decreased as compared with January. Production of bituminous coal has been maintained in large volume, while that of anthracite has been considerably reduced. The output of building materials was smaller dur-

ing the first two months of this year than in the corresponding period of 1926. The value of building contracts awarded in February was 3 per cent smaller than in the same month of last year, but awards for the first three weeks in March were in approximately the same volume as in 1926. Contracts in Southeastern and Northwestern states have been considerably smaller than a year ago, while those in the Central West have been much larger.

TRADE—Retail trade showed less than the usual seasonal decline between January and February. Sales of department stores and chain stores were larger than in February of last year, while those of mail order houses were smaller. Wholesale firms reported a smaller volume of business in February than a year ago, and this decline occurred in nearly all leading lines. Inventories of department stores increased in February in anticipation of the usual expansion in spring trade, but the growth was less than is customary at this season, and at the end of the month stocks were slightly smaller than a year ago. Stocks of merchandise carried by wholesale firms also increased in February, but they were generally smaller than in the corresponding month of last year.

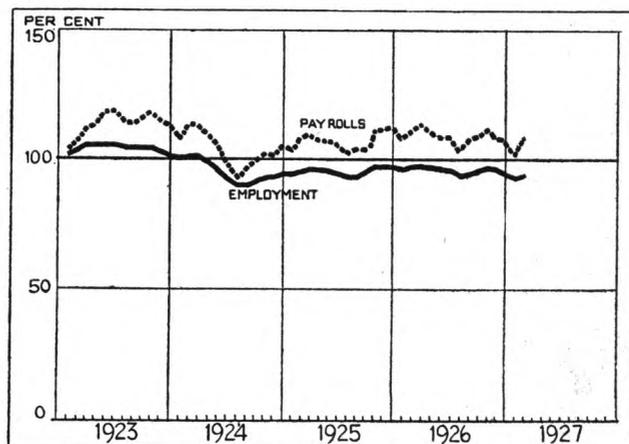
Railroad shipments of commodities have increased steadily since January by more than the usual seasonal amount and have exceeded those for the same period last year, owing to larger shipments of coal, of miscellaneous commodities, and

PRODUCTION OF MANUFACTURES AND MINERALS



Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, February, 1927: Manufactures, 106; Minerals, 120.

FACTORY EMPLOYMENT AND PAYROLL



Federal Reserve Board's indexes of factory employment and payroll (1919=100). Latest figures, February, 1927: Employment, 93.7; Payroll, 108.5.

Compiled March 28, 1927

of merchandise in less-than-carload lots.

PRICES—Wholesale prices, according to the index of the Bureau of Labor Statistics, continued to decline in February. Among non-agricultural products decreases occurred in the prices of coal, petroleum, iron and steel, nonferrous metals, and lumber, and the index for non-agricultural prices as a group was at the lowest post-war level.

Prices of live stock and livestock products and of clothing materials advanced in February. During the first three weeks of March there were decreases in prices of grains, live stock, sugar, silk, wool, coal, petroleum and gasoline, while prices of potatoes, pig iron, hides, and rubber advanced.

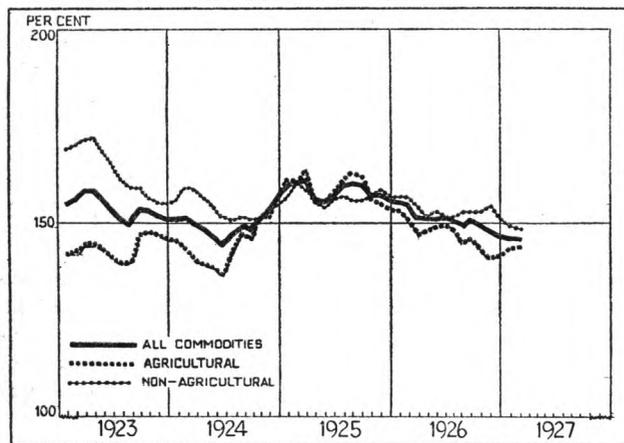
BANK CREDIT—Demand for commercial credit at member banks in leading cities increased seasonally between the middle of February and the middle of March. There was also growth in the volume of funds used in the security market, as indicated by increases in loans to

brokers and dealers in securities. Consequently, total loans of the reporting banks at the end of the period were close to the level of last autumn. Financial operations of the United States Treasury around the middle of March, with disbursements temporarily in excess of receipts, resulted in a temporary abundance of funds, which was reflected at member banks in leading cities in a growth of deposits, in reduced indebtedness at the reserve banks, and in increased holdings of securities.

At the reserve banks, following changes in holdings of bills and securities accompanying the financial operations of the Treasury, the total volume of credit outstanding on March 23 was somewhat larger than four weeks earlier.

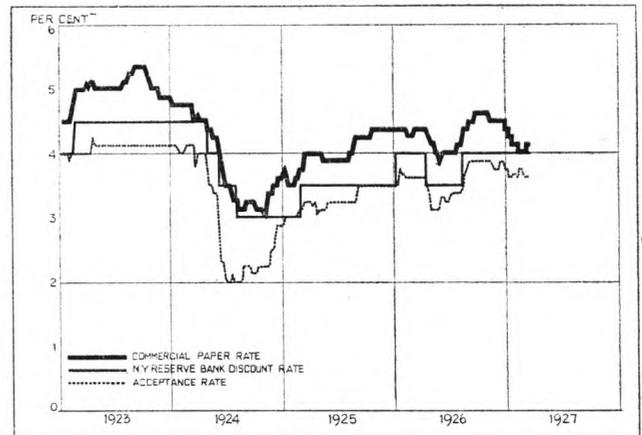
Conditions in the money market in March were slightly firmer than in February. Rates on prime commercial paper advanced from 4 per cent to 4-4 1/4 per cent, and call money was also higher, while rates on acceptances declined somewhat.

WHOLESALE PRICES



Indexes of U. S. Bureau of Labor Statistics (1913=100). Latest figures, February, 1927: All Commodities, 146.4; Agricultural Commodities, 143.3; Non-agricultural Commodities, 148.3.

MONEY RATES



Weekly rates in New York money market—Commercial paper rate on 4- to 6-months' paper, and acceptance rate on 90-day paper. Latest figures, third week of March, 1927: Commercial Paper Rate, 4 1/4 per cent; New York Reserve Bank Discount Rate, 4 per cent; Acceptance Rate, 3 3/4 per cent.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE business situation in the Middle West is characterized by a broadening of activity. Most of the industrial and trade statistics covered by this survey indicate gains in the February-January comparisons, but in many instances without reaching the 1926 levels.

Following these trends—an increase over the preceding month and a decline from last year—may be cited the manufacture and distribution of automobiles, pig iron output, shipments of castings, and production and sales of farm machinery and equipment. All contributed to reverse the downward trend noted in factory employment since fall, so that both the number of men and the amount of payrolls advanced in February over January.

Building construction, as reflected by awards and permits, gained in both the monthly and yearly comparisons. Manufacturers of shoes likewise reported heavier production and shipments than in January or a year ago. Department store sales were ahead of February, 1926, with the gain over the preceding month more pronounced than usual. Retail furniture sales exceeded the January volume and nearly equaled that of a year ago; orders booked by manufacturers declined in both comparisons. Wholesale dealers in hardware, dry goods, and shoes registered increases over January, while drug and grocery firms showed declines; all except the last-named group averaged decreases from February, 1926.

Reports from agricultural sections reflect the seasonal quiet of the winter months. Live stock shipments as usual contracted from January, and production and sales at meat packing plants were seasonally lower. The volume of flour produced was less than that in the preceding month and a year ago. Sales of dairy products exceeded the January volume and for butter were ahead of February, 1926.

Financial changes during February were largely seasonal—the smaller volume in check payments and commercial paper sales, the heavier amount of savings deposits and bankers' acceptances, and the reduction in collections. The bond market was less active.

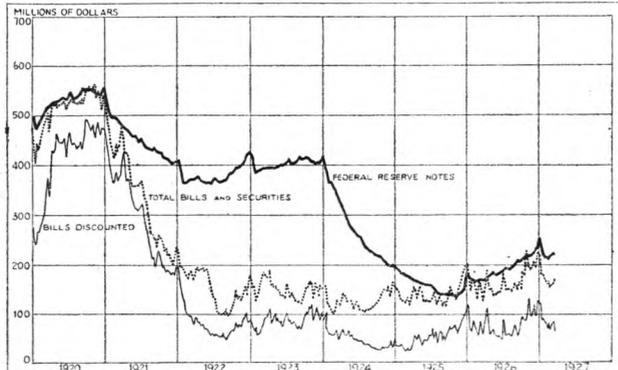
CREDIT CONDITIONS AND MONEY RATES

Such changes as have taken place in the general credit situation in the district during recent weeks have been seasonal in nature, reflecting heightened activity in certain lines with the approach of spring. Unusually favorable weather throughout most of the district in February tended to lessen the usual dullness of that month. Banks in areas concerned with cattle feeding report considerable liquidation of indebtedness. In manufacturing centers, demand for credit accommodation was fairly well maintained through February with little or no change in rates. In Chicago, aside from a slight acceleration of borrowing at banks incident to March 1 settlements, funds have been more than sufficient to meet needs, and a downward movement in

rates has been reported, reflected only slightly, however, in actual quotations which are as follows: Commercial paper 4 to 4½ per cent, customers' over-the-counter loans 4¼ to 4¾ per cent, and collateral loans 4¼ to 4¾ per cent. The average rate earned on loans and discounts by ten of the large Chicago banks in February was 4.87 per cent as compared with the 5.02 per cent shown for January. For six of the more important banks in Detroit this figure averaged 5.43 per cent in February, as against 5.45 per cent in January and 5.36 per cent in February, 1926. The prevailing rate on loans and discounts in that city during the week ending March 15 was 4½ to 6 per cent, unchanged from the corresponding week in the preceding month.

Total bills and securities of the Federal Reserve Bank of Chicago have shown a rising trend thus far in March, on the sixteenth aggregating \$167,353,000, an increase of about \$7,500,000 over March 9, the result of heavier holdings of certificates of indebtedness. Loans to member banks declined on March 16 to \$61,983,000 from the \$80,528,000 shown the preceding week, and compared with \$78,871,000 February 16. Federal Reserve notes in circulation, following a rising trend until March 16, on that date declined approximately \$2,500,000 from the preceding week, standing at \$218,985,000, as against \$221,497,000 March 9 and \$210,803,000 February 16.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, March 16, 1927, in thousands of dollars: Federal Reserve Notes, 218,985; Total Bills and Securities, 167,353; Bills Discounted, 61,983.

Loans and discounts of reporting member banks until March 16 showed little week-to-week change but stood at higher levels than during the latter part of February; on March 16 they aggregated \$2,155,258,000 as compared with \$2,139,240,000 February 16, and represented a rise of about 7½ million from March 9. Investments on March 16, amounting to \$776,513,000, were the largest in volume since October 13, 1926, when \$783,361,000 was shown; the March 16 total compared with \$751,721,000 on the corresponding reporting date in February and involved an increase of about 22 million over the previous week. Net demand deposits have fluctuated widely during the past five weeks; \$1,792,508,000 was shown for this item on March 16, comparing with \$1,783,768,000 February 16. Time deposits declined on each weekly reporting date from February 9 to March 9, totaling \$1,052,313,000, however, on March 16, a rise of over 2 million from the preceding week and as against \$1,058,685,000 February 16.

Statistics on commercial paper sales evidenced the usual January-February recession: the eleven houses reporting to this bank each sold a smaller dollar volume of bills during February than in the preceding month, with the group averaging a drop of 23.5 per cent. In the comparison with a year ago, the decrease of 2.0 per cent represents individually seven increases and four declines. Rates eased during the month, all but three dealers listing 4½ for high,

and half the firms, for the first time since last summer, quoting 3¾ for low; customary ruled at 4 to 4¼. Paper outstanding on February 28 for five dealers totaled 3.6 per cent above the January 31 amount, but 8.9 per cent below a year ago; the former comparison reflects four increases, the latter three. Outstandings of twenty-six firms located throughout the country amounted to \$573,598,000 at the close of February, compared with \$551,000,000 a month earlier.

Weekly purchases by six reporting dealers operating in the Chicago open bill market from February 17 to March 16 averaged 25.5 per cent less than during the preceding five-week period; buying from both acceptors and others fell off. Sales in the same comparison increased 1.8 per cent, reflecting gains in the volume sold to the Federal Reserve Bank and to local banks but declines to out-of-town banks and others. Transactions with other offices dropped in both purchases and sales. Commodities principally involved in the operations were sugar, grain, rubber, tobacco, cotton, and canned goods. Supply and demand improved, the majority of the dealers indicating for the last week of the period a fair amount available, and a good inquiry, with bills moving freely. Holdings were about half as heavy on March 16 as in the middle of February; ninety-day maturities predominated, with sixty- and thirty-day following. Rates, both bid and offered, on March 16 for sixty-day, and for four- and six-month paper were the same as on February 16; thirty- and ninety-day rates each declined one-eighth per cent.

Sixteen reporting banks in this district accepted during February 44.3 per cent less in bills than in the preceding month and 30.3 per cent below the volume of a year ago. Purchases in the same comparisons, however, increased 21.9 and 12.6 per cent, respectively. Sales were within 0.4 per cent of the January volume, gains at four banks offsetting declines at five; the drop from February, 1926, averaged 30.6 per cent. Acceptances reported by three of the banks during the first half of March covered principally transactions in rubber, grain, cotton, coffee, tea, sugar, meats, and lard. Total holdings advanced 9.4 per cent from January 31 to February 28, and the banks' own bills 27.4 per cent; both were markedly heavier than a year ago. The aggregate liability of the banks as acceptors for acceptances outstanding increased 5.5 per cent during the month, and was 3.5 per cent above February 28, 1926; both comparisons reflect individually six gains and seven declines. The Federal Reserve Bank of Chicago purchased \$28,070,130 during February, and was holding at the close of the month \$34,585,340, the smallest amount since July.

Agricultural Financing—Nineteen Joint Stock Land banks on February 28 showed loans outstanding in the five states including the Seventh district as \$218,786,000, a rise of \$2,700,000 over the corresponding figure on January 31 and approximately \$17,500,000 higher than a year ago. Four Federal Land banks, with loans outstanding in the same territory amounting to \$189,041,643, registered a rise of about \$5,000,000 from January 31 and of \$23,000,000 over February 27, 1926. Loans and discounts (including re-discounts) of four Federal Intermediate Credit banks continued the downward trend shown for several months, on February 28 amounting to \$891,237, compared with \$918,418 at the end of January and \$1,707,255 on the corresponding date in 1926.

Volume of Payment by Check—The aggregate of debits to individual accounts in February as reported by thirty-seven clearing house centers in the district showed a drop of 11.8 per cent from the preceding month, in large part seasonal, the February volume being \$5,277,509,000 as against \$5,981,824,000 in January. Four of the larger cities

in the district, Chicago, Detroit, Milwaukee, and Indianapolis, declined 11.5 per cent in the total of payment by check, and thirty-three smaller centers reporting the item showed a 13.1 per cent decrease. As compared with February, 1926, the thirty-seven cities increased in the aggregate 0.1 per cent, the four larger cities declined by the same percentage, and the thirty-three smaller clearing house centers gained 0.7 per cent.

Savings—March 1 savings deposits of 213 reporting banks in this district aggregated 0.2 per cent heavier than on February 1; the increase reflects individual advances by about half the group but state declines except in Michigan. In comparison with a year ago, 106 increases and 76 declines averaged a gain of 0.7 per cent for the district, with

AGRICULTURAL PRODUCTION AND FOODSTUFFS

A report by the Bureau of Agricultural Economics of the United States Department of Agriculture shows proposed plantings for 1927 in the north central states as follows: spring wheat (exclusive of durum) 99.6 per cent, corn 98.1 per cent, oats 101.7 per cent, barley 115.1 per cent, Irish potatoes 114.0 per cent, tame hay 101.3 per cent, and tobacco 94.4 per cent of the acreage harvested in 1926. For the country as a whole, intended plantings indicate increases of 1.8 per cent for corn, 3.2 per cent for oats, 14.3 per cent for barley, 1.6 per cent for spring wheat, 14.9 per cent for Irish potatoes, and 1.8 per cent for tame hay, and a reduction of 3.3 per cent for tobacco from the acreage grown for last harvest. Farm stocks of potatoes in the United States were heavier on March 1 than a year ago but were under holdings for March 1, 1925.

Flour—Mills in the Seventh district do not report any improvement in conditions. Production continues to decline, and although sales showed an increase in volume over a year ago for the fourth successive month, the value of these transactions was less and both were under January. Receipts of flour at Chicago were 11,000 barrels heavier in February than in the preceding month, while shipments declined 42,000 barrels; receipts gained 44,000 barrels over last February, and shipments 25,000 barrels.

CHANGES IN FEBRUARY, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JANUARY 1927	FEBRUARY 1926	
Production (bbls.)	-7.3	- 8.9	30
Stocks of flour at end of month (bbls.)	-2.9	+ 9.5	27
Stocks of wheat at end of month (bu.)	-0.2	+50.2	27
Sales (volume)	-5.5	+ 9.4	15
Sales (value)	-9.2	-11.9	15

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

Grain Marketing—February receipts at interior primary markets in the United States aggregated somewhat larger for corn and slightly smaller for oats than those in the preceding month; reshipments increased. The wheat movement registered the only gain in volume over February, 1926, though showing some recession from January. All the items, except wheat receipts, fell below the 1922-26 average for February. Visible supplies of corn and rye increased, and the stock of other grain in the United States declined on March 12 in comparison with the corresponding date in February. Inventories of wheat, rye, and corn were greater than a year ago, but holdings of oats and barley were smaller. Farm stocks of oats, corn, barley, and rye showed a recession and those of wheat an expansion in quantity on March 1 as compared with last year, according to an estimate made by the Bureau of Agricultural Economics. The volume of trading in grain futures by members of the Chicago Board of Trade was 7.9 per cent less for February than for January, and fell 40.2 per cent below a year ago; contracts for corn and oat futures in-

Indiana, Michigan, and Wisconsin totals higher and Illinois and Iowa lower. The number of accounts reached a new level, exceeding February 1 by 0.4 per cent and March 1, 1926, by 3.0 per cent; both comparisons represented gains in all five states and individually by two-thirds of the banks.

Bonds—The slight reaction noted in the bond market the middle of February was felt during the remainder of that month, and extended into March. The large amount of new financing and the high prices tended to curtail buying. Decrease in purchases by banks contributed to the slowing down; sales to individuals, however, showed improvement. Municipals continued in strong demand with prices advancing; real estate bonds likewise sold in large volume.

creased and those for wheat and rye declined in both comparisons. February quotations ranged from barely steady to slightly firmer for wheat, averaged a little lower on oats and corn, and slightly higher for rye than in January.

Movement of Live Stock—Live stock receipts at public stock yards in the United States receded to seasonally low levels during February and continued to consist largely of hogs, short-fed cattle, and fat lambs from the corn belt and adjacent states.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, February, 1927	221,392	682,915	302,806	122,571
Federally Inspected Slaughter U. S.				
February, 1927	700,423	3,394,560	1,005,635	376,688
January, 1927	786,373	4,513,543	1,114,889	396,652
February, 1926	694,616	3,351,165	987,730	378,308

Reshipments to feed lots showed the customary recession from January, but those of cattle and lambs were in excess of February, 1926.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MARCH 12, 1927	FEB. 1927	JAN. 1927	FEB. 1926
Native Beef Steers (average)	\$10.85	\$10.50	\$10.20	\$ 9.65
Fat Cows and Heifers	7.50	6.75	6.40	6.60
Hogs (bulk of sales)	11.55	11.80	11.95	12.35
Yearling Sheep	12.00	11.20	10.25	11.65
Lambs (average)	14.95	13.00	12.55	13.50

The International Live Stock Exhibition indices show the volume of inspected slaughter in the United States as 95, the price of all live stock as 121, and the total value of the slaughter as 115 for February, compared with index numbers of 96, 123, and 118, respectively, for January.

Meat Packing—Production at slaughtering establishments in the United States showed a seasonal recession in February from the preceding month, and employment for the last week of the period was lower by 3.0 per cent in number, 7.7 per cent in hours worked, and 6.7 per cent in value than corresponding figures for January. Domestic demand averaged fair for meats and improved slightly for lard. Sales billed to domestic and foreign customers by fifty-two meat packing concerns in the United States declined 5.2 per cent in total value from January and were 3.0 per cent under February, 1926. Quotations at Chicago eased for pork, lard, and common to medium veal; remained fairly steady for most beef carcasses and good to choice veal; and strengthened somewhat for lamb, mutton, pickled skinned hams, and the majority of beef cuts. Prices tended to strengthen a little early in March. Packing plants and cold-storage warehouses in the United States had larger inventories on March 1 than at the beginning of the previous month, the increases in pork and lard stocks having more than offset the recessions in beef, lamb, and miscellaneous meats. All items, with the exception of dry salt pork, exceeded a year ago. Total holdings fell below the 1922-26 average for March.

Foreign trade remained rather slow for hog meats and only fair for lard, so that the quantity of packing-house products forwarded for export aggregated less for February than for January. Continental demand for American lard showed some improvement toward the end of the period. Consignment inventories abroad were reported lower on March 1 than a month ago. European quotations continued under the Chicago parity.

Dairy Products—Butter production in the Seventh Federal Reserve district showed a decline in February of 0.04 per cent from January and an expansion of 13.1 per cent over a year ago, according to a compilation for sixty-one creameries. A very slight recession from last year and a gain over the preceding period were indicated for the country as a whole in figures released for the four weeks ended February 26 by the American Association of Creamery Butter Manufacturers. Sales of creamery butter billed to customers by sixty-three companies in the district were 6.7 per cent larger in volume than in January and exceeded

FUEL AND POWER PRODUCTION

Coal—Production of bituminous coal in this district continued heavy during February, sustained, as in January, by industrial and railroad storage programs in anticipation of a suspension of operations on April 1. This demand had been fairly well satisfied by March 1, however, so that the market for industrial coals has become more quiet. Demand for domestic sizes remained dull throughout the period, due to continued mild weather. Prices of Southern Illinois coals on March 10 had been shaded somewhat from quotations a month previous.

Aggregate February output of coal from Illinois mines—8,096,303 tons—was 300,000 tons below that in January because of the shorter month, but increased 44.3 per cent over a year ago; 227 mines operated for an average of 19.3 days and employed 72,014 men, in comparison with 226 mines, 20.2 days, and 72,259 men in January. United States production of bituminous coal declined somewhat from the prior month, but was unusually heavy for February.

Electric Energy—The following tables show February changes reported in various items from January and from a year ago by six central station companies in the Seventh

those of a year ago by 5.5 per cent. The quantity of American cheese received at Wisconsin primary markets from factories located in that state totaled 13.8 per cent greater for the four weeks ended February 26 than for the preceding period, and was 7.4 per cent less than a year ago; redistribution from these centers increased 22.2 per cent and declined 9.7 per cent, respectively, in the two comparisons. Inventories of dairy products at cold-storage warehouses and packing plants in the United States were seasonally smaller on March 1 than at the beginning of February. Stocks of butter and cheese showed a recession and eggs a gain in comparison with a year ago. Cheese and egg holdings exceeded the 1922-26 average for March 1, while butter inventories declined about 58 per cent. An increased volume of eggs and cheese and a slightly smaller tonnage of butter were received at Chicago during February than in the previous month. Chicago quotations for February firmed slightly for butter and declined for eggs and cheese in comparison with January.

district, and also indices of industrial activity in the north central states and in the United States as measured by electric energy consumption.

CHANGES IN FEBRUARY, 1927, FROM PREVIOUS MONTHS

(Compiled from direct reports to this bank by six companies)

	PER CENT CHANGE FROM		
	JANUARY 1927	FEBRUARY 1927	FEBRUARY 1926
Plant capacity (KW)	-0.2		+11.7
Plant output (KWH)	-9.9		+ 6.0
Plant output (daily average—KWH)	-0.2		+ 6.0
Peakload demand (KW)	-6.5		+ 5.7
Industrial sales (KWH)	+0.5		+ 4.7
Industrial sales (working day average—KWH)	+4.6		+ 4.7
	FEBRUARY 1927	JANUARY 1927	FEBRUARY 1926
Ratio peakload demand to plant capacity	74.4	79.4	78.6
Load factor	58.8	55.1	58.7

INDUSTRIAL ACTIVITY AS MEASURED BY ELECTRIC ENERGY CONSUMPTION

(Monthly average 1923-1925=100)

	FEB. 1927	JAN. 1927	FEB. 1926	JAN. 1926
North Central States	111.6	101.4	113.2	107.5
United States	106.2	107.1	114.2	113.8

Data furnished by McGraw-Hill Company.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Operating schedules of automobile companies were expanded still further in February, as evidenced in production figures for that month; output of passenger cars in the United States totaled 260,330, an increase of 32.2 per cent over January and almost 90 per cent greater than the low point of production in December, 1926. The number of cars manufactured was 18.6 per cent below February a year ago, and 21.4 per cent under the corresponding month of 1924, but 7.1 per cent larger than in February, 1925. Truck production for February in the United States of 38,029 exceeded that of January, and was higher than in February of the three preceding years.

Sales of new cars, at both wholesale and retail, and those of used cars showed decided increases in February over the preceding month, as reported by fifty-six dealers and distributors in the Middle West. Stocks of new and used cars also increased somewhat. In the comparisons with February, 1926, new car sales were substantially smaller, though the number of used cars sold exceeded last year's figure. For the second successive month, a decline was reported in the year-to-year comparison in the number of new cars on hand at the end of the month, while stocks of used cars were slightly heavier in number. The proportion of cars

sold on the deferred payment plan increased by a moderate percentage in February, sales made on this plan by thirty-two dealers averaging 45.3 per cent of their total retail sales for the month, as compared with 42.8 and 46.0 per cent, respectively, in the preceding month and February last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in February, 1927, from previous months

	PER CENT CHANGE FROM COMPANIES INCLUDED			
	JANUARY 1927	FEBRUARY 1927	JANUARY 1926	FEBRUARY 1926
New cars				
Wholesale—				
Number sold	+69.6	-15.5	33	30
Value	+69.5	-28.8	33	30
Retail—				
Number sold	+60.7	-20.1	55	52
Value	+59.3	-13.6	55	52
On hand February 28—				
Number	+13.1	-15.7	54	51
Value	+17.1	- 6.5	54	51
Used cars				
Number sold	+46.8	+12.1	55	52
Salable on hand—				
Number	+ 6.5	+ 2.3	55	52
Value	+ 7.3	+ 5.3	55	52

Agricultural Machinery and Equipment—Sales of agricultural machinery and equipment billed during February to domestic and foreign customers by seventy-seven manufacturers in the United States showed a gain over January of 27.9 per cent for heavy machinery, of 24.5 per cent for all other (exclusive of barn supplies), and of 20.5 per cent for barn equipment. The figures for the tractor-thresher-

combined harvester group increased 0.6 per cent in comparison with a year ago, while those for the light group and for barn equipment declined 11.7 and 6.3 per cent, respectively. Total sales were ahead of the 1923-25 February average but below the corresponding period last year.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in February, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JANUARY 1927	FEBRUARY 1926	
Domestic sales billed	+26.7	- 9.2	77
Sales billed for export.....	+17.8	+ 0.5	41
Total sales billed	+25.5	- 8.1	77
Production	+ 0.4	-12.5	75

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

Iron and Steel Products—February reports from steel mills in the Chicago district indicate a very good demand throughout the month, with sales and shipments larger than in January and increasing production schedules. Unfilled orders of the United States Steel Corporation on February 28 declined about 203,000 tons from the end of January. Steel ingot production in the United States increased in February for the second successive month, the daily average of 155,232 tons gaining 6.0 per cent over the preceding month, though falling 2.0 per cent below a year ago and 0.7 per cent under February, 1925. Average daily pig iron output for the country expanded about 5 per cent for February over January, and gained 0.6 per cent over the corresponding month last year; in the Indiana and Illinois district there was an increase of 7 per cent in the month-to-month comparison, but production remained lower than a year ago.

Until the middle of February, prices continued the downward trend evident since the first of last December. Greater steadiness was apparent, however, after February 15, and on both March 9 and 16 the composite average price of fourteen iron and steel products, as compiled by *Iron Trade Review*, showed a slight rise. Pig iron prices at Chicago were lower on March 1, while scrap metal prices also receded further about the first of the month.

Total shipments in February by twenty-seven iron and steel casting foundries in the Seventh district increased 8.2 per cent in value over January and were 15.5 per cent less than a year ago; tonnage forwarded gained 8.8 and declined 14.1 per cent in these comparisons. Production followed a similar trend. Shipments by thirteen stove and furnace manufacturers were heavier in the aggregate than in either January or the corresponding month of last year; both stocks and production showed increases in the month-to-month and stocks in the yearly comparison; while orders booked were less than in January but slightly above February, 1926.

Shoe Manufacturing, Tanning, and Hides—Shipments during February by thirty-one shoe manufacturers in the Seventh Federal Reserve district exceeded the month's production by 7.0 per cent; each of the items gained over

January and the corresponding period last year. The quantity of unfilled orders held by twenty-four companies gave assurance of nearly six weeks' operations at the present rate of distribution. The number of stock shoes reported on hand by twenty-nine factories was equivalent to 74.9 per cent of February shipments by these concerns.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JANUARY 1927	FEBRUARY 1926	
Production	+13.6	+15.4	31
Shipments	+35.5	+19.5	31
Stock shoes on hand.....	- 5.0	- 4.8	29
Unfilled orders	- 4.0	+11.9	23

Representative tanners in the Seventh district reported rather irregular trends in leather production for February, with the aggregate about on a level with the previous month and larger than in February, 1926; the value of sales billed to customers totaled under January and a year ago. Prices remained fairly steady.

The sales volume of packer green hides at Chicago increased slightly in February over January, and that for calf skins showed a recession. Purchases by tanners in the district were reported smaller than in January. The market for hides was very active at the beginning of March. Quotations at Chicago averaged lower for February than for the preceding month.

Furniture—Orders booked by twenty-six furniture manufacturers in the Seventh Federal Reserve district during February totaled less by 26.0 per cent than in the preceding month, a seasonal trend. Nineteen firms reported an aggregate of new business 0.5 per cent below February last year and 14.0 per cent under the same month of 1925. Shipments averaged 14.7 per cent heavier in February than in January, 1.4 per cent under a year ago, and 5.9 per cent over February, 1925. Unfilled orders declined 1.3 per cent from January 31, owing to the excess amount of shipments over orders booked, and were 5.7 per cent below the end of January last year. The rate of operations changed little or increased over January with the majority of manufacturers, but continued under the rate of 1926.

Raw Wool and Finished Woolens—Steadiness of prices characterized the raw wool market during February, with demand variously reported as fairly active or rather quiet. Mills have been buying generally in small quantities only and for prompt shipment. There was considerable contracting through most of the month for the domestic clip in the West, but activity declined the last few days owing to the firm demand for higher prices by the growers. Foreign markets have been maintaining strong price levels. The majority of openings for the heavy-weight season have taken place, with prices averaging under a year ago but slightly above those of last spring. It is somewhat early to report the effect of these openings; a few firms in the district are booking satisfactory orders, while others indicate that no large advance business has yet been received.

INDUSTRIAL EMPLOYMENT CONDITIONS

A one per cent increase in employment during the period January 15 to February 15 reversed the downward trend that has been in progress at manufacturing plants of the district since last September. Total wage payments for the same period gained over 4 per cent, a result of longer working hours as well as the increase in men. The improvement thus evident during February was not so marked, however, as usual for the season, and employment remains lower than for any month of 1926. A comparison with 1925 and 1924 likewise is unfavorable if we exclude the periods of greatest depression during these years, each of which lasted about four months—in 1924 until the close of November, and through August in 1925.

After three months of consecutive declines, the metals and machinery group added more men to its working forces, the increase amounting to nearly one per cent. The vehicles group registered a pronounced gain, the first since last May, reflecting renewed activity in the automobile industry throughout the district. For Detroit alone, the Employers' Association reports have shown a steady advance in employment since early January, and the increase for the month ending with the second week in March amounted to about 3 per cent. Reports for building materials give signs of the preparation for spring demand, with a number of brick yards that were closed during the winter having resumed operations. In textiles, the seasonal

gains of several months previous continue, but they are moderate in proportions. The leather industry appears hesitant, and losses were recorded for the chemicals and food products groups.

While outdoor work remained inactive during February,

there was some improvement in the demand for labor at free employment offices, and by early March the ratio of applicants to available positions had declined somewhat, the records for Illinois showing a reduction from 214 per cent to 204, and for Indiana from 213 per cent to 163.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
	FEBRUARY 15 1927	JANUARY 15 1927		FEBRUARY 15 1927	JANUARY 15 1927	
All groups (10)	353,250	349,868	+1.0	\$9,265,913	\$8,881,240	+ 4.3
Metals and metal products (other than vehicles).....	154,128	152,825	+0.9	3,855,906	3,672,941	+ 5.0
Vehicles	31,713	31,163	+1.8	963,818	874,308	+10.2
Textiles and textile products.....	26,767	26,199	+2.2	693,531	658,684	+ 5.3
Food and related products.....	39,747	39,953	-0.5	1,009,539	1,042,948	- 3.2
Stone, clay and glass products.....	12,908	12,690	+1.7	379,569	361,041	+ 5.1
Lumber and its products.....	31,659	31,059	+1.9	771,689	724,876	+ 6.5
Chemical products	8,997	9,013	-0.2	239,649	226,587	+ 5.8
Leather products	15,717	15,934	-1.4	354,095	347,245	+ 2.0
Rubber products	3,230	3,066	+5.3	87,196	75,765	+15.1
Paper and printing.....	28,384	27,966	+1.5	910,921	896,845	+ 1.6

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Dollar sales of twenty-four reporting wholesale lumber dealers increased 6.9 per cent over January, although they continued to show a decline (13.6 per cent) from a year ago. Retail sales as reported by 237 lumber yards were 9.3 per cent less and 11.3 per cent larger in the respective comparisons. Both groups reported stocks somewhat larger than for January and approximately the same as a year ago. The automobile industry was in the market for quantities of hardwoods, and railroads were buying softwoods for construction purposes. The ratio of outstanding accounts to sales at wholesale was 133 in February, as compared with 142 in January and 120 in February, 1926; for retail yards these ratios were 440, 411, and 439, respectively.

The cement and brick industries met with favorable weather conditions throughout most of February. This, together with the usual seasonal improvement, resulted in

a sufficient increase in shipments to reduce stocks below those of both January and a year ago. Production continued to decline. Bricklaying was practically uninterrupted in the territory around Chicago, a condition, however, not found in all parts of the Seventh district.

Building Construction—Contracts awarded in the Seventh district during February totaled \$69,698,110, an increase of 23.6 per cent over January and of 29.4 over February, 1926. Of this amount \$29,038,270 was for residential building, in which the respective increases were 17.2 and 11.4 per cent. For fifty cities reporting to this bank the total number of permits issued increased 42.9 and 4.4 per cent in the monthly and yearly comparisons, while estimated cost of buildings to be constructed was 53.1 and 33.5 per cent greater. Five of the larger cities showed a slight decrease in the aggregate number of permits as compared with a year ago.

MERCHANDISING CONDITIONS

Wholesale Trade—In all five lines of wholesale trade reporting to this bank, collections for February were low; in none of the groups did this item exceed January, and only in groceries was it larger than a year ago. Changes in sales, stocks, and accounts outstanding varied, with increases predominating in the monthly and decreases in the yearly comparison.

Groceries—A general tendency to slowness was indicated in the reports of thirty-seven firms, only seven of which reported sales increases over January, and twelve over a year ago. In the aggregate, sales declined 3.9 and gained 1.0 per cent in the respective comparisons. Total volume of sales for the first two months of the year was 1.9 per cent larger than for the same period of 1926. Stocks were somewhat heavier than in the previous month, but not so large as a year ago. Outstanding accounts and collections decreased 1.7 and 6.7 per cent from January and increased 0.8 and 0.4 per cent over last year.

Hardware—Sales of seventeen firms exceeded the January figure by 6.8 per cent, but fell 5.3 per cent below February, 1926; individually, about one-half of the firms showed declines in this comparison. The sales total for January and February was 7.2 per cent smaller than for the same period of 1926. Stocks increased by 5.0 and 2.8 per cent in these comparisons. Collections were generally slow, declining 22.2 and 10.8 per cent, respectively, with only one firm reporting increases in the former and three in the latter comparison. Outstanding accounts were 2.0 per cent larger than in January and 1.0 per cent smaller than at the end of February, 1926.

Dry Goods—Reports for twelve dealers indicate that aggregate sales and accounts receivable advanced over January and declined from February a year ago. The increases for the month were 9.0 and 1.1 per cent, while the declines from February, 1926, amounted to 10.3 and 2.3 per cent, respectively. Total sales volume for the first two months of this year was 10.2 per cent smaller than for the corresponding period of 1926. Stocks decreased 9.2 per cent from January and 22.6 per cent from a year ago. Collections declined in both comparisons, dropping 10.6 and 2.5 per cent, respectively.

Drugs—Aggregate declines in sales of 4.6 and 2.6 per cent in the respective comparisons with January, 1927, and February, 1926, were reported by thirteen dealers. For the first two months of the year, as compared with January and February, 1926, there was a total decrease in sales volume of 5.0 per cent. Stocks increased over January, but were less than those at the end of February a year ago. Collections continued smaller, registering drops of 7.1 and 8.5 per cent, respectively, while outstanding accounts aggregated 1.5 per cent larger than in January and 8.9 per cent smaller than a year ago.

Shoes—Of nine reporting dealers only one showed a sales decline as compared with January, and the total increase in sales amounted to 31.4 per cent. As compared with February, 1926, five firms registered decreased sales, making an aggregate decline of 4.2 per cent. Total sales for the two months, January and February, were 3.5 per cent smaller than in the same period of 1926; stocks, while not so large as in January, were about the same as

a year ago; outstanding accounts increased by 6.5 per cent in the former and declined 0.7 per cent in the latter comparison; and collections decreased 13.2 and 0.3 per cent, respectively.

Department Store Trade—According to reports of eighty-eight firms, department store sales, with an aggregate increase of 6.9 per cent, showed the only marked improvement over January that has been made in any February for a number of years. As compared with a year ago there was an increase of 4.6 per cent. Individually, not quite half the firms reported gains in the month-to-month and slightly more than half in the yearly comparisons. Total sales for January and February exceeded the same period in 1926 by 0.1 per cent. Inventories increased 7.0 per cent over January, but declined 3.0 per cent from a year ago. The ratio of sales to average stocks was 27.8 per cent as compared with 26.1 per cent in February, 1926; for the first two months of 1927 this figure was 53.0 as against 52.3 for the same period of last year. The ratio of orders for new goods to total 1926 purchases stood at 7.7 per cent on February 28 and 6.8 per cent at the end of the previous month. Outstanding accounts declined 7.2 per cent from the end of January and increased 11.9 per cent over February, 1926. Collections, while 19.2 per cent smaller than in January, were 6.6 per cent larger than a year ago. The ratio of

collections to outstanding accounts was 38.7 for the month this year and 39.9 per cent in 1926.

Retail Furniture Trade—Twenty-nine retail furniture dealers and twenty-one department stores showed an aggregate increase of 24.8 per cent in February sales over those for January, and a decline of 1.4 per cent from February, 1926, although individually a majority of firms recorded increases over a year ago. Inventories expanded 3.6 per cent over the preceding month and were 2.1 per cent below February 28 last year. Installment sales of twenty-two furniture dealers increased 38.6 and 3.7 per cent, respectively, in the month-to-month and yearly comparisons, while collections on these sales declined 17.8 and 5.0 per cent. Collections on all sales decreased 13.1 and 1.5 per cent, respectively. Outstanding accounts were slightly larger in both comparisons.

Retail Shoe Trade—Sales of forty-one reporting shoe dealers declined 3.9 per cent from the January totals, but were 3.0 per cent ahead of February, 1926. Individually, eighteen firms reported increases in the first and thirty-one in the second comparison. The ratio of outstanding accounts to sales stood at 115.1 per cent in February, as against 113.8 for January and 101.2 a year ago. Stocks were 8.3 per cent larger in the first and 7.2 per cent smaller in the second comparison, and collections declined 14.6 and 25.1 per cent, respectively.

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	Feb. 1927	Jan. 1927	Feb. 1926	Jan. 1926
Meat Packing—(U. S.)—					
Sales (in dollars).....	62	105.5	111.4	108.7	116.8
Casting Foundries—					
Shipments (in dollars).....	27	77.6	71.6	94.0	83.9
Stoves and Furnaces—					
Shipments (in dollars).....	13	71.4	55.9	76.8	61.3
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	90	133.8	105.6	147.4	119.4
Exports (in dollars).....	60	143.6	93.5	177.3	116.9
Total Sales (in dollars).....	90	135.0	103.7	152.2	119.0
Production.....	88	134.0	136.9	136.1	141.3
Furniture—					
Orders (in dollars).....	19	102.8	131.3	103.5	167.6
Shipments (in dollars).....	19	105.5	101.0	108.5	102.4
Shoes—					
Production (in pairs).....	34	107.7	94.6	93.5	87.4
Shipments (in pairs).....	34	116.3	85.3	97.9	91.7
Electric Energy—					
Output of Plant (KWH).....	8	126.0	139.6	118.6	126.6
Industrial Sales (KWH).....	8	133.1	130.5	124.7	117.9
Flour—					
Production (in bbls.).....	34	83.2	89.7	91.5	94.1
Output of Butter by Creameries—					
Production.....	76	87.8	87.8	82.4	86.5
Sales.....	76	89.7	85.7	83.3	80.9
Automobiles—					
Distribution in Middle West:					
New Cars—Wholesale—Number sold..					
Value.....	28	144.3	86.0	166.6	113.5
Value.....	28	116.1	68.3	154.5	97.1
New Cars—Retail—Number sold..					
Value.....	48	71.0	44.6	87.9	67.0
Value.....	48	73.8	47.1	86.1	63.0
New Cars—On Hand—Number.....					
Value.....	42	125.5	103.7	148.8	114.4
Value.....	42	126.4	103.3	136.6	106.7
Used Cars—Number sold..					
Value.....	41	116.0	79.7	106.5	81.1
Value.....	41	144.8	133.2	156.4	156.8
Used Cars—On Hand—Number.....					
Value.....	41	123.3	113.3	119.2	120.0
Value.....	41	123.3	113.3	119.2	120.0
Production (U. S.): Passenger cars....					
Trucks.....		90.0	68.1	110.6	94.4
Trucks.....		113.1	110.5	112.1	88.7
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		101.3	100.8	97.0	102.6
Live Stock.....		87.6	97.6	89.1	100.8
Coal.....		129.0	129.4	105.8	108.4
Coke.....		108.4	102.4	156.0	151.0
Forest Products.....		100.7	90.4	109.5	93.9
Ore.....		28.7	24.7	27.5	25.5
Merchandise and Miscellaneous.....		103.4	95.6	102.2	95.6
Total.....		104.2	98.8	100.3	96.1
Iron and Steel—					
Pig Iron Production²					
Illinois and Indiana.....		110.1	102.9	112.1	108.8
United States.....		106.9	101.9	106.3	108.9
Steel Ingot Production—(U. S.) ²		116.5	109.9	118.9	119.8
Unfilled Orders U. S. Steel Corp.....		75.3	79.6	96.7	102.3

	Firms	Feb. 1927	Jan. 1927	Feb. 1926	Jan. 1926
Wholesale Trade—³					
Net Sales (in dollars):					
Groceries.....	39	58.4	61.2	57.9	59.5
Hardware.....	19	72.5	68.5	76.6	75.3
Dry Goods.....	13	61.8	56.6	69.2	64.8
Drugs.....	13	89.7	92.3	90.5	94.9
Shoes.....	10	34.9	26.5	36.2	27.2
Retail Trade (Dept. Stores)—³					
Net Sales (in dollars):					
Chicago.....	7	103.9	101.5	98.4	103.2
Detroit.....	4	162.9	138.1	157.2	138.5
Des Moines.....	3	103.7	106.8	95.4	100.1
Indianapolis.....	5	111.1	123.0	105.9	121.6
Milwaukee.....	5	132.9	122.3	122.3	143.3
Outside.....	39	87.9	81.2	85.9	85.1
Seventh District.....	64	124.1	114.5	118.3	118.8
Retail Trade—(U. S.)—³					
Department Stores.....	359		114	104	114
Mail Order Houses.....	4		107	111	116
Chain Stores:					
Grocery.....	27		343	287	286
Drug.....	9		209	172	178
Shoe.....	6		106	97	108
Five and Ten Cent.....	5		177	170	166
Candy.....	5		178	173	167
Music.....	4		94	103	101
Cigar.....	3		134	127	127
Stamp Tax Collections—⁴					
Sales or Transfers of Capital Stock.....		89.2	119.6	119.2	170.1
Sales of Produce on Exchange—Futures.....		53.3	73.1	108.0	165.4
U. S. Primary Markets—⁵					
Grain Receipts:					
Oats.....		49.3	58.6	54.4	72.0
Corn.....		113.5	109.8	119.9	132.1
Wheat.....		60.5	60.8	48.3	57.9
Grain Shipments:					
Oats.....		39.3	33.3	51.9	55.4
Corn.....		38.1	36.6	45.9	45.3
Wheat.....		30.6	33.4	28.6	34.4
Building Construction—					
Contracts awarded (in dollars):					
Residential.....		101.1	86.3	90.8	94.0
Total.....		103.6	83.8	80.0	76.0
Permits:					
Chicago					
Number.....		76.6	48.4	72.9	52.2
Cost.....		127.5	79.8	90.9	67.5
Indianapolis					
Number.....		71.0	33.1	57.3	39.7
Cost.....		98.0	27.5	73.3	46.2
Des Moines					
Number.....		35.1	30.4	39.2	28.4
Cost.....		30.5	30.6	33.3	27.1
Detroit					
Number.....		48.5	34.8	60.1	52.2
Cost.....		108.5	58.5	73.6	80.4
Milwaukee					
Number.....		61.4	56.2	58.3	54.4
Cost.....		73.3	97.8	52.9	40.8
Others (45)					
Number.....		50.9	32.8	43.2	36.6
Cost.....		67.3	55.2	66.9	44.6
Fifty Cities					
Number.....		56.4	39.4	53.9	45.2
Cost.....		104.4	68.2	78.2	62.3

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.