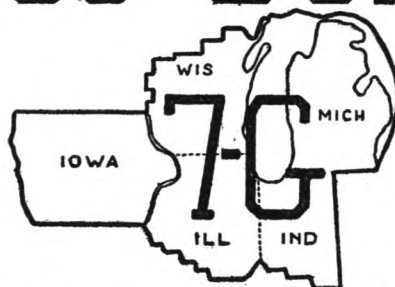


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 10, No. 5

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

May 1, 1927

BUSINESS CONDITIONS IN THE UNITED STATES

INDUSTRIAL activity increased further in March and was larger than a year ago, while the general level of prices continued to decline. Distribution of commodities at wholesale and retail was somewhat smaller than a year ago.

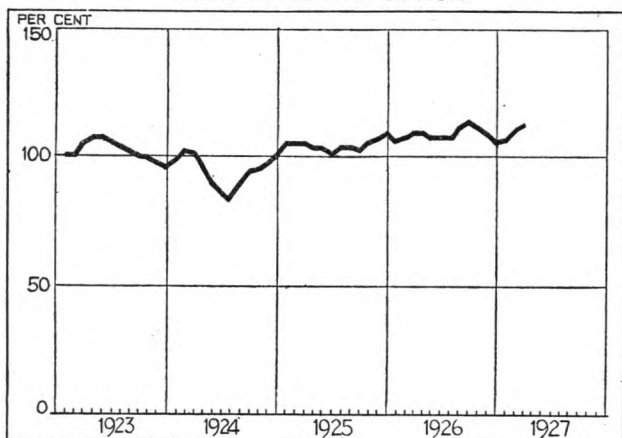
PRODUCTION—Industrial production, after increasing continuously for three months, was larger in March, when allowance is made for usual season changes, than in any month since last September. Output of bituminous coal, crude petroleum, and steel ingots, and mill consumption of raw cotton in March were larger than in any previous month. Since April 1, however, steel mill operations have been somewhat curtailed, and bituminous coal output has been reduced by about 40 per cent since the beginning of the miners' strike on April 1. The consumption of silk and wool, sugar meltings, flour production, and the output of rubber tires increased in March. Production of automobiles has shown seasonal increases since the first of the year but has been in smaller volume than a year ago. The value of building contracts awarded in March was larger than at any previous time, and the production of building materials has increased considerably in recent weeks. The largest increases in contracts, as compared with last year, were in the Middle Western states, while the largest decreases occurred in the Southeastern states. In the first half of April contracts awarded were in slightly smaller volume than in the same period of last year.

TRADE—Sales of department stores increased less than usual in March and were slightly smaller than last year, owing in part to the lateness of Easter. Sales of mail order houses and chain stores, however, were somewhat larger than a year ago. Inventories of department stores increased slightly more than is usual in March in anticipation of the expansion in retail trade before the Easter holidays, and at the end of the month they were in about the same volume as a year ago. Wholesale trade in March continued slightly smaller than in the corresponding period of a year ago. Stocks of merchandise carried by wholesale firms were seasonally larger at the end of March than in February, but in most lines continued smaller than last year.

Freight carloadings which showed seasonal increases in March, declined in the first ten days of April, owing to the smaller shipments of coal, but continued larger than in the corresponding period of previous years. Loadings of miscellaneous freight and of merchandise in less-than-carload lots were in large volume.

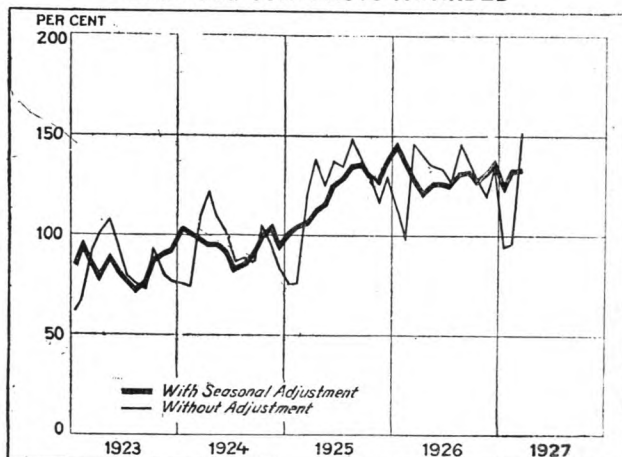
PRICES—The general level of wholesale commodity prices declined further in March, reflecting decreases in most of the important groups of commodities. Prices of non-agricultural commodities as a group declined to the lowest level since the War, while the average for agricultural products which advanced somewhat from Novem-

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average =100). Latest figure, March, 1927: 112.

BUILDING CONTRACTS AWARDED



Federal Reserve Board's indexes of value of building contracts awarded, as reported by the F. W. Dodge Corporation, (1923-1925 average=100). Latest figures, March, 1927: With Seasonal Adjustment, 131; Without Seasonal Adjustment, 151.

Compiled April 26, 1927

ber to February, remained practically unchanged in March. During the first half of April prices of winter wheat, sugar, cotton, silk, bituminous coal, and hides advanced; while those of hogs, crude petroleum, gasoline, and non-ferrous metals declined.

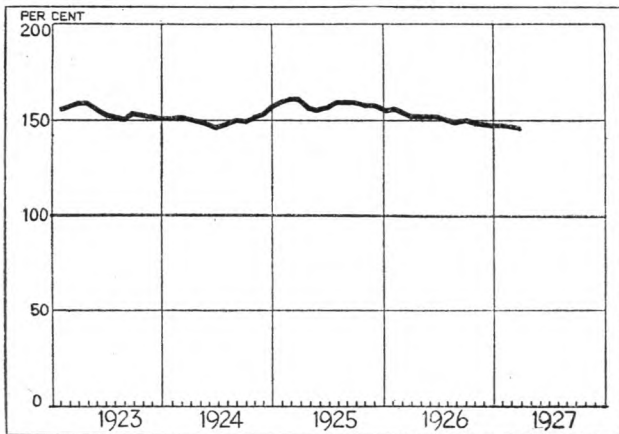
BANK CREDIT—There was some decline in the volume of loans for commercial purposes and in loans of securities at member banks in leading cities between the middle of March and the middle of April. Member bank holdings of United States securities which had increased considerably in the middle of March in connection with the operations of the Treasury, have declined by more than \$100,000,000 since

that time, but are still about \$200,000,000 larger than in the early months of the year.

At the reserve banks total bills and securities, which have fluctuated near the \$1,000,000,000 level since the end of January, show little change during the six weeks ending April 20. Discounts for member banks were in about the same volume on that date as on March 9, while acceptances showed a decrease and holdings of United States securities a slight increase.

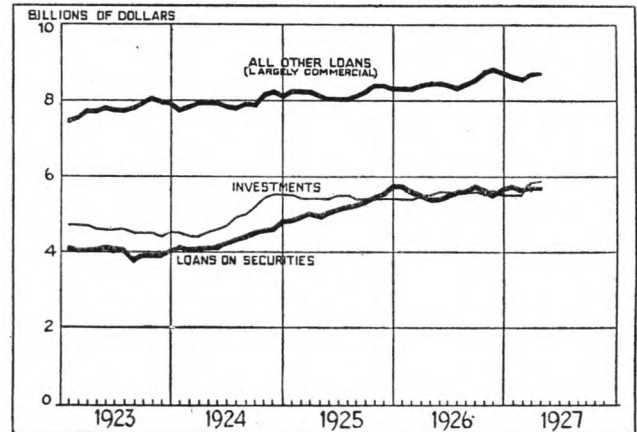
During the first three weeks of April quoted rates on prime commercial paper and on acceptances were the same as in the latter part of March, while call money averaged somewhat higher.

WHOLESALE PRICES



Indexes of U. S. Bureau of Labor Statistics (1913=100). Latest figure, March, 1927: 145.3.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly reporting dates in April, 1927: All Other Loans, 8,671 million; Loans on Securities, 5,681 million; Investments, 5,878 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE expansion in business customary to the spring months is reflected in current reports to this bank.

Statistics for March indicate a further broadening through the month of practically all the activities which had made gains during February. Thus, steel mills report continued excellent demand, with ingot production establishing a record; pig iron output likewise gained over the preceding month; and production and shipments of casting foundries and stove and furnace manufacturers increased. Building operations expanded, with a larger volume of contracts awarded in March than in February, and the number of permits issued greater. Wholesale lumber sales, as well as shipments from retail yards, averaged substantial gains over February.

In automobile distribution the rate of increase, though less than the February-January gain, was nevertheless pronounced; agricultural machinery showed a more than seasonal advance in sales. Shoe manufacturers report heavier production and shipments, while dealers, both at wholesale and retail, indicated marked gains in the amount sold. The four other groups included in the wholesale trade survey—grocery, hardware, dry goods, and drug dealers—all reported heavier sales. Department store trade, despite the late Easter, exceeded that of the previous month. Other gains to be noted over February are in sales of leather and hides, of retail furniture, and in the output of dairy products.

Exceptions to the general expansion were the seasonally smaller grain movements and the drop in sales of packing-house products; live stock receipts, however, were heavier, and meat packing plants increased their tonnage output slightly.

Financial statistics indicate new records in the number of savings accounts, a large volume of transactions in bankers' acceptances, reduction in open bill market operations, increases in check payments, and a very active bond market.

CREDIT CONDITIONS AND MONEY RATES

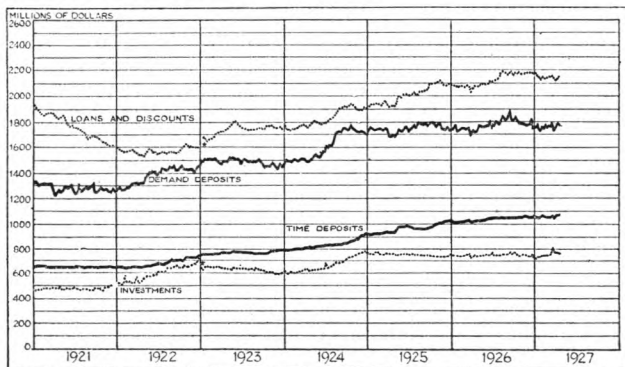
Credit conditions and money rates in the Seventh district have undergone but little change from a month ago. From manufacturing centers come reports of slightly increased industrial activity, accompanied, however, by little increase in demand for accommodation or changes in rates, save in one or two cases where a softening rate trend was indicated. In agricultural areas bad roads have tended to curtail activities along various distributive lines; banks in some sections are calling upon their correspondents in larger cities for accommodation. Developments during recent weeks in the Chicago money market have been routine in nature. Commercial loans have been on a moderately expanding scale, but loans on stocks and bonds have been at lower levels than for several months, so that the situation remains practically unchanged from a month ago. Rates have held their own; actual quotations in Chicago at present are: Commercial paper 4 to 4¼ per cent, customers' over-the-counter loans 4¼ to 4¾ per cent, and 4¼ to 4¾ on stocks and bonds. The average rate earned by ten of the larger Chicago banks during the calendar month of March was 4.95 per cent, as compared with 4.87 per cent in February. In Detroit, six banks averaged an earned rate of 5.41 per cent as against 5.43 per cent in the preceding month. The prevailing rate in that city on loans and discounts during the week ended April 15 was 5 to

6 per cent, unchanged from the corresponding week in March.

The volume of reserve bank credit in use on April 13 was the lowest since September 16, 1925, when \$114,513,000 was shown, while total bills and securities on the first-named reporting date were given as \$121,578,000, a drop of about 20 million from the preceding week and comparing with \$167,353,000 March 16. On April 20 this item moved upward to \$140,638,000. Total bills discounted on April 20 amounted to \$58,888,000, reversing by a rise of nearly 20 million from April 13 a downward trend operative since the first of the year. Federal Reserve notes in circulation have increased in volume during the past month; \$229,357,000 on April 13 compared with \$227,526,000 the preceding week, and \$218,985,000 March 16. A slight decline was shown by the figure on April 20, \$228,754,000.

Loans and discounts of reporting member banks in the district on April 20 stood at a level slightly below a month previous; \$2,142,240,000 on April 20 compared with \$2,146,445,000 March 23, and represented a rise of about 5 million from the preceding week, attributable in the main to heavier loans on stocks and bonds in Chicago, as well as a small upward movement in commercial loans in Detroit. Investments on April 20 were considerably below the March 23 aggregate which marked the peak of a rising tendency since the first of the year; the amount shown on April 20 was \$769,656,000 and on March 23, \$803,362,000. Net demand deposits have fluctuated rather widely from week to week; the \$1,771,943,000 given April 20 was only slightly under the March 23 aggregate of \$1,774,790,000. Subject to extensive week-to-week changes, time deposits have shown an upward trend in recent weeks; on April 20, \$1,065,597,000 was reported, as against \$1,061,620,000 March 23, and \$1,038,924,000 March 30.

POSITION REPORTING MEMBER BANKS, 7TH DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, April 20, 1927, in thousands of dollars: Loans and Discounts, 2,142,240; Demand Deposits, 1,771,943; Time Deposits, 1,065,597; Investments, 769,656.

The dollar volume of bills sold during March by eleven commercial paper houses regularly reporting to this bank aggregated only 0.1 per cent in excess of the February total; this slight advance, reflecting individually seven increases and four declines, compares with pronounced February-March expansion in the six years (since 1921) for which comparable data are available. In comparison with March, 1926, eight decreases and three gains averaged a net drop of 14.5 per cent. Supply and demand were reported as fair and good. Rates changed little from the preceding month: the majority of dealers maintained $4\frac{1}{2}$ for high, and customary continued to rule at 4 to $4\frac{1}{4}$; low strengthened, however, all but one firm listing 4 per cent. The volume of paper outstanding on March 31 for five

dealers was 3.5 per cent under a year ago, although higher than on any intervening reporting date, and 3.4 per cent above February 28, 1927. Outstandings for twenty-six dealers located throughout the country advanced on March 31 to \$607,000,000, the high point since September last year.

Six dealers reporting on operations in the Chicago open bill market purchased in dollar volume 22.0 per cent less bills from March 17 to April 13 than in the preceding four weeks; the net decline represents a drop of 28.7 per cent in buying from acceptors and a gain of 2.9 per cent from others. Sales in the same comparison decreased 31.0 per cent, those to the Federal Reserve Bank, to local, and to out-of-town banks falling off 38.5, 18.8, and 56.6 per cent, respectively, while sales to others increased 8.5 per cent. Inter-office purchases were 11.7 per cent smaller, and sales less than half the volume of the preceding period. The transactions involved principally rubber, tobacco, cotton, grain, canned goods, produce, and poultry and eggs. Sixty- and ninety-day maturities were most popular. In general, demand was reported as fair and good, but the supply available as poor and fair. Rates remained unchanged throughout the period, thirty-day maturities being offered on April 13 as on March 16 at $3\frac{1}{2}$, sixty- and ninety-day at $3\frac{5}{8}$, and four-month paper at $3\frac{3}{4}$. Holdings by the close of the period had advanced 14.5 per cent from the middle of March.

March returns from sixteen reporting banks in this district indicate approximately the same dollar volume of bills accepted this year as last, and 33.3 per cent in excess of the February figure. Transactions reported by three Chicago banks during the first half of April covered principally cotton, meats and lard, rubber, coffee, tea, lumber, copper, and burlap. Purchases during March reached a new level, and sales were the heaviest in over two years. The banks' liability as acceptors for acceptances outstanding on March 31 was 1.8 per cent higher than at the close of February, and 2.5 per cent above a year ago; both comparisons show reductions and gains about evenly divided. Total holdings declined 70.9 per cent during the month to 16.5 per cent below the March 31, 1926, amount; the volume of the banks' own bills held likewise fell off from February 28, but exceeded a year ago. Holdings by the Federal Reserve Bank of Chicago dropped to \$29,499,068, the lowest level since May 31, 1926; purchases during the month totaled \$27,363,699.

Agricultural Financing—Loans outstanding in the five states including the Seventh district of nineteen Joint Stock Land banks totaled \$221,775,000 on March 31, a gain of \$2,989,548 over the corresponding aggregate at the close of February. Four Federal Land banks had loans outstanding at the end of March of \$193,436,464, compared with \$189,041,643 February 28, while four Federal Intermediate Credit banks reported total loans and discounts (including rediscounts) on March 31 as \$863,195, a drop of \$28,042 from the February 28 aggregate. A year ago at the close of March the latter institutions showed a total of \$1,575,478, Federal Land banks \$168,449,081, and Joint Stock Land banks \$205,243,890.

Volume of Payment by Check—Volume of payment by check in thirty-seven cities of the Seventh district showed an aggregate gain of 17.7 per cent in March over the preceding month, or \$6,212,612,000 as against \$5,277,509,000 in February. In 1926, the corresponding comparison reflected a rise of 20.2 per cent. The March, 1927, total for the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, represented a gain of 17.0 per cent over February, and in thirty-three smaller cities of 21.7 per cent in the same

comparison. In the city of Chicago, debits to individual accounts increased 19.2 per cent over February. As against March, 1926, volume of check payment for the thirty-seven cities registered a decrease of 2.0 per cent, the total for the four larger cities dropping 2.9 per cent, and that for the thirty-three smaller reporting centers rising 2.7 per cent.

Savings—The number of savings accounts on April 1 for reporting banks in each of the five states of the district reached a new level, 0.3 per cent more in the aggregate than on March 1 and 3.2 per cent above a year ago; individually, about three-fifths of the entire group (212) registered gains in the former comparison and two-thirds in the latter. Total deposits increased 0.3 per cent from March 1 to April 1, and were 0.9 per cent heavier than on April 1, 1926; in both comparisons over sixty per cent of the banks showed gains, while by states the Indiana, Michigan, and

AGRICULTURAL PRODUCTION AND FOODSTUFFS

On the basis of a better April 1 condition than at the beginning of the season last year or the ten-year average for the date, and allowing for the change in acreage, a reliable crop statistician has estimated the 1927 crop of winter wheat for the five states including the Seventh district at 92,625,000 bushels compared with 99,439,000 bushels harvested last fall. Similar conditions obtained for the country as a whole, so that present commercial estimates indicate a winter wheat crop for the United States between 576,000,000 and 585,000,000 bushels, compared with the first government estimate in 1926 of 548,908,000 bushels and the final harvest of 626,929,000 bushels. April 1 figures released by the United States Bureau of Agricultural Economics placed the condition of winter rye in Wisconsin, Michigan, Iowa, Indiana, and Illinois, and in the United States as a whole, at a higher level than for the corresponding date of 1926. The number of cattle on feed for market declined from a year ago in Illinois, Iowa, Michigan, and Wisconsin, and remained unchanged in Indiana, according to the compilation made for April 1 by the Bureau of Agricultural Economics.

Flour—After four months' decline, flour production by mills in the Seventh district increased in March and was likewise greater in the yearly comparison for the first time since November. Sales continued heavier in volume than a year ago but smaller in value, while both volume and value gained over February. Increases over the preceding month and March, 1926, were shown in receipts of flour at Chicago which aggregated 1,119,000 barrels for the month, and shipments of 690,000 barrels from the city were larger in these comparisons.

CHANGES IN MARCH, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	FEBRUARY 1927	MARCH 1926	
Production (bbls.)	+18.6	+ 7.1	33
Stocks of flour at end of month (bbls.)	+15.3	+12.9	29
Stocks of wheat at end of month (bu.)	- 8.6	+26.0	29
Sales (volume)	+11.9	+12.9	16
Sales (value)	+11.0	- 5.9	16

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

Grain Marketing—Grain moved into interior primary markets of the United States in seasonally smaller volume during March than in February; reshipments increased. Corn and oat receipts declined from a year ago and from the 1922-26 March average; the quantity of wheat received gained in both comparisons. Shipments of corn and wheat from these centers exceeded those of the corresponding month last year, but oats showed a recession, and all items fell below the five-year average for March. Visible supplies of wheat, corn, oats, and rye in the United States

Wisconsin totals advanced, and those for Illinois and Iowa dropped.

Bonds—The bond market continues upward, reflecting the large flow of funds seeking investment. Although a comparatively heavy volume of new offerings is constantly coming into the market, investment houses experience difficulty in acquiring sufficient securities to meet the needs of their customers. Demand from both individuals and institutions has been active. Prices for practically all kinds of bonds are advancing, the appreciation in municipals particularly marked; public utilities have shown a strong upward movement, and high-grade rails have been active and higher. Refinancing by the Treasury has been an outstanding feature recently, and all classes of government bonds have advanced. Foreign offerings meet with increased favor.

declined on April 9 from the corresponding date of the preceding month; the stock of barley increased. Wheat, corn, and rye inventories exceeded a year ago, but holdings of oats and barley were smaller. Members of the Chicago Board of Trade contracted for a 53.2 per cent larger quantity of future delivery grain during March than in the preceding month and for a 36.1 per cent smaller volume than a year ago; contracts for corn, oats, and rye increased in both comparisons, while those for wheat showed a gain over February and a recession from March, 1926. Chicago quotations for wheat, corn, and rye lowered slightly from February; oat prices firmed somewhat.

Movement of Live Stock—Live stock receipts at public stock yards in the United States were greater for March than in the preceding month. The ratio of short-fed steers to total cattle arrivals was somewhat higher than a year ago; the long-fed types showed a corresponding reduction. Dairy sections contributed a seasonal number of butcher cows during the period. Ovine offerings consisted principally of fat lambs from the feed lots of the corn belt and adjacent territory to the west, a few springers from early producing states, and a limited number of sheep. The percentage of shearlings to wool lambs increased as the season advanced. A slightly larger number of hogs was received than in February.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, March, 1927	243,592	856,166	262,443	147,430
Federally Inspected Slaughter U. S.				
March, 1927	761,299	3,837,278	1,026,736	456,599
February, 1927	700,423	3,394,560	1,005,635	376,668
March, 1926	785,545	3,562,226	1,162,503	463,665

Reshipments to feed lots during March exceeded those in February and a year ago.

AVERAGE PRICES OF LIVE STOCK

	WEEK ENDED		MONTHS OF	
	APRIL 16 1927	MARCH 1927	FEB. 1927	MARCH 1926
Native Beef Steers (average)	\$11.35	\$10.65	\$10.50	\$9.60
Fat Cows and Heifers	8.00	7.45	6.75	7.20
Hogs (bulk of sales)	10.95	11.40	11.80	12.05
Yearling sheep	13.35	12.35	11.20	9.90
Lambs (average)	15.80	15.10	13.00	13.15

Indices compiled by the International Live Stock Exhibition show the volume of inspected slaughter in the United States as 106, the price of all live stock as 115 and the total value of the slaughter as 122 for March, compared with similar indices of 95, of 121, and 115, respectively, for February.

Meat Packing—A slightly larger tonnage of packing-house products was produced at slaughtering establishments in the United States during March than in the pre-

ceding month; employment for the last week of the month declined 3.4 per cent in number, but gained 0.8 per cent in hours worked and 1.1 per cent in value over corresponding figures for February. Domestic demand followed the customary Lenten trend and averaged fair. Trade tended to improve a little at the close of the period. The value of sales billed to domestic and foreign customers by fifty-one meat packing concerns in the United States totaled 4.9 per cent less for March than for February and was 6.5 per cent under a year ago. Chicago quotations for pork products were fairly steady, with light to medium weight hams, neutral lard, and the majority of fresh and dry salt bellies a little below February, and with pork loins, picnics, medium to heavy hams, prime steam lard, 40-50 lb. dry salt bellies, and most fat backs a trifle higher. Prices of lamb and mutton advanced in March, while those of beef were unchanged or slightly firmer. Veal prices tended to strengthen until mid-month and then eased.

Packing plants and cold-storage warehouses in the United States held larger inventories of pork, lard, and miscellaneous meats, and smaller tonnages of beef and lamb on April 1 than at the beginning of March. Total stocks exceeded a year ago despite the reduction in lamb, lard, pickled beef, and dry salt pork holdings. All items, with the exception of frozen pork and cured beef, fell below the 1922-26 April average. Foreign trade in packing-house products remained rather dull during most of the month, with the result that packers' shipments for export moved forward at a rate little changed from the low level in February, though lard tonnage was slightly

increased. Demand picked up a little toward the close of March and some sales for future delivery were reported. Consigned stocks in Europe were indicated lower on April 1 than a month ago. Prices showed some improvement during the period, but remained under Chicago parity.

Dairy Products—The production of butter by sixty-six creameries in the Seventh district increased 14.2 per cent in March over February and was 12.0 per cent greater than a year ago. Statistics released by the American Association of Creamery Butter Manufacturers indicate a recession in the United States volume from March, 1926. Sales of creamery butter billed to customers by sixty-eight companies in the district showed a gain of 15.1 per cent over February, and were 10.8 per cent in excess of last March. Wisconsin primary markets received a 9.1 per cent larger tonnage of American cheese from factories within that state during the four weeks ended March 26 than in the preceding period, although the volume fell off 11.7 per cent from a year ago; redistribution from these centers was less by 0.2 and 10.0 per cent, respectively, in the two comparisons. Butter and cheese inventories at cold-storage warehouses and packing plants in the United States declined on April 1 from the preceding month; egg stocks increased. Butter holdings fell considerably below a year ago and the 1922-26 average for April, while the number of eggs held showed a decided gain; cheese inventories were under those for April 1, 1926, but above the five-year average for the date. March receipts at Chicago slightly exceeded those of the preceding month. Chicago quotations for dairy products averaged lower than in February.

INDUSTRIAL EMPLOYMENT CONDITIONS

The customary seasonal expansion in industrial activity in so far as reflected in employment figures, was of short duration this spring, beginning and ending with the increase noted for February. Early in March there was again a slight decline, data for the week ending the fifteenth of the month registering 0.5 per cent lower employment than the month previous. This decline was shared in by practically all of the reporting groups, building materials offering the main exception. At brick yards and stone quarries there was a considerable increase in both men and payrolls, glass factories also showed some gains, while cement plants reported practically no change in employment, depending on a heavy accumulation of stocks for the increase in demand. Saw mills and planing mills added to their forces, but the lumber group as a whole showed no increase on account of the declines experienced in the manufacture of furniture and musical instruments. The vehicles group, comprising the automobile and railroad car manufacturing industries, maintained the February gains, but gave little sign of any further expansion. At Detroit, however, according to reports by the Employers' Association of that city, employment continued to expand until the latter part of March, since which time

there has been a slight recession—the second week of April registering a decline of 0.7 per cent from the corresponding week in March.

The heaviest decline in employment during the month (February 15-March 15) was experienced by the leather industry, including the manufacture of boots and shoes. Decreases reported for many of the food and textile products were of a seasonal nature; thus, the clothing industry has reached the close of a rather dull season. Metals and metal products which showed an upward trend during February, lost part of the gain for that month largely because of curtailments made by the electrical apparatus industry.

Increased activity in building and especially the resumption of road work provided additional chances for employment to many. There has been some increase in the demand for farm help which has been rather less, however, than the average for the season. The ratio of applicants to available positions at the free employment offices of Illinois showed a reduction, falling from 204 per cent to 174; in Indiana the ratio declined from 163 per cent to 120; but for Iowa it showed an increase, rising from 339 per cent at the close of February to 352 at the close of March.

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
	MARCH 15 1927	FEBRUARY 15 1927		MARCH 15 1927	FEBRUARY 15 1927	
All groups (10)	370,050	371,902	—0.5	\$9,796,955	\$9,850,641	—0.5
Metals and metal products (other than vehicles).....	152,000	152,946	—0.6	3,796,066	3,835,054	—1.0
Vehicles	33,431	33,468	—0.1	1,018,623	1,009,174	+0.9
Textiles and textile products.....	27,270	27,716	—1.6	692,524	710,257	—2.5
Food and related products.....	48,642	49,244	—1.2	1,322,110	1,311,967	+0.8
Stone clay, and glass products.....	14,302	13,403	+6.7	424,096	397,983	+6.6
Lumber and its products.....	33,548	33,545	+0.0	829,662	830,270	—0.1
Chemical products	10,470	10,473	—0.0	293,372	293,985	—0.2
Leather products	16,389	17,092	—4.1	352,925	376,707	—6.3
Rubber products	3,328	3,230	+3.0	84,364	87,196	—3.2
Paper and printing	30,670	30,785	—0.4	983,213	998,048	—1.5

COAL

Interest during March in the Midwest coal market centered around the approaching suspension of operations on April 1 of the union mines in Western Pennsylvania, Ohio, Indiana, Illinois, Iowa, Missouri, and Southern Kansas. Production in these states mounted to large volume in preparation therefor. In Illinois, output during March totaled 9,543,209 tons, an increase of 1,446,906 tons over February and of 3,802,186 tons or 66.2 per cent over March last year. There were 224 mines in operation during the month for an average of 21.3 days, and employing 70,505 men; this compares with 227 mines, 72,104 men, and an average of 19.3

days in February. Except for the fact that since April 1 prices have shown greater firmness and no-bills have been reduced, the closing of the mines has thus far exerted little influence on the market.

March output of bituminous coal in the United States aggregated 60,181,000 tons, the highest for March of which this bank has record (1915), 7,277,000 tons in excess of February, and 14,044,000 tons heavier than in the corresponding month a year ago. Anthracite output was somewhat above the preceding month but lower than in any March since 1919.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—First-quarter production of passenger automobiles in the United States totaled 799,270 in 1927, as compared with 973,801 in the same period of 1926. In March this year there were 341,665 passenger cars produced, a gain of 31.1 per cent over the preceding month, but a decline of 10.4 per cent from a year ago; output was 6.4 per cent greater than in March, 1925, and about equal to that of March, 1924. Trucks produced in the United States during March totaled 45,056, as compared with 38,118 in the preceding month and 41,612 in March last year. Production of trucks for the first quarter of 1927 was 120,417, while in the first three months of 1926, 103,970 were produced.

Seasonal expansion in the distribution of new and used automobiles continued through March, although sales, except of used cars, were below the levels of a year ago. Sales made on the deferred payment plan were 42.3 per cent of total retail sales, according to twenty-eight dealers reporting the item, as compared with 42.1 in February and 43.3 a year ago. Stocks held at the end of March averaged about the same as a month previous and were not so heavy as on the corresponding date of 1926.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in March, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	FEBRUARY 1927	MARCH 1926	FEBRUARY 1927	MARCH 1926
New cars				
Wholesale—				
Number sold	+25.5	+ 3.1	35	33
Value	+30.4	- 5.7	35	33
Retail—				
Number sold	+35.3	-25.1	80	77
Value	+36.9	-16.4	80	77
On hand March 31—				
Number	- 0.2	-35.6	51	48
Value	+ 4.1	-24.6	51	48
Used cars				
Number sold	+40.0	+15.4	81	78
Salable on hand—				
Number	- 0.6	- 2.1	51	48
Value	+ 0.4	+ 2.8	51	48

Iron and Steel Products—A high rate of operations prevailed through March in the steel industry of the country as well as of the Chicago district. Chicago mills report a continuance of excellent demand, with specifications coming from all lines of industry requiring steel. Despite the heavy production during March in this district, order books at the end of the month assured a maintenance of satisfactory operations. Unfilled orders of the United States Steel Corporation on March 31 of 3,553,140 tons represented a decline of only 43,979 tons from a month previous, while on the corresponding date of 1926 there was a recession of 236,887 tons from February 28. Operations averaged 94.04 per cent of capacity during March in the United States, and steel ingot production established another record over that of March last year, daily output averaging 168,867 tons, as compared with 166,236 tons a year ago and 159,642 tons of the preceding month. Average daily pig iron production for the country in March of 112,366 tons

was the heaviest since last April, and compares with 111,032 tons in March, 1926, and 105,024 tons in February this year; in the Illinois and Indiana district pig iron output averaged 21,338 tons daily, an increase of 192 tons over a year ago and of 2,245 tons over the preceding month.

Reports from Chicago mills indicate that prices, with the exception of sheets, have been firm. The average composite price of fourteen leading iron and steel products, as compiled by *Iron Trade Review*, was \$36.64 on April 20, which compares with \$36.87 on March 16 and \$38.47 on April 21, 1926. There has been no change in Chicago pig iron prices since the end of February. Scrap metal prices at Chicago strengthened slightly after the middle of March, but eased again after April 15.

Tonnage shipped by twenty-eight iron and steel casting foundries of the Seventh district during March totaled 24.0 per cent more than in the preceding month, and the value of these shipments increased 21.1 per cent. As in the previous five months, however, both tonnage and value were below the corresponding month of a year ago, the former declining 19.3 and the latter 17.5 per cent. Production, as measured by metal consumption, was 15.0 per cent greater than in February and 15.0 per cent below last year. Increases over the preceding month and March, 1926, were recorded in shipments, production, and stocks of stove and furnace manufacturers reporting to this bank, but new orders declined in both comparisons.

Agricultural Machinery and Equipment—The aggregate value of sales billed during March to domestic and foreign customers by eighty-four manufacturers of agricultural machinery and equipment in the United States increased over February 61.4 per cent in the tractor, thresher, combination harvester group; 17.5 per cent for all other (exclusive of barn supplies), and 54.6 per cent for barn equipment. Gains of 29.8 per cent in the heavy group, 7.0 per cent in barn equipment, and a recession of 7.8 per cent in the light machinery group were shown in the comparison with March, 1926.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	Changes in March, 1927, from previous months		COMPANIES INCLUDED
	FEBRUARY 1927	MARCH 1926	
Domestic sales billed	+40.6	+ 5.6	84
Sales billed for export.....	+14.2	+14.3	48
Total sales billed	+35.2	+ 7.0	84
Production	- 1.4	-11.4	82

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

Shoe Manufacturing, Tanning, and Hides—A compilation from the reports sent direct to this bank by thirty-two shoe factories in the Seventh district showed March shipments 10.4 per cent above current production and the volume of each larger than in the preceding month or a year ago,

the gain over February being accounted for by the greater number of working days. Approximately four weeks' future operations at the present distribution rate were assured from the unfilled orders on the books of twenty-two companies. Stock shoes reported on hand by twenty-eight manufacturers were equivalent in total to 68.7 per cent of the quantity shipped to their customers during March.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	FEBRUARY 1927	MARCH 1926	
Production	+10.7	+10.2	32
Shipments	+12.1	+12.5	32
Stock shoes on hand	- 2.1	+ 0.5	28
Unfilled orders	-20.1	- 7.8	22

Leather sales billed to customers increased in March over the preceding month while production declined, according to a compilation made from reports of representative tanners in the Seventh district. In the year-to-year comparison, gains and recessions were about equally divided. Demand for belting and harness improved over February. Leather prices ranged from steady to slightly firmer.

The volume of sales of packer green hides and calf skins

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Twenty-four wholesale lumber dealers reported total increases over February of 22.0 per cent in dollar sales and 31.1 per cent in board feet; as compared with March, 1926, sales declined 8.7 and 15.1 per cent, respectively. Two hundred thirty-eight retail yards showed aggregate dollar sales larger by 59.7 per cent than in February and 27.1 per cent more than a year ago. The ratio of outstanding accounts to sales at wholesale was 133.2 in March, 147.4 in February, and 135.2 in March last year; at retail the percentages were 293.9, 440.2, and 343.3, respectively. Little change from last year or the preceding month was noted in stocks of wholesale dealers; retail yards indicated some increase over February, and a decline from March, 1926. Hardwoods were in demand for the building of automobiles and furniture.

Production and output of bricks were slightly heavier than usual during March. Cement shipments increased, although the proportion for building purposes was smaller. Production, markedly curtailed in certain sections, tended to increase in the aggregate.

MERCHANDISING CONDITIONS

Wholesale Trade—The five lines of wholesale trade reporting to this bank showed sales and collections as seasonally larger in March than in February; as compared with a year ago, hardware and grocery totals increased in both items, while shoes and drugs declined; dry goods firms reported smaller collections. Grocery sales for the first quarter of 1927 totaled 2.8 per cent ahead of the same period in 1926; in all other lines sales for the three months were less than a year ago. Outstanding accounts increased over February in all lines, and decreased as compared with March, 1926, for all but groceries.

Groceries—Respective increases in March over February and a year ago for the wholesale grocery trade were 18.9 and 2.3 per cent in sales; 4.5 and 2.0 per cent in accounts outstanding; and 12.9 and 4.7 per cent in collections; stocks declined 10.5 and 22.3 per cent in the two comparisons. Unemployment has had an adverse effect on the grocery business in certain sections.

Hardware—March sales and collections of hardware firms advanced 47.7 and 23.9 per cent, respectively, over February,

showed a marked expansion in March over the preceding period. Purchases by tanners in the Seventh district exceeded those in February. March receipts and shipments of hides and skins totaled a little less at Chicago than a month previous, according to a compilation by the local Board of Trade. Chicago quotations ranged from steady to slightly firmer.

Furniture—Of twenty-seven furniture manufacturers in the Seventh district sending monthly reports to this bank, only a little more than one-third showed a gain over February in orders booked during March, and the aggregate declined 3.1 per cent; in the comparison with March last year, new orders were less by 6.2 per cent, with eleven out of twenty firms indicating decreases; and an increase of 0.8 per cent over March, 1925, was reported, increases and decreases being evenly divided. Shipments during March gained 9.6 per cent over the preceding month, but declined 1.5 per cent from a year ago and 1.6 per cent from March, 1925. Unfilled orders on hand March 31 were 12.9 per cent smaller in amount than at the end of February and 11.9 per cent less than on March 31, 1926. For twenty-two firms, an operating ratio of 81.8 for March compared with 83.5 in February.

Building Construction—Building operations in the Seventh district exceeded those of last March, total contract awards amounting to \$121,426,386 for the month this year, an increase of 74.2 per cent over February and of 32.9 per cent in the yearly comparison. Residential contracts, aggregating \$42,041,616, gained 44.8 per cent over the preceding month, but declined 1.8 per cent from a year ago. Only eight of fifty reporting cities of the district issued fewer permits than in March, 1926. A number indicated lower total estimated costs, among which were nearly one-half of those reporting from Illinois and Iowa, almost one-third from Indiana and Wisconsin, and about one-fifth from Michigan. Five of the larger cities in the district followed the general trend of increases in these comparisons, with the exception of Detroit which reported declines in both number and cost as compared with last year; Des Moines also showed a decrease in cost from March, 1926. In Chicago, March was the record month for number of permits issued, and on only one other occasion has the estimated cost been as high.

and 5.7 and 4.2 per cent over March, 1926. Stocks changed little in either comparison; accounts outstanding were 13.0 per cent larger than a month previous and slightly smaller than last year. Hand-to-mouth buying is evidencing itself in more rapid turnover, smaller stocks on hand, and an apparent shifting of the usual March peak to a later month.

Dry Goods—Wholesale dry goods sales and collections increased over February by 33.7 and 8.2 per cent, respectively; as compared with a year ago, sales were about the same and collections were 4.3 per cent less. Stocks at the end of the month declined slightly from February 28 and 25.3 per cent from the corresponding date of 1926; outstanding increased 6.9 per cent in the month-to-month and decreased 3.2 per cent in the yearly comparison.

Drugs—Increases of 20.7 and 18.3 per cent over the preceding month and declines of 7.8 and 6.9 per cent, respectively, from a year ago were shown in March sales and collection totals of wholesale drug firms; stocks increased slightly in both comparisons; outstanding accounts at the end of the month averaged an increase of 7.0 per

cent in the former and a decline of 12.8 per cent in the latter comparison.

Shoes—Sales, accounts receivable, and collection totals for March in the wholesale shoe trade showed marked increases over February, the percentage gains being 33.1, 14.7, and 22.6; stocks were slightly reduced. As compared with a year ago there were declines in all four items, with sales dropping 15.3 and collections 4.8 per cent.

Department Store Trade—The late Easter had little retarding effect on department store sales for March which, according to reports of eighty-six firms, totaled 1.9 per cent in excess of last year when the holiday came earlier. More than half of the reporting firms, however, showed individual declines in this comparison. The aggregate increase over February amounted to 20.2 per cent which was but slightly under the February-March increase of 1926. For the first quarter of 1927 aggregate sales were 1.1 per cent larger than in the same period of 1926. Stocks were about average for March, increasing 7.3 per cent in the monthly and declining 1.9 per cent in the yearly comparison; the ratio of total sales to average stocks was 31.9 as compared with 30.6 a year ago. Outstanding orders at the end of March were 6.9 per cent of 1926 purchases, as compared with 7.1 on February 28. Collections averaged 41.0 per cent of total accounts outstanding at the beginning of the month; a year ago this figure was 41.9; collections and

accounts outstanding decreased 2.0 and 2.2 per cent, respectively, from February, and increased 10.3 and 7.4 per cent over March, 1926.

Retail Furniture Trade—Twenty-four furniture dealers and twenty-three department stores report total furniture sales for March as heavier than in February and a year ago by 6.1 and 3.8 per cent, respectively, and total stocks at the end of the month as 7.2 and 0.1 per cent larger in the same comparisons. Installment sales of furniture stores increased 3.1 and 6.7 per cent, and collections on these advanced 10.6 per cent over February, but dropped 5.6 per cent below a year ago. Total collections followed a similar trend. Outstanding accounts exceeded those of both February 28 this year and March 31, 1926.

Retail Shoe Trade—March sales of forty retail shoe dealers increased 32.4 per cent over the preceding month but declined 4.3 per cent from March last year; more than half the firms, however, showed gains in the latter comparison. Sales for the first quarter of 1927 were slightly under those for the same period in 1926. Stocks were larger than at the end of the previous month, and smaller than a year ago; collections increased over March, 1926, but fell below the preceding month; the ratio of outstanding to sales was 82.4, as compared with 96.4 for February and 82.5 for March, 1926.

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	March 1927	Feb. 1927	March 1926	Feb. 1926		No. of Firms	March 1927	Feb. 1927	March 1926	Feb. 1926	
Meat Packing—(U. S.)—						Wholesale Trade—						
Sales (in dollars).....	62	100.7	105.3	108.4	108.7	Net Sales (in dollars):						
Casting Foundries—						Groceries.....	39	95.3	80.0	93.2	78.7	
Shipments (in dollars).....	27	93.9	77.6	116.0	94.0	Hardware.....	19	103.8	68.4	98.1	72.5	
Stoves and Furnaces—						Dry Goods.....	13	93.5	69.4	92.8	79.3	
Shipments (in dollars).....	13	85.7	71.4	81.4	76.8	Drugs.....	11	106.4	88.2	114.1	91.6	
Agricultural Machinery						Shoes.....	9	98.4	67.0	112.8	69.9	
and Equipment—(U. S.)—						Retail Trade (Dept. Stores)—						
Domestic Sales (in dollars).....	90	187.1	133.5	176.7	147.4	Net Sales (in dollars):						
Exports (in dollars).....	60	200.6	176.2	175.0	177.3	Chicago.....	7	110.9	76.1	97.5	73.3	
Total Sales (in dollars).....	90	189.3	140.4	176.4	152.2	Detroit.....	5	126.9	106.3	123.7	102.3	
Production.....	88	130.9	138.6	141.4	136.1	Des Moines.....	3	108.9	89.3	102.8	82.2	
Furniture—						Indianapolis.....	5	99.6	79.2	98.4	75.6	
Orders (in dollars).....	19	101.5	102.8	108.4	103.5	Milwaukee.....	6	98.2	91.2	96.9	83.9	
Shipments (in dollars).....	19	115.7	106.3	117.3	108.5	Outside.....	55	95.5	80.6	96.7	78.7	
Shoes—						Seventh District.....	81	108.9	90.8	106.2	86.7	
Production (in pairs).....	34	115.3	106.5	102.2	93.5	Retail Trade—(U. S.)— ³						
Shipments (in pairs).....	34	126.3	114.1	110.9	97.9	Department Stores.....	359	128	106	130	104	
Electric Energy—						Mail Order Houses.....	4	132	107	130	111	
Output of Plants (KWH).....	8	138.5	126.8	130.6	118.6	Chain Stores:						
Industrial Sales (KWH).....	8	145.7	135.8	131.1	124.7	Grocery.....	27	386	330	302	287	
Flour—						Drug.....	9	224	201	194	172	
Production (in bbls.).....	34	98.7	83.2	92.3	91.5	Shoe.....	6	125	110	143	97	
Output of Butter by Creameries—						Five and Ten Cent.....	5	213	191	199	170	
Production.....	76	104.9	88.7	96.9	82.4	Candy.....	5	216	194	206	173	
Sales.....	76	100.3	88.1	97.5	83.3	Music.....	4	108	106	112	103	
Automobiles—						Cigar.....	3	153	137	142	127	
Distribution in Middle West:						Stamp Tax Collections— ⁴						
New Cars—Wholesale—Number sold..	28	194.3	144.3	194.3	166.6	Sales or Transfers of Capital Stock.....		118.2	89.2	141.3	119.2	
Value.....	28	165.4	116.6	178.3	154.5	Sales of Produce on Exchange—Futures		44.9	53.3	96.9	108.0	
New Cars—Retail—Number sold..	48	99.7	72.5	150.2	87.9	U. S. Primary Markets— ⁵						
Value.....	48	106.0	75.8	141.8	86.1	Grain Receipts:						
New Cars—On Hand—Number.....	42	124.1	125.9	190.7	148.8	Oats.....		48.5	49.3	57.0	54.4	
Value.....	42	133.1	126.6	173.1	136.6	Corn.....		85.9	113.5	93.9	119.9	
Used Cars—Number sold.....	41	147.1	115.1	145.2	106.5	Wheat.....		53.9	60.5	44.9	48.3	
Used Cars—On Hand—Number.....	41	146.4	143.5	159.8	156.4	Grain Shipments:						
Value.....	41	127.1	122.6	126.8	119.2	Oats.....		55.2	39.3	67.4	51.9	
Production (U. S.): Passenger Cars.....		118.1	90.1	131.8	110.6	Corn.....		46.4	38.1	44.2	45.9	
Trucks.....		134.0	113.3	123.7	103.1	Wheat.....		35.3	30.6	33.9	28.6	
Freight Carloadings—(U. S.)—						Building Construction—						
Grain and Grain Products.....		86.4	101.3	86.2	97.0	Contracts awarded (in dollars):						
Live Stock.....		82.4	87.6	82.6	89.1	Residential.....		146.4	101.1	149.0	90.5	
Coal.....		119.6	129.0	103.1	105.8	Total.....		180.5	103.6	135.8	80.0	
Coke.....		102.3	108.4	117.2	156.0	Permits:						
Forest Products.....		98.9	100.7	107.2	109.5	Chicago.....		Number	122.0	76.6	97.7	72.9
Ore.....		27.9	28.7	27.9	27.5	Cost.....		174.1	127.5	123.9	90.9	
Merchandise and Miscellaneous.....		108.7	103.4	105.5	102.2	Indianapolis.....		Number	100.4	71.0	98.9	57.3
Total.....		104.6	104.2	100.5	100.3	Cost.....		132.5	98.0	94.7	73.3	
Iron and Steel—						Des Moines.....		Number	56.7	35.1	52.6	39.2
Pig Iron Production: ²						Cost.....		36.4	30.5	146.4	33.3	
Illinois and Indiana.....		123.1	110.1	122.0	112.1	Detroit.....		Number	87.6	48.5	95.1	60.1
United States.....		114.4	106.9	113.1	106.3	Cost.....		94.7	108.5	149.9	73.6	
Steel Ingot Production—(U. S.) ²		126.7	119.8	124.7	118.9	Milwaukee.....		Number	98.9	61.4	72.7	58.3
Unfilled Orders U. S. Steel Corp.....		74.4	75.3	91.7	96.7	Cost.....		130.7	73.3	124.6	52.1	
						Others (45).....		Number	115.5	50.9	81.9	43.2
						Cost.....		140.2	67.3	110.1	66.9	
						Fifty Cities.....		Number	104.0	56.4	85.2	53.9
						Cost.....		143.8	104.4	125.5	78.2	

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.