BUSINESS CONDITIONS

SEVENTH FEDERAL RESERVE DISTRICT

Volume 10, No. 6 — MONTHLY REVIEW PUBLISHED BY THE FEDERAL RESERVE BANK OF CHICAGO — June 1, 1927

BUSINESS CONDITIONS IN THE UNITED STATES

INDUSTRIAL output declined in April, reflecting reduced activity both in mines and in factories. Distribution of commodities by railroads and retail trade increased, and the level of prices showed a further slight decline.

PRODUCTION.—Decreased output of industry in April, as compared with March, was due chiefly to the coal miners' strike, which caused a large decline in the production of bituminous coal. Among manufacturing industries, which as a whole were somewhat less active in April than during the previous month when allowance is made for usual season changes, reductions were reported in the iron and steel and textile industries, as well as in meat packing and in the production of building materials. The manufacture of motor cars, though it showed the usual seasonal increase in April, continued at a lower level than a year ago. Petroleum production continued in record volume, notwithstanding large stocks and declining prices. The value of building contracts awarded declined slightly in April from the record high figure in March, but was larger than last year. The decline in building between March and April reflected reduced activity in the construction of commercial, industrial, and educational buildings, while contracts for residential and public buildings increased.

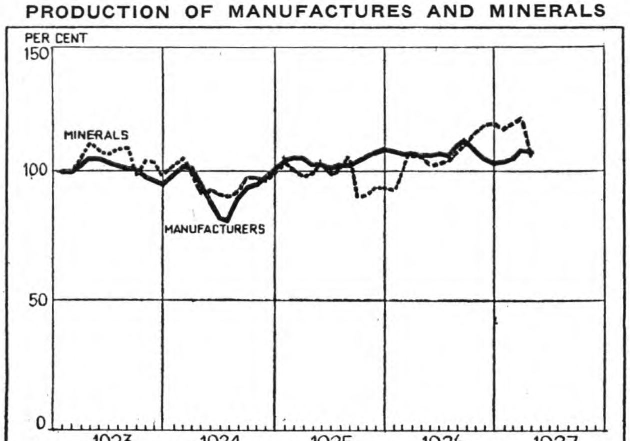
On the basis of conditions on May 1, the Department of Agriculture forecasts a winter wheat crop of 594,000,000 bushels, or about 5 per cent less than in 1926. Continued wet cold weather over much of the corn belt and also in the spring wheat area has retarded the planting of spring crops.

TRADE.—Commodity distribution at retail was larger in April than at the same season of any previous year, owing in part to the lateness of the Easter holiday. Department store sales were approximately 7 per cent larger than in April of last year, and sales of mail order houses and chain stores were also in large volume. Wholesale trade showed about the usual decrease between March and April, and continued smaller than in the corresponding month of last year. Inventories of merchandise carried by department stores were in about the same volume at the end of April as in March, while stocks of wholesale firms were smaller.

Railroad carloadings were larger in April than is usual at that season of the year, reflecting chiefly large shipments of iron ore, coke, grain and grain products, but also increased movement of miscellaneous freight and of merchandise in less-than-carload lots. Coal shipments were 27 per cent smaller in April than in the preceding month.

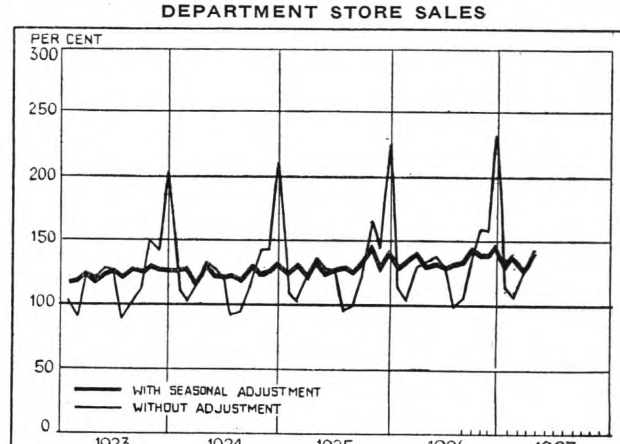
PRICES.—In April there was a further slight recession in the general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, but in the first three weeks of May price conditions were firmer. The decline in April reflected chiefly a decrease in the price of petroleum, lumber, and several of the nonferrous metals.

PRODUCTION OF MANUFACTURES AND MINERALS



Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, April, 1927: Manufactures, 109; Minerals, 107.

DEPARTMENT STORE SALES



Index of sales of 359 stores (1919 = 100). Latest figures, April, 1927: Adjusted Index, 140; Unadjusted Index, 143.

Compiled May 26, 1927

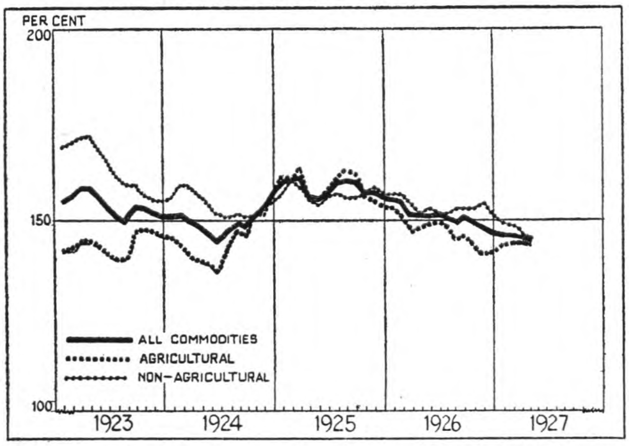
There was little change in the level of agricultural prices, which have been fairly constant since the beginning of the year. During the first three weeks of May, prices of grains, cotton, iron and steel, petroleum, lumber, and hides advanced, while those of live stock, coke, and nonferrous metals declined.

BANK CREDIT.—Volume of credit of weekly reporting member banks, as measured by their total loans and investments, increased by more than $300,000,000 during the month ending May 18, and was on that date at the highest level on record. This growth represented for the most part an increase in the banks' holdings of investments and in the volume of their loans on stocks and bonds, while commercial loans showed relatively little change.

At the reserve banks there was a decrease during the month in total volume of credit outstanding, owing to the receipt of a considerable amount of gold from abroad, in addition to the purchase abroad by these banks of about $60,000,000 of gold that is now held earmarked with a foreign correspondent. The banks' holdings of acceptances and of government securities declined by about $85,000,000, while discounts for member banks increased by about $45,000,000, apparently in response to the increased reserve requirements arising from the growth in the member bank deposits.

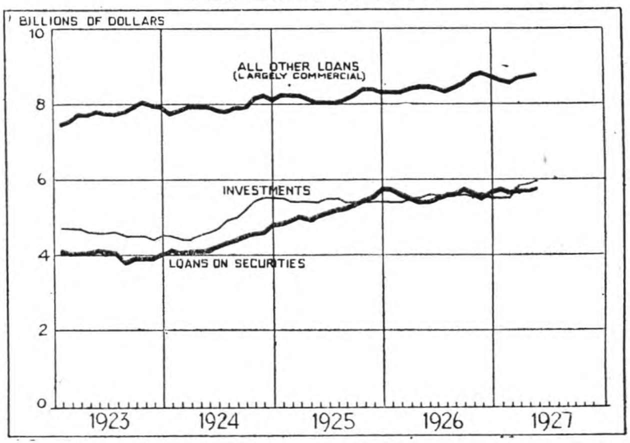
Conditions in the money market were comparatively stable during the first three weeks of May, and there were no changes in rates quoted on prime commercial paper and on acceptances.

WHOLESALE PRICES



Indexes of U. S. Bureau of Labor Statistics (1913 = 100). Latest figures, April, 1927: All Commodities, 144.2; Agricultural Commodities, 143.3; Non-agricultural Commodities, 144.4.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly reporting dates in May, 1927: Loans on Securities, 5,782 million; All Other Loans, 8,682 million; Investments, 5,974 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Seasonal developments in the main are reflected by current reports to this bank. In agriculture may be noted planting operations as averaging for the district slightly in advance of last spring despite certain retarded sections; the corn acreage nearly equal to that of 1926, but a reduction in the area planted to oats; lower estimates for the district winter wheat and rye crops; and less favorable fruit prospects this year than last. Grain receipts during April dropped to unusually low levels; flour production declined seasonally; trading in futures slowed down. April receipts at stock yards, and output by meat packing companies, likewise showed recessions. Dairy products, however, increased in volume of production and distribution.

Industrial employment continued to register declines, reaching a level about five per cent below a year ago. The curtailment customary in April at steel mills was slight, while average daily pig iron output increased both over March and last year. Automobile production advanced in the month-to-month comparison. Operations at casting foundries, shoe and furniture factories, and at tanneries, on the other hand, were reduced. Wet weather tended to delay building and allied activities; contract awards fell below the March total, although heavier than in April, 1926; the number of permits continued under last year but gained over the preceding month. Retail lumber yards sold more than in March or a year ago, and cement production and shipments increased in both comparisons; brick shipments improved.

April statistics on distribution at wholesale indicate contraction in sales of lumber, automobiles, groceries, hardware, dry goods, drugs, and shoes. Retail trade, however, expanded, with gains by department stores, furniture and shoe dealers, and mail order houses; all showed increases over a year ago.

In the financial situation easy money continues the chief factor, with large funds available as reflected in the bond market. Decreases occurred in commercial paper sales and check payments; savings deposits increased.

CREDIT CONDITIONS AND MONEY RATES

A moderate expansion in industrial activity during recent weeks has found reflection in heavier commercial loans in many centers, but the volume of available funds has so far exceeded actual requirements that rates have held their own with difficulty. In Chicago, marked ease has prevailed, although commercial loans have increased considerably since May 1. Current quotations are as follows: Commercial paper 4-4¼, customers' over-the-counter loans 4½-4¾, and collateral loans 4¼-4¾. A lowering tendency in rate levels is indicated by the fact that the average rate earned on loans and discounts by ten of the larger loop institutions in April was 4.86 per cent as against 4.95 per cent the preceding month. In Detroit, where conditions are reported as essentially unchanged from a month ago, the average rate earned by six banks amounted to 5.47 per cent in April, and 5.41 per cent in March. The prevailing rate on loans and discounts in the latter city for the week ended May 15 was 4½—6 per cent.

The volume of reserve bank credit in use in the Seventh district has been in decreasing volume, subject to week-to-week fluctuation, since the first of the year, the $114,-471,000 shown on May 18 for total bills and securities marking the low point thus far in 1927 and since August 12, 1925, when $107,071,000 was given. Loans to member banks have followed a similar trend, but the low point of 1927 was registered on April 13, with $38,579,000; on May 18 the item aggregated $44,890,000. Since mid-April, Federal Reserve notes in circulation have shown moderate weekly declines, $222,362,000 on May 18 comparing with $229,357,000 April 13.

Loans and discounts of reporting member banks on May 11 reached the high point of the year, with $2,180,679,000, gains in Chicago and Detroit being largely responsible for the heavier volume shown in the district total on the first two reporting dates in May. On May 18 a drop of about 5 million brought the figure to $2,175,373,000. Investments were in decreasing volume until May 18 when a rise of 11 million from the $778,329,000 on May 11 took place. Net demand deposits were reported as $1,828,619,000 on May 18, the highest point since the $1,841,457,000 on October 13, 1926. Time deposits have moved steadily upward since the middle of April; on May 18 this item aggregated $1,087,691,000, the largest total shown since compilation of these figures was begun in 1919.

April sales of eleven commercial paper houses reporting regularly to this bank aggregated less than for any month this year, and with the exception of September were below each month in 1926. All but one firm indicated declines from April last year, the net reduction for the group amounting to 23.0 per cent; this compares with 3.7 per cent, the average decrease in sales during the first quarter of 1927 from the corresponding period of 1926. In comparison with the preceding month, nine declines and two increases averaged a drop of 13.5 per cent. The amount of paper outstanding on April 30 for five dealers was 2.4 per cent below the March 31 figure, and 4.8 per cent under a year ago; both declines represent individually four decreases and one gain. Total paper outstanding for twenty-six dealers throughout the country on April 30 amounted to $602,000,000, or $5,000,000 less than on March 31. Rates were steady, high ruling at 4½, low at 4, and customary at 4 to 4¼; some dealers noted a slightly firmer tendency.

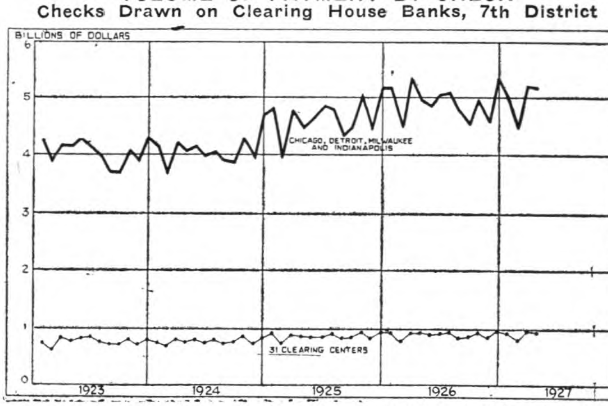
Average weekly purchases of six reporting dealers in the Chicago open bill market from April 14 to May 18 exceeded by 34.4 per cent the volume bought during the preceding four weeks. Sales in the same comparison advanced 2.5 per cent, which reflects gains in the amount sold to the Federal Reserve bank and to others, and declines to local and out-of-town banks. Paper was drawn chiefly for rubber, cotton, packing-house products, sugar, grain, canned goods, lumber, tobacco, silk, poultry and eggs. Inter-office statistics indicated a decrease in the volume received from other cities but a gain in the amount forwarded from Chicago. Holdings dropped on April 20 to the low point for 1927, but on May 18 were 22.0 per cent above the close of the preceding period, and the highest since March 9; ninety-day maturities constituted the bulk of bills held, with sixty- and thirty-day following in the order named. Steady rates were maintained, all paper selling the same on May 18 as on April 13, with thirty-day bills offered at 3½, sixty- and ninety-day at 3⅝, and four-month paper ruling at 3¾.

Reporting banks accepted during April a dollar volume of bills within 0.9 per cent of the March amount, individually six banks registering increases and six declines, with four indicating no transactions; the drop of 28.4 per cent from April, 1926, reflects two gains and ten decreases. Statistics covering the first two weeks of May include bills principally for provisions, copper, iron, rubber, coffee, lumber, tobacco, cotton, grain, and feathers. Purchases during April fell off 35.3 per cent from the preceding month, but were 65.8 per cent above a year ago; sales declined 48.1 and 22.7 per cent in the two comparisons. In the amount of liability as acceptors for acceptances outstanding, the group, with three exceptions, reported reductions from 1926, the aggregate on April 30 for the first time in eight months dropping below the corresponding date of the previous year (20.2 per cent); the decline of 4.9 per cent from March 31 represents gains for five banks and decreases for eight. Total holdings advanced 63.3 per cent between March 31 and April 30 to 33.1 per cent in excess of the volume held a year ago. Holdings by the Federal Reserve Bank of Chicago at the end of April totaled $32,682,843, or 40.1 per cent heavier than last year; April purchases of $28,625,199 compared with the March figure, $27,363,699.

Agricultural Financing—Nineteen Joint Stock Land banks with loans outstanding on April 30 in the five states including the Seventh district of $221,052,015 showed a decrease of $723,351 in the item from March 31. Loans of four Federal Land banks in the same territory April 30 totaled $196,111,952, as against $193,436,464 March 31. Four Federal Intermediate Credit banks had loans and discounts (including rediscounts) on April 30 of $849,519 compared with $863,195 at the close of the preceding month.

Volume of Payment by Check—Thirty-seven clearing house cities of the Seventh district in April showed a decrease from March of 1.2 per cent in aggregate payment by check, and a gain of 3.7 per cent as against April, 1926. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, showed an aggregate drop of 0.7 per cent in the monthly and a rise of 4.3 per cent in the yearly comparison, while in thirty-three smaller centers, the respective changes in these comparisons were a decline of 3.8 per cent, and a gain of 0.7 per cent.

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



Figures used are estimates for calendar month, based on weekly reports to this bank. Latest figures, April, 1927, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 5,165,237; 31 Other Clearing House Centers, 948,203.

Savings—Both the total number of savings accounts and the aggregate amount of deposits for 212 reporting banks in this district were 0.1 per cent higher on May 1 than at the beginning of April; individually, half the banks registered increases in number, and 113 in amount of deposits, while by states all except Illinois averaged gains in the two items. The advance in number of accounts raised the totals for Indiana, Iowa, Michigan, and Wisconsin, as well as for the district, to record levels; in deposits Indiana and Michigan alone reached new peaks. The net increases over May 1, 1926, of 3.5 per cent in number of accounts and 1.0 per cent in deposits reflect gains at 146 and 132 banks, respectively.

Bonds—The bond market continues active in response to the large volume of funds seeking investment. Practically all classes of bonds are in demand, and new flotations are readily absorbed. Many of the latter, recently offered, have been for refunding purposes. High grade utilities retain favor. Railroad bonds have continued popular and advanced in price. Municipals likewise have strengthened further. Dealers' shelves are relatively bare; inventories of real estate bonds are reported unusually low.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

According to data compiled from reports sent direct to this bank by 139 county agents representing 232,569 farmers, spring planting operations by early May showed better than normal advancement in lower Michigan, but were lagging from one to two weeks behind usual schedule in Iowa, northern Illinois, northern Indiana, and southern Wisconsin. The acreage being planted to corn is nearly equal to that of a year ago, while the area devoted to oats has been reduced 5 to 10 per cent. Prospects for fruit were not so favorable as last year; varying degrees of frost damage to early blooms were reported in the southern part of the district and in a number of Michigan counties largely outside the so-called "fruit belt" bordering Lake Michigan. Apples that bloomed before the frost were in poor condition, while later varieties ranged from fair to good. Indications pointed to a smaller crop of peaches and to the possibility of a reduction in size of the cherry crop and the total production of apples. The reports showed an increase of 2.3 per cent in the Seventh district crop of young pigs over last spring, and a reduction of 3.4 per cent in the number of marketable hogs remaining on farms as compared with a year ago. The Bureau of Agricultural Economics, on the basis of May 1 condition, forecasts the 1927 crop of winter wheat at 93,151,000 bushels and of rye at 10,228,000 bushels for the five states including the Seventh district, as compared with respective harvests of 99,439,000 and 10,415,000 bushels in 1926. A production of 593,940,000 bushels of winter wheat and of 47,861,000 bushels of rye is estimated for the United States as a whole, against 626,929,000 and 40,024,000 bushels, respectively, the final estimates for 1926, and compared with the 1917-26 average of 572,887,000 bushels of winter wheat and 67,001,000 bushels of rye.

Grain Marketing—Wheat, corn, and oats receipts at interior primary markets in the United States receded to unusually low levels in April, with the quantity of each grain less than in the preceding month or the 1922-26 average for the period and with wheat arrivals showing the only gain over a year ago. Reshipments of wheat and corn from these centers were greater than in March or the corresponding period last year and those of oats were smaller; the two last-mentioned items fell below the five-year average for April. United States visible supplies of grain were lower on May 14 than on the corresponding Saturday in April; wheat and corn holdings exceeded a year ago, but the stock of oats, rye, and barley declined. April trading in future delivery grain by members of the Chicago Board of Trade showed a recession in volume of 13.8 per cent from the preceding month and was 30.7 per cent under a year ago; contracts for oats and rye, however, were in excess of March and those for corn and rye increased slightly over April, 1926. Chicago quotations for cash wheat and oats averaged about steady with March, while those for corn and rye firmed a little; prices eased for May, July, and September wheat and corn deliveries. Quotations for most grain tended to advance early in May.

Flour—Production of flour by mills in the Seventh district declined seasonally in April, but for the second successive month exceeded that of the corresponding month a year ago. As is usual in April, receipts of flour at Chicago were smaller; shipments, on the other hand, increased somewhat. Both receipts and shipments were heavier than in April, 1926.

CHANGES IN APRIL, 1927, FROM PREVIOUS MONTHS

	Per cent change from March 1927	Per cent change from April 1926	Companies included
Production (bbls.)	—10.6	+ 3.3	33
Stocks of flour at end of month (bbls.)	—17.8	— 2.4	29
Stocks of wheat at end of month (bu.)	—28.8	+16.4	29
Sales (volume)	—25.5	+ 3.1	15
Sales (value)	—21.9	—12.7	15

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

Movement of Live Stock—April receipts at public stock yards in the United States showed a recession in volume from the preceding month and a year ago. Light to medium weight steers, marketed from feed lots, comprised the larger portion of cattle arrivals during the period; the receipts of cows, heifers, and choice heavy steers remained moderate. Smaller numbers of fed lambs were received than in March, but they constituted the bulk of ovine offerings; the supply of sheep continued rather limited and the movement of spring lambs expanded slightly. Hog receipts were reduced because of farm work and bad roads.

LIVE STOCK SLAUGHTER

	Cattle	Hogs	Lambs and Sheep	Calves
Yards in Seventh District, April, 1927	208,395	677,828	219,335	147,698
Federally Inspected Slaughter U. S.				
April, 1927	741,951	3,329,557	959,673	453,956
March, 1927	761,299	3,837,278	1,026,736	456,599
April, 1926	765,540	3,104,656	994,287	461,482

Reshipments to feed lots increased slightly for cattle and declined for lambs during April as compared with March; both showed a recession in volume from the corresponding month of 1926.

AVERAGE PRICES OF LIVE STOCK
(Per hundred pounds at Chicago)

	Week ended May 14 1927	Months of April 1927	Months of March 1927	Months of April 1926
Native Beef Steers (average)	$11.10	$10.95	$10.65	$ 9.40
Fat Cows and Heifers	8.00	7.85	7.45	6.95
Hogs (bulk of sales)	9.70	10.75	11.40	12.25
Yearling Sheep	12.25	13.25	12.35	10.50
Lambs (average)	15.60	15.65	15.10	13.65

Indices of the International Live Stock Exhibition show the volume of inspected slaughter in the United States as 102, the price of all live stock as 114, and the total value of the slaughter as 116 for April, compared with similar indices of 106, of 115, and 122 for March.

Meat Packing—Production at slaughtering establishments in the United States was seasonally lower for April than for the preceding month, while employment for the last payroll of the period showed a decline of 2.7 per cent in number, 3.2 per cent in hours worked, and 3.5 per cent in total value from corresponding figures for March. Domestic demand averaged fair. Sales billed to domestic and foreign customers by fifty-three meat packing companies in the United States totaled 1.0 per cent greater than in March and were 5.5 per cent below a year ago. Chicago quotations for pork, lard, and veal showed some recession in April from March, those for smoked meat held fairly steady, while prices of beef, lamb, and mutton firmed. May 1 inventories at packing plants and cold-storage warehouses in the United States exceeded those of April 1 despite a reduction in beef, lamb, mutton, and miscellaneous meat holdings. Stocks of cured beef, dry salt pork, lamb, and mutton declined from the corresponding date last year, while the volume of other edible products increased. All the items, with the exception of frozen and pickled pork, fell below the 1922-26 May 1 average. A slightly larger tonnage of lard was forwarded in April for export than in the preceding month, but the volume of meats showed little change. European customers purchased a fair tonnage of lard and oleo oil, and the English demand for hams improved somewhat, while foreign trade in other packing-house products remained rather narrow. Consigned stocks abroad were indicated slightly heavier than at the beginning of April. Prices remained a little under Chicago parity.

Dairy Products—Reports from sixty-nine creameries in the Seventh district show that butter production aggregated 10.1 per cent greater for April than for the preceding month and was 10.4 per cent in excess of a year ago. Statistics released by the American Association of Creamery Butter Manufacturers indicate a similar trend for the United States. April sales of creamery butter billed to customers by seventy-one firms in the district totaled 2.9 per cent heavier than in March and 9.9 per cent above the corresponding month last year. Receipts of American cheese at Wisconsin primary markets from factories within that state increased 18.4 per cent during the four weeks ended April 30 over the preceding period, and showed a recession of 6.5 per cent from a year ago; redistribution gained 17.1 per cent and declined 6.3 per cent, respectively, in the two comparisons. Cold-storage warehouses and packing plants in the United States held larger inventories of eggs and smaller quantities of cheese on May 1 than at the beginning of the preceding month or a year ago; the volume of each gained over the 1922-26 May average. Butter stocks increased over April 1 but showed a recession of 80 per cent from May 1, 1926, and of 54 per cent from the five-year average. Receipts of dairy products at Chicago were heavier in April than in the preceding month. Chicago quotations for dairy products averaged slightly lower than those of March.

INDUSTRIAL EMPLOYMENT CONDITIONS

A decline of 0.9 per cent in the volume of employment at manufacturing plants of the Seventh Federal Reserve district was reported for the period March 15 to April 15. This follows an early spring recession of 0.5 per cent registered for the preceding month, and brings employment to a level about 5 per cent lower than in April, 1926. At least part of the downward trend in employment for April, however, can be ascribed to the lateness of the season, cold weather and rains retarding an active demand for many products.

Losses exceeding the average were registered by the metals, textiles, lumber, and leather groups, while definite gains were shown in the manufacture of automobiles, rubber products, and most of the building materials. Under the "metals" group, the loss shown was almost entirely the result of the heavy reductions in the manufacture of machinery and electrical apparatus; under "textiles," it was due to the continued curtailment in the clothing industry. The decrease in employment at furniture factories again accounted for the loss registered by the lumber products group, while leather industries generally made further reductions in their working forces. Declines in meat packing and confectionery more than offset increases in other food industries, as in canning and preserving, the manufacture of ice and ice-cream, and in dairy products. A slight gain was made by the chemical products group, and rubber products showed a marked increase in employment. Greater activity in construction work was reflected in the stone, cement, brick, and glass industries, as well as in the manufacture of sash, door, and interior finish.

At Detroit employment continued to gain slightly, the reports from the Employers' Association indicating a 0.3 per cent increase from the second week in April to the corresponding week of May. Workers applying for positions at the free employment offices of the state of Illinois were in declining ratio to the number of positions available, falling from 174 per cent at the end of March to 154 at the close of April; the employment offices of Iowa showed a similar decline, from 352 per cent to 269; while in Indiana the ratio remained about the same, 122 as compared with 120 the preceding month.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

Industrial Groups	Number of Wage Earners			Total Earnings		
	Week ended April 15 1927	Week ended March 15 1927	Per Cent Change	Week ended April 15 1927	Week ended March 15 1927	Per Cent Change
All groups (10)	364,873	368,183	—0.9	$9,723,042	$9,768,747	— 0.5
Metals and metal products (other than vehicles)	150,366	152,126	—1.2	3,861,557	3,838,228	+ 0.6
Vehicles	34,950	34,055	+2.6	1,096,631	1,051,158	+ 4.3
Textiles and textile products	27,070	28,025	—3.4	624,977	715,560	—12.7
Food and related products	48,762	49,173	—0.8	1,326,869	1,330,504	— 0.3
Stone, clay, and glass products	14,321	14,039	+2.0	432,955	417,924	+ 3.6
Lumber and its products	30,976	31,538	—1.8	759,902	765,827	— 0.8
Chemical products	10,701	10,654	+0.4	298,287	297,760	+ 0.2
Leather products	15,231	16,231	—6.2	303,691	347,287	—12.6
Rubber products	3,484	3,328	+4.7	95,374	84,364	+13.1
Paper and printing	29,012	29,014	—0.0	922,799	920,135	+ 0.3

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—The fourth monthly increase in United States production of passenger automobiles took place in April, output totaling 353,071, or a gain of 3.3 per cent over the preceding month. In the comparison with a year ago, however, a lower rate of output continues, the decline averaging 8.0 per cent for April. Truck production in the United States totaled 44,495 in April, a recession of 1.5 per cent from March and 4.5 per cent below the corresponding month of 1926.

Retail distribution of new automobiles remains considerably below the rate of a year ago, although continuing to show increases in the month-to-month comparison.

After three successive months of gain, wholesale distribution fell off in April and was likewise under the corresponding month of 1926. Used car sales were larger in both the month-to-month and yearly comparisons, while stocks of salable used cars have declined and are under the number held on April 30, 1926. New cars on hand at the end of the month were also less than on March 31 or the corresponding date a year ago. Sales made during April on the deferred payment plan by thirty-one dealers reporting the item, averaged 37.1 per cent of their total retail sales, dropping from 43.1 in the preceding month and comparing with 45.8 per cent in April last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in April, 1927, from previous months

	Per cent change from March 1927	Per cent change from April 1926	Companies included March 1927	Companies included April 1926
New cars				
Wholesale—				
Number sold	— 5.0	— 6.7	38	35
Value	— 9.0	—20.4	38	35
Retail—				
Number sold	+12.7	—24.0	86	83
Value	+23.4	—16.2	86	83
On hand April 30—				
Number	— 5.5	—21.5	56	54
Value	— 6.4	—10.3	56	54
Used cars				
Number sold	+ 4.7	+ 7.6	87	84
Salable on hand—				
Number	—10.8	—13.5	56	53
Value	— 4.5	— 5.8	56	53

Agricultural Machinery and Equipment—Agricultural machinery and equipment sales billed to domestic and foreign customers by eighty-five manufacturers in the United States showed recessions in April from March of 11.6 per cent for the tractor, thresher, combination harvester group; 26.5 per cent for all other (exclusive of barn supplies); and a gain of 5.5 per cent for barn equipment. The light machinery sales declined 15.3 per cent from a year ago, while those for the heavy group and for barn equipment increased 31.3 and 5.1 per cent, respectively. Production showed a somewhat irregular trend but averaged a little ahead of March.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in April, 1927, from previous months

	Per cent change from March 1927	Per cent change from April 1926	Companies included
Domestic sales billed	—17.0	+4.5	85
Sales billed for export	—30.8	—2.8	44
Total sales billed	—19.3	+3.4	85
Production	+ 6.5	—1.4	83

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

Iron and Steel Products—Specifications and sales of finished steel during April, as reported by mills in the Chicago district, compared favorably with the corresponding month of 1926, although activity was slightly under the March rate. In most districts of the country a moderate recession took place during the month. The unfilled tonnage of the United States Steel Corporation on April 30 was the lowest since August 31, 1924, totaling only 3,456,132 tons; this compared with 3,867,976 tons on the same date a year ago. Steel ingot production, averaging 158,844 tons daily for the United States, fell off from the March rate but was heavy for April. Average daily pig iron output for the country of 114,074 tons exceeded that for the preceding month but was under April last year; the average in the Illinois and Indiana district was higher in both comparisons.

Prices have been firmer in recent weeks. The composite price of fourteen leading iron and steel products, as compiled by *Iron Trade Review*, after touching a low for the year on April 20 of $36.64, had risen to $36.85 by May 11, an advance mostly attributable to increases in sheet prices. On May 18 it had declined slightly to $36.82, because of pig iron which has been weak, as has also scrap iron and steel.

Forty-five iron and steel casting foundries of the district report the aggregate value of shipments made during April as 7.0 per cent less than in the preceding month, while the number of tons shipped declined 6.8 per cent. The total amount of metal consumed showed a decrease of 10.8 per cent. Production and shipments continue below the rate of a year ago, shipments declining 19.6 and 19.9 per cent in tonnage and value, respectively, and metal consumption being less by 20.2 per cent. Stove and furnace manufacturers shipped a slightly larger amount during April than in March or the corresponding month a year ago. Orders accepted during the month declined in the month-to-month comparison, but were somewhat greater than in April, 1926. Production was reduced from the March rate and exceeded that of April last year. Stocks were heavier in both comparisons.

Shoe Manufacturing, Tanning, and Hides—Shipments during April by thirty-two shoe factories in the Seventh district exceeded their production by 6.2 per cent, while both showed a seasonal recession from March and a gain over a year ago. Stock shoes reported on hand by twenty-eight of the companies were equivalent in volume to 79.1 per cent of their April shipments. Unfilled orders gave assurance of practically five weeks' business at the current rate of distribution.

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

	Per cent change from March 1927	Per cent change from April 1926	Companies included
Production	—14.1	+13.9	32
Shipments	—16.3	+ 8.0	32
Stock shoes on hand	— 4.1	— 3.4	29
Unfilled orders	— 3.0	+ 3.2	23

Leather production in the Seventh district declined in April from the preceding month, according to reports sent direct to this bank by representative tanners. In the year-to-year comparison, the gains slightly more than offset the recessions. Sales billed to customers totaled a little below March and somewhat ahead of April, 1926. Demand for belting and harness was indicated less active than in the preceding month or a year ago. Quotations advanced for cowhide leathers, while those for the remaining lines showed slightly firmer tendencies.

A smaller number of packer green hides and calf skins were sold at Chicago during April than in March; purchases by tanners located in this district also declined. Quotations at Chicago advanced in April over the prior month.

Furniture—New business received by twenty-four furniture manufacturers located in the Seventh district averaged a decline of 15.6 per cent in April as compared with March. Orders booked showed a decrease in the yearly comparison for seventeen firms of 4.0 per cent in the aggregate, and as compared with the corresponding month of 1925 they were 4.9 per cent smaller. Shipments during April likewise declined in all comparisons, falling off 13.3 per cent from March, 1.6 per cent from April a year ago, and 4.3 per cent from April, 1925. Shipments were heavier than new orders, so that unfilled orders at the end of the month were 17.8 per cent below the amount held on March 31; as compared with April 30 last year, they were 0.5 per cent larger. Operations continue to be reduced, averaging 77.6 per cent of capacity in April, against 81.3 per cent in the preceding month.

Raw Wool and Finished Woolens—Few developments of importance have taken place in either the raw wool or finished goods markets during the past two months, and the situation in general has been quiet. Mills continue to buy wool for current needs only, while prices have eased one to two cents per pound since the middle of March. Inasmuch as foreign markets have been stronger than domestic, there has been some re-exporting of foreign wools during the period. Both contracting on the new domestic clip and actual shearing have slowed down in recent weeks. The Jericho clip of approximately 1,000,000 pounds sold at 30¼ cents this year, as compared with 34½ cents obtained last year. Conditions with manufacturers are uncertain and vary considerably; a fair amount of advance business has been booked by a few firms, a substantially large amount by others, but orders in general have not been in sufficient quantities to assure a high rate of operations over a long period.

Electric Energy—Production of electric energy declined in April from the preceding month, according to reports of eight central station companies in this district, but a reduction is usual for this month and the decline of 4.5 per cent in daily output compares with one of 6.7 per cent in the same comparison last year. The slight falling off in total sales to industrial users was due entirely to the fewer number of working days in April, as the daily average for the month showed an increase; in April, 1926, the working day average of industrial sales was less than in the preceding month by 2.2 per cent.

CHANGES IN APRIL, 1927, FROM PREVIOUS MONTHS
(Compiled from direct reports to this bank by eight companies)

	Per cent change from March 1927	Per cent change from April 1926
Plant capacity (KW)	—0.0	+12.3
Plant output (KWH)	—7.6	+ 8.4
Plant output (daily average—KWH)	—4.5	+ 8.4
Peakload demand (KW)	—3.2	+ 7.5
Industrial sales (KWH)	—0.3	+17.6
Industrial sales (working day average—KWH)	+3.5	+17.6

	April 1927	March 1927	April 1926
Ratio peakload demand to plant capacity	68.9	71.2	72.0
Load factor	57.3	58.1	56.8

Indices of industrial production as measured by electric energy consumption, compiled by McGraw-Hill Publishing Company, show gains over April a year ago in both the north central states and the United States as a whole. By industrial groups, chemicals, automobiles, and textiles gained over the preceding month in the north central states, while metals, paper, and lumber declined.

INDUSTRIAL PRODUCTION AS MEASURED BY ELECTRIC ENERGY CONSUMPTION
(Monthly average 1923-1925=100)

	April 1927	March 1927	April 1926	March 1926
North Central States	121.0	121.9	118.9	122.6
United States	126.1	121.1	114.1	123.0

Data furnished by McGraw-Hill Publishing Co., Inc.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Dollar sales in April of twenty-five wholesale lumber dealers declined 9.8 per cent from March and 2.3 per cent from a year ago; sales in board feet showed decreases of 4.5 and 8.2 per cent in the same comparisons. The ratio of accounts receivable at the end of April to sales during the month was 143.8, as against 127.8 on March 31 and 147.4 a year ago. Automobile makers bought large quantities of hardwoods on the hand-to-mouth plan; demand was also active from furniture and box manufacturers and sash and door factories. Although wet weather delayed building activities, 236 retail yards showed total sales increases of 12.0 and 6.9 per cent in the respective month-to-month and yearly comparisons, with the ratio of outstandings to sales 267.4 at the end of April, as against 280.4 on March 31 and 281.7 a year ago. Stocks of retail dealers were somewhat larger than at the end of March and about the same as on April 30, 1926; wholesale dealers reported slight declines in both comparisons.

Brick shipments improved markedly over March and compared favorably with April of last year; production was curtailed by excessive rains. In the cement industry both production and shipments increased over the preceding month and April, 1926, although wet weather prevented much contemplated road building and other construction. Cement stocks, while somewhat below March, were larger than a year ago.

Building Construction—Building contracts awarded in the Seventh district during April, amounting to $112,069,-635, represented an increase of 27.8 per cent over a year ago and a decline of 7.7 per cent from March. Residential contracts totaling $47,803,805, exceeded the figures of March and last year by 13.7 and 46.2 per cent, respectively. The aggregate number of permits issued by fifty cities in the district was 8.5 per cent above the prior month and 10.6 per cent under April, 1926, while their estimated cost decreased 4.0 and 4.7 per cent in the two comparisons. Of the five larger cities only Des Moines and Detroit had an increased number of projects over March, and all reported declines from last year.

MERCHANDISING CONDITIONS

Wholesale Trade—Heavy rains which made roads impassable and delayed spring planting in many sections of the district restricted sales which, according to dealers in five reporting lines of wholesale trade, were smaller in April than in March, and likewise below a year ago for all except hardware and shoe firms. Collections were larger than in the preceding month and, as compared with April, 1926, increased for all except drugs and shoes; outstanding accounts at the end of the month were larger for groceries and hardware, and smaller for all other lines in both comparisons.

Groceries—Sales of thirty-nine wholesale grocers decreased 0.4 and 0.04 per cent in the respective month-to-month and yearly comparisons. Stocks advanced 6.9 per cent over March 31 and were 8.6 per cent under the same date a year ago; outstanding accounts increased 1.5 and 0.8 per cent, and collections during the month gained 1.8 and 3.8 per cent, respectively.

Hardware—Seventeen hardware dealers with total sales 5.0 per cent in excess of April, 1926, represented one of the two wholesale lines reporting increases in that comparison; a decline of 4.0 per cent from March was indicated. Stocks on April 30 declined somewhat from both March 31 and a year ago; outstanding accounts increased 7.2 and 1.4 per cent, respectively, while collections were larger by 12.7 and 9.3 per cent in the two comparisons.

Dry Goods—Respective sales declines of twelve reporting dry goods dealers as compared with March and a year ago were 22.4 and 7.1 per cent; stocks increased 1.3 per cent over March 31 and decreased 25.6 per cent from last April; outstanding accounts on April 30 aggregated 1.4 and 4.7 per cent less, respectively; and collections advanced 4.7 and 0.2 per cent in the two comparisons.

Drugs—Twelve drug dealers reported total sales as 7.6 and 8.0 per cent smaller in the month-to-month and yearly comparisons. Stocks at the end of April were 3.4 and 3.8

per cent larger, respectively; accounts outstanding on April 30 declined 2.4 and 11.3 per cent, and collections showed an increase of 6.3 per cent over March and a decline of 2.9 per cent from April, 1926.

Shoes—Sales reported by nine shoe dealers contracted 5.3 per cent from March and advanced 7.0 per cent over a year ago. Stocks decreased 5.4 per cent in both comparisons; outstanding accounts fell off 0.3 and 5.2 per cent; and collections, while increasing 16.1 per cent over the preceding month, showed a total decline of 8.7 per cent from last year.

Department Store Trade—April sales of eighty-four reporting department stores showed an advance over March of 8.5 per cent and in the yearly comparison a gain of 9.7 per cent. Aggregate sales for the first four months of 1927 were 3.4 per cent in excess of the same period in 1926. Stocks at the end of April showed little change from either the preceding month or the end of April last year; the ratio of total sales to average stocks was 32.6 per cent as compared with 29.5 a year ago. Collections and accounts outstanding at the end of the month increased over both March, 1927, and April, 1926, the former by 0.1 and 11.9 and the latter by 3.2 and 9.6 per cent, respectively. Outstanding orders on April 30 represented 7.2 per cent of total 1926 purchases, as compared with 7.3 per cent at the end of March. April collections averaged 42.2 per cent of accounts outstanding on March 31; the figure a year ago was 41.2.

Retail Furniture Trade—According to reports of twenty-seven retail furniture dealers and the furniture departments of twenty-two department stores, total sales for April increased over March and a year ago by 13.7 and 5.1 per cent, respectively, while stocks changed but little in the former and were slightly less in the latter comparison. Installment sales, as reported by twenty furniture stores, increased 22.4 and 8.2 per cent, respectively. Collections, on both installment and total sales, and accounts outstanding were larger than for either the preceding month or a year ago.

Retail Shoe Trade—Total sales of forty-three retail shoe dealers for April averaged 25.8 per cent more than in March, and 8.9 per cent over a year ago, with sales for the first four months of the year aggregating 3.0 per cent above the same period in 1926. Individually, all firms reported increases over March and nearly three-fourths over April last year. Stocks gained 0.5 and 1.2 per cent in the two comparisons; outstanding accounts declined 14.7 and 26.3 per cent, respectively, while collections were larger by 2.2 and 2.0 per cent. The ratio of outstanding accounts to sales was 53.1 per cent in April as compared with 81.7 for March and 76.3 a year ago.

Chain Stores—Five of nine chain store systems reporting to this bank had larger sales in April than in the previous month and six showed gains over April of last year, changes which are to some extent attributable to increases in the number of stores in operation. Of four reporting lines, grocery, drug, and shoe chains had increased sales over a year ago; and drug and musical instrument dealers showed aggregate declines from March.

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	April 1927	March 1927	April 1926	March 1926
Meat Packing—(U. S.)—					
Sales (in dollars)	62	102.9	102.4	108.3	108.4
Casting Foundries—					
Shipments (in dollars)	27	88.6	93.9	107.7	116.0
Stoves and Furnaces—					
Shipments (in dollars)	13	89.3	85.7	82.6	81.4
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars)	90	153.9	185.1	147.5	176.7
Exports (in dollars)	60	137.3	199.8	140.3	175.0
Total Sales (in dollars)	90	151.2	187.4	146.3	176.4
Production	88	144.6	136.0	146.4	141.4
Furniture—					
Orders (in dollars)	19	76.2	101.5	79.4	108.4
Shipments (in dollars)	19	110.2	115.7	112.1	117.3
Shoes—[1]					
Production (in pairs)	34	100.1	117.8	87.0	102.2
Shipments (in pairs)	34	105.5	127.9	96.3	110.9
Electric Energy—					
Output of Plants (KWH)	8	128.0	138.5	118.0	130.6
Industrial Sales (KWH)	8	145.3	145.7	123.5	131.1
Flour—					
Production (in bbls.)	34	88.3	98.8	85.9	92.3
Output of Butter by Creameries—					
Production	76	114.8	101.3	107.1	96.9
Sales	76	104.1	98.6	97.2	97.5
Automobiles—					
Distribution in Middle West:					
New Cars—Wholesale—Number sold	28	207.4	195.1	208.8	194.3
Value	28	167.6	166.3	192.6	178.3
New Cars—Retail —Number sold	48	116.6	99.6	157.0	150.2
Value	48	140.3	106.4	163.6	141.8
New Cars—On Hand—Number	42	122.7	124.7	153.0	190.7
Value	42	128.9	133.7	138.3	173.1
Used Cars— Number sold	41	153.0	147.5	159.4	145.2
Used Cars—On Hand—Number	41	141.4	148.7	160.0	159.8
Value	41	128.0	128.1	129.5	126.8
Production (U. S.): Passenger Cars		122.1	118.1	132.8	131.8
Trucks		132.3	134.3	138.6	123.7
Freight Carloadings—(U. S.)—					
Grain and Grain Products		82.0	86.4	81.9	86.2
Live Stock		83.2	82.4	84.5	82.6
Coal		90.6	119.6	95.8	103.1
Coke		96.7	102.3	104.3	117.2
Forest Products		95.9	98.9	106.4	107.2
Ore		62.2	27.9	40.0	27.9
Merchandise and Miscellaneous		111.2	108.7	107.4	105.5
Total		101.8	104.6	100.5	100.5
Iron and Steel—					
Pig Iron Production:[2]					
Illinois and Indiana		132.7	123.1	123.1	122.0
United States		116.2	114.4	117.1	113.1
Steel Ingot Production—(U. S.)[2]		119.2	126.0	118.5	124.2
Unfilled Orders U. S. Steel Corp.		72.4	74.4	81.0	91.7

	No. of Firms	April 1927	March 1927	April 1926	March 1926
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	38	95.3	95.7	95.6	93.4
Hardware	19	97.7	101.7	97.0	98.1
Dry Goods	13	68.1	93.2	79.0	92.8
Drugs	11	94.2	104.5	107.6	114.1
Shoes	9	90.0	95.0	80.7	112.8
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	7	111.8	106.4	98.4	97.5
Detroit	5	138.1	126.9	116.2	123.7
Indianapolis	5	103.4	99.6	95.1	98.4
Milwaukee	6	114.3	95.5	107.6	96.9
Outside	57	105.8	98.7	105.7	97.8
Seventh District	80	118.2	108.2	107.6	106.3
Retail Trade—(U. S.)—[3]					
Department Stores	359		128	133	130
Mail Order Houses	4		132	120	130
Chain Stores:					
Grocery	27		386	329	302
Drug	9		224	191	194
Shoe	6		125	166	143
Five and Ten Cent	5		213	202	199
Candy	5		216	226	206
Music	4		108	111	112
Cigar	3		153	150	142
Stamp Tax Collections—[4]					
Sales or Transfers of Capital Stock		77.2	118.2	91.2	141.3
Sales of Produce on Exchange—Futures		67.6	45.9	128.7	96.9
U. S. Primary Markets—[5]					
Grain Receipts:					
Oats		44.5	48.5	65.7	57.0
Corn		48.0	85.9	58.7	93.9
Wheat		41.5	53.9	40.0	44.9
Grain Shipments:					
Oats		55.0	55.2	68.0	67.4
Corn		57.5	46.4	44.6	44.2
Wheat		52.1	35.3	29.0	33.9
Building Construction—					
Contracts awarded (in dollars):					
Residential		166.4	146.4	113.8	149.0
Total		166.6	180.5	130.3	135.8
Permits:					
Chicago Number		95.8	122.0	99.1	97.7
Cost		154.9	174.1	145.6	123.9
Indianapolis Number		94.3	100.4	115.6	98.9
Cost		85.4	132.5	73.5	94.7
Des Moines Number		63.4	56.7	84.5	52.6
Cost		38.8	36.4	38.2	146.[illegible]
Detroit Number		105.3	87.6	143.3	95.[illegible]
Cost		100.2	94.7	152.8	149.9
Milwaukee Number		97.0	98.9	102.6	72.7
Cost		142.9	130.7	136.9	124.6
Others (45) Number		137.5	115.5	140.9	82.4
Cost		152.2	140.2	154.2	110.1
Fifty Cities Number		112.8	104.0	126.1	85.4
Cost		138.1	143.8	144.9	125.5

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.