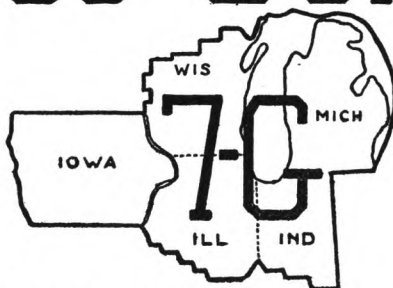


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 10, No. 11

MONTHLY REVIEW PUBLISHED BY THE
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November 1, 1927

NATIONAL SUMMARY OF BUSINESS CONDITIONS

INDUSTRIAL and trade activity increased less in September than is usual at this season of the year, and continued to be in smaller volume than a year ago. The general level of wholesale commodity prices showed a further rise, reflecting chiefly price advances for agricultural commodities.

PRODUCTION—The Federal Reserve Board's indexes of both manufacturing and mineral production, in which allowance is made for usual seasonal variations, decreased between August and September. Production of iron and steel was in smaller volume in September than in any month since 1925. There were also decreases from August to September in the output of nonferrous metals, automobiles, and rubber tires, while the textile and shoe and leather industries continued active. The production of bituminous coal showed about the usual seasonal increase in September and October, but continued in smaller volume than during the same period of other recent years. The output of anthracite was considerably reduced during September and the first half of October, following an increase in August, and the weekly output of crude petroleum has decreased slightly since the early part of August. The value of building contracts awarded continued somewhat smaller during September and the first three weeks of October than during the corresponding period of 1925 or 1926; declines occurred in contracts for residential, commercial,

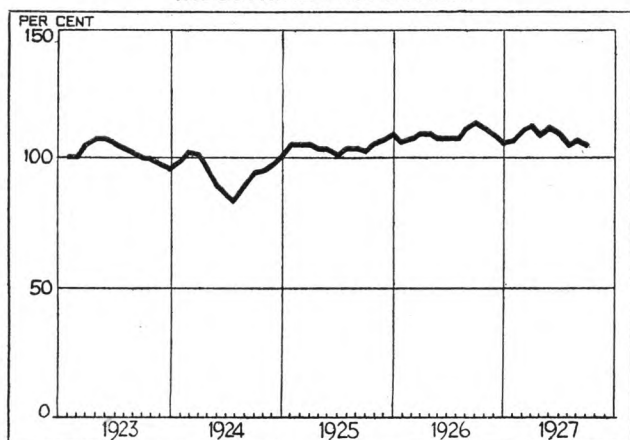
industrial, and educational buildings, while contracts for public works and public utilities were larger in September than in the corresponding month of any previous year.

Crop conditions improved in September, and the Department of Agriculture's estimates for October 1 indicate larger yields of most grain crops than were expected a month earlier. The estimate for the corn crop was increased by 146,000,000 bushels and was only 43,000,000 bushels smaller than the yield in 1926. Wheat production is expected to be 34,000,000 bushels larger than last year, while the estimated cotton crop of 12,678,000 bales is more than 5,000,000 bales below last year's yield.

DISTRIBUTION—Trade of wholesale and retail firms increased in September by somewhat less than the usual seasonal amount. Compared with a year ago, sales of wholesale firms in nearly all lines, except shoes and drugs, were smaller. Sales of department stores were in about the same volume, and those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by reporting wholesale firms in leading lines were reduced in September and continued smaller than last year. Stocks of department stores, on the other hand, increased slightly more than is usual in September, and at the end of the month were somewhat larger than a year ago.

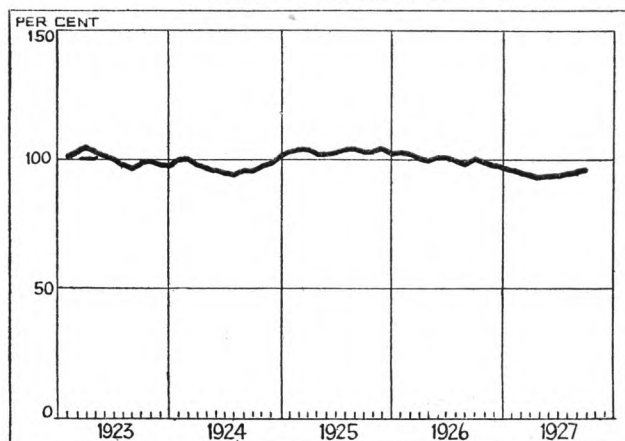
Freight carloadings were in smaller volume during September and the first week of October than in the corre-

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average=100). Latest figure, September, 1927: 105.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1926=100, base adopted by the Bureau). Latest figure, September, 1927: 96.5.

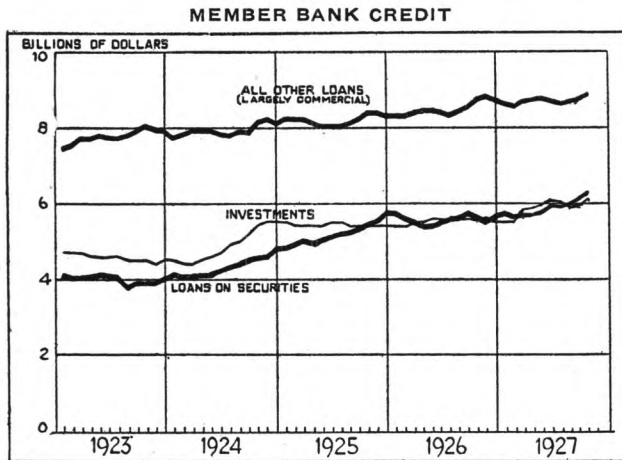
Compiled October 26, 1927

sponding period of last year for all groups of commodities, except grain and grain products, of which loadings were larger than in the same period of any previous year since 1924.

PRICES—Wholesale commodity prices advanced in September for the fourth consecutive month, and the Bureau of Labor Statistics all-commodities index rose to the highest level since last January. There were large increases between August and September in the prices of live stock, meats, and cotton, and small advances in the prices of leather, coal, and chemicals, while prices of grains, building materials, and rubber declined.

During the first three weeks in October the prices of spring wheat, corn, cotton, coal, and iron and steel declined, while prices of live stock, raw wool, and rubber advanced.

BANK CREDIT—Total loans and investments of member banks in leading cities showed a further increase for the four weeks ending October 19, and on that date were



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly reporting dates in October, 1927: All Other Loans, 8,824 million; Loans on Securities, 6,238 million; Investments, 6,068 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Warm weather continuing beyond the usual seasonal period has influenced materially business and agricultural conditions in the Seventh district during the last few weeks. In postponing the need for fall and winter merchandise, it has tended to modify, at least temporarily, the customary autumnal expansion in retail trade; in allowing time, however, for crops—especially corn—to make up for delays which developed earlier in the season, and in most sections to mature before frost, it has substantially improved prospects in farming communities.

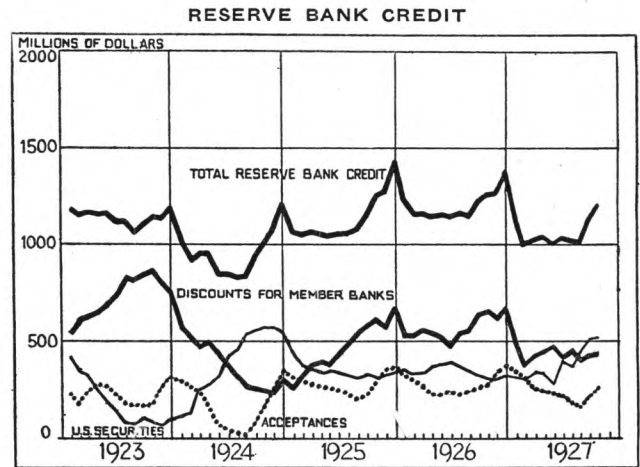
Another feature of current importance is the somewhat slackened factory employment, reduced operations during September in the iron and steel industries and at automobile plants contributing prominently to the declines from August. Farm machinery output, leather production, and manufacture of shoes also decreased during September as compared with the preceding month. Employment at slaughtering establishments was steady, although production fell below August and a year ago; sheep and lamb receipts were heavy, but cattle marketing was reduced. Output of dairy products showed a seasonal decline, while wheat and corn movements to interior primary markets were larger. There was a good wool demand through the greater part of the month, and furniture manufacturers booked increased orders.

In building construction, both contracts awarded and permits issued declined during September as compared

about \$660,000,000 larger than in midsummer. Of this growth in member bank credit about \$325,000,000 represented an increase in commercial loans, a considerably smaller increase than for the same period last year, and about \$335,000,000 an increase in investments and loans on securities.

At the reserve banks total bills and securities increased during the four weeks ending October 19, as is usual at this season, but were on the average about \$60,000,000 below the level of the corresponding period last year. The increase, which was largely in the form of additions to the banks' holdings of acceptances, reflected chiefly an increase in member bank reserve requirements and an export demand for gold.

Some seasonal firmness in the money market in October was reflected in an increase from $3\frac{1}{8}$ to $3\frac{3}{4}$ per cent in rates on 90-day bankers' acceptances. The rate on commercial paper remained unchanged at 4 per cent.



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages for first 23 days in October, 1927: Total Reserve Bank Credit, 1,206 million; Discounts for Member Banks, 430 million; Acceptances, 269 million; U. S. Securities, 506 million.

with August and with September, 1926. Lumber distribution at wholesale, likewise, fell off in both comparisons; retail sales, however, exceeded August and last year. The cement industry reported a satisfactory month, but demand for brick was relatively light.

Financial changes have been the increase in member bank loans and discounts, the slight advance in savings deposits and in check payments, and the broadening demand for bonds, but smaller commercial paper sales, reduction in the volume of bankers' acceptances executed, and less activity in the open bill market.

CREDIT CONDITIONS AND MONEY RATES

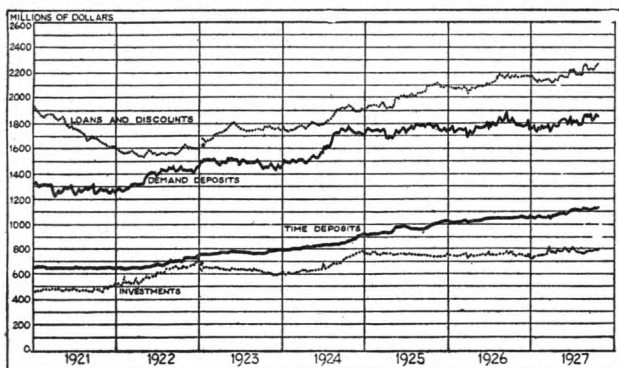
Credit conditions in the Seventh district at present approximate those of a year ago, business in general experiencing moderate acceleration during September over the preceding month, reflected in heavier demand at banks in some centers for loans for commercial purposes. Others, however, report little change in volume of demand over a month ago, and rates for the most part are unchanged. In Chicago, easy conditions continue in the money market, the large amount of loanable funds preventing any rise in rates despite a heavier volume of loans for commerce and industry. Rates are quoted at present as follows: Commercial paper $3\frac{3}{4}$ to 4 per cent, customers' over-the-counter loans $4\frac{3}{4}$ to 5 per cent, and collateral loans $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent. The average rate earned by ten large banks in September was 4.85 per cent, compared with 4.80 in August and 4.94

per cent in September, 1926. The prevailing rate on commercial loans in Detroit for the week ending October 15 was $4\frac{1}{2}$ -6 per cent.

The volume of Federal Reserve Bank credit in use in the district declined during October until the nineteenth when total bills and securities stood at \$156,245,000, compared with \$132,283,000 October 12 and \$137,801,000 September 28. Total bills discounted on October 19 amounted to \$51,129,000, representing a rise of about eighteen million from the preceding week, and compared with \$34,589,000 on September 28. Federal Reserve notes in circulation moved downward slightly on October 19 from the preceding week (\$239,276,000 as compared with \$241,182,000 October 12), and during recent weeks have been at lower levels than was the case throughout most of September, when they averaged about \$245,000,000.

Loans and discounts of reporting member banks have been on a rising scale during recent weeks, on October 19 registering \$2,262,642,000, compared with \$2,254,461,000 October 12 and \$2,230,312,000 September 21, loans on stocks and bonds by Chicago reporting member banks being in the main responsible for the rise in the aggregate, although commercial loans on the first two reporting dates in October exceeded the figures on August 31 and September 7. In Detroit commercial loans have moved slightly downward since the middle of September until October 19 when a moderate increase was shown over the previous week. Investments of reporting members in the Seventh district have shown a rising trend since September 21, reflecting heavier holdings of government securities, and on October 19 stood at \$795,726,000, the largest aggregate since June 29 when \$803,086,000 was reported. Net demand deposits of \$1,875,754,000 on October 12 represented a gain of more than 23 million over the preceding week, continuing an upward trend in evidence since September 21. On October 19, however, this item declined to \$1,859,473,000. Time deposits dropped slightly on October 12 (\$1,126,046,000) from October 5 when \$1,127,195,000 was shown, increasing to \$1,134,754,000 on October 19, which marked a new high point.

POSITION REPORTING MEMBER BANKS—7TH DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, October 19, 1927, in thousands of dollars: Loans and Discounts, 2,262,642; Demand Deposits, 1,859,473; Time Deposits, 1,134,754; Investments, 795,726.

Sales of commercial paper during September by eleven houses reporting to this bank totaled 13.5 per cent below the August volume, and 34.2 per cent above a year ago; individually, the majority of dealers registered decreases from the preceding month, and increases over September, 1926. Demand for paper was reported as fair and good, while the supply ranged from limited to fairly good. Rates were somewhat easier, all dealers quoting $3\frac{3}{4}$ for low, and

either $4\frac{1}{4}$ or $4\frac{1}{2}$ for high. The volume of paper outstanding on September 30, as reported by five dealers, was the largest since March 31, averaging 3.9 per cent above August 31, and 7.5 per cent in excess of last year; for twenty-six dealers located throughout the country, outstandings stood at \$599,673,000. Sales by three local houses during the first two weeks of October showed declines from the corresponding period in September.

Operations in the Chicago open bill market, as indicated by six reporting dealers, were of smaller volume from September 15 to October 11 than in the preceding four weeks. Aggregate purchases fell off 7.9 per cent and receipts from other offices 11.5 per cent; sales to local banks increased, but declines in the amount sold to the Federal Reserve Bank, to out-of-town banks, and to others, reduced the total to 18.8 per cent below the August 18-September 14 volume. Transactions involved principally provisions, grain, copper, canned goods, rubber, and tobacco. Sixty-day maturities were most in demand at first, and ninety-day later; the offered rate on the latter advanced from $3\frac{1}{8}$ to $3\frac{1}{4}$ during the last week of the period; other rates ruled practically the same on October 11 as at the middle of September. Holdings at the close of the period reached a peak for the year, and were 28.5 per cent above the September 14 level.

Sixteen reporting banks as a group accepted half as large a volume of bills during September as in the preceding month; purchases likewise declined, dropping 23.3 per cent from the August peak; both items, however, were considerably above the 1926 figures. Sales aggregated the heaviest since February, 1925, exceeding August by 38.7 per cent and September, 1926, by 245.0 per cent. Total bills held on September 30 amounted to about 70 per cent of the August 31 volume, while holdings of bills originating with the banks declined 37.5 per cent. Five banks indicated increases during the month in their liability for acceptances outstanding and seven declines, the group averaging within 0.3 per cent of the August 31 level; the gain of 51.4 per cent over a year ago represents eight gains and four decreases. The Federal Reserve Bank of Chicago bought \$26,835,338 during the month, and held \$24,473,535 on September 30. Acceptances executed by three Chicago banks from October 1 to October 15 covered chiefly cotton, rubber, provisions, grain, coffee, tea, raisins, copper, iron, lumber, burlap, and shoes.

Volume of Payment by Check—Thirty-seven clearing house centers in the district reported an aggregate volume of payment by check of \$6,121,603,000 in September, representing a rise of one per cent over August and of 11.7 per cent over September, 1926. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, gained 0.7 per cent over the preceding month, and 13.7 per cent over September a year ago, while the thirty-three smaller cities registered increases of 2.7 and 2.0, respectively, in the two comparisons. For Chicago alone, the \$3,843,561,000 shown in September represented a gain of 0.7 over August and of 18 per cent over September last year.

Savings—Two hundred and twelve reporting banks in this district averaged from September 1 to October 1 an increase of 0.1 per cent in number of savings accounts and of 0.2 per cent in amount of deposits; individually, 70 per cent of the banks registered gains in the former item, and 63 per cent in the latter. Corresponding increases over October 1, 1926, amounted to 2.7 per cent and 1.8 per cent, respectively, three-fourths of the banks showing increases in accounts, and two-thirds in deposits. By states, each of the five aggregated a larger number of accounts than on September 1 or a year ago, with all except Illinois reaching

new levels; in amount, Indiana, Michigan, and Wisconsin averaged increases in both the monthly and yearly comparisons, and Iowa decreases, while Illinois declined from September 1, but exceeded last year.

Bonds—The bond market during the past thirty days has been characterized by a strong demand and rising prices, with practically all classes of securities participating in the

AGRICULTURAL PRODUCTION AND FOODSTUFFS

The outlook for corn in the Seventh district had become decidedly encouraging by the middle of October, because of the absence of a killing frost beyond the average autumn date, except in a few localities, and conditions pointed to a much larger percentage of this year's crop reaching maturity than seemed possible a few weeks ago. In fact, the bulk of the crop was practically out of danger from frost damage by that time, despite some delay due to prevailing wet, cool weather, while the remaining portion, although having a doubtful chance of reaching maturity unless weather conditions remain ideal for some weeks, took on renewed growth, thereby improving its feeding value. Sunshine and warmth were greatly needed to enable the kernels to dry. Corn stalks were flattened and tangled in a number of localities by heavy winds following rainfall, which loosened up the roots; ears on some of this corn showed signs of moulding. Quality of the corn is expected to show wider range this autumn than ordinarily, with best grade better than last year and with the lowest grade poorer than in 1926. Rains during the first half of October proved beneficial to pastures, meadows, and winter grain, but tended to delay maturity of the crops and to slow up plowing, harvesting, seeding, and farm work generally. Weather conditions became more favorable after the middle of the month.

October 1 figures reflected the general improvement in crop conditions during September. The United States Bureau of Agricultural Economics, on the basis of October 1 condition, estimated the Wisconsin-Michigan sugar beet crop as 763,000 tons, and of Danish cabbage in these two states as 96,600 tons, the Illinois broom corn production as 5,300 tons, the Michigan bean crop 6,289,000 bushels, and Michigan celery production 624,000 crates, compared with 951,000 tons of sugar beets, 82,100 tons of Danish cabbage, 7,800 tons of broom corn, 6,624,000 bushels of beans, and 521,000 crates of celery grown in these respective territories last year.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of October 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-YR. AV.
	FORECAST	FINAL	FORECAST	FINAL	
	1927	1926	1927	1926	1922-26
Corn	731,792	910,389	2,603,437	2,646,853	2,766,561
Oats	458,185	490,757	1,205,639	1,250,019	1,352,357
Winter Wheat	61,278	66,262	552,767	627,433	556,017
Spring Wheat	5,322	3,453	313,771	205,376	251,715
Barley	53,495†	39,813†	264,703	188,340	192,707
Flax Seed	357‡	306‡	24,270	18,592	20,000
Potatoes (white)	54,492	59,417	394,757	356,123	394,135
Potatoes (sweet)	1,601*	2,069*	87,544	83,658	81,292
Apples (total crop)	13,844†	27,830†	123,115	246,460	199,224
Peaches	2,062†	5,221†	45,963	69,715	54,272
Grapes**	60†	78†	2,552	2,349	2,099
Tobacco***	33,897	34,715	1,168,900	1,301,211	1,338,262
Tame hay**	24,687†	19,661†	103,773	86,184	90,904
Onions	5,592†	5,604†	18,031	15,759

† Five states including Seventh district.

‡ Wisconsin and Iowa.

* Illinois, Indiana, and Iowa.

** In thousands of tons.

*** In thousands of pounds.

Grain Marketing—Receipts and reshipments of wheat and corn at interior primary markets in the United States were greater for September than for the preceding month, a year ago, or the 1922-26 September average. Oats arrived at these centers in smaller quantities than in August, while

improvement. Railroad bonds moved in unusual volume throughout September; foreign issues continued in demand; public utilities were popular; and sales of real estate bonds were large. The municipal bond market advanced further, and shows increasing evidence of strength. New underwritings have almost all been well received, and dealers' inventories remain low.

reforwardings of the grain increased; each of the items exceeded a year ago, but showed a recession from the five-year average for September. Visible supplies of wheat, oats, and rye in the United States were larger and those of corn and barley were smaller on October 8 than for the corresponding Saturday in September. Wheat and corn holdings exceeded last year, but oat, rye, and barley stocks showed a considerable decline. Trading in grain futures on the Chicago Board of Trade decreased 10.9 per cent in volume during September from the preceding month and exceeded September, 1926, by 17.3 per cent, with corn showing the only gain in commitments over August. September quotations at Chicago firmed a little for rye and declined for wheat and corn in the comparison with a month previous; separate trends were shown for oats, prices for current receipts averaging higher and for futures lower than in August.

Movement of Live Stock—Cattle receipts during September at public stock yards in the United States declined in the comparison with August and were considerably below the 1922-26 September average, with the seasonal movement of grasser steers and heifers from ranges and pastures smaller than a year ago, fairly liberal liquidation of short-fed cattle by the corn belt, moderate offerings of cows, and a scarcity of long-fed animals. Marketing of lambs from ranges, inter-mountain states, and native territory showed further expansion in September, carrying ovine receipts for the month to the highest level since last autumn and above the five-year average, but somewhat below September or October, 1926. Lamb offerings from the west contained a fairly large percentage of animals in feeder flesh. Hog receipts decreased from August, thereby marking the first time since February that the 1927 monthly figure fell below a year ago.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, September, 1927	226,300	506,574	338,482	83,678
Federally Inspected Slaughter U. S.				
September, 1927	827,725	2,533,819	1,185,169	357,008
August, 1927	837,858	3,049,893	1,168,404	389,369
September, 1926	971,460	2,616,452	1,224,325	408,114

Reshipments to feed lots showed the customary gain over August, but were under September, 1926.

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

	WEEK ENDED		MONTHS OF	
	OCTOBER 15	SEPTEMBER	AUGUST	SEPTEMBER
	1927	1927	1927	1926
Native Beef Steers (average)	\$12.90	\$12.70	\$11.80	\$10.50
Fat Cows and Heifers	8.00	8.25	8.10	6.60
Hogs (bulk of sales)	11.15	10.50	9.10	12.05
Yearling Sheep	10.25	9.70	10.45	10.30
Lambs (average)	13.80	13.60	13.85	13.73

Index numbers compiled by the International Live Stock Exhibition show volume of inspected slaughter in the United States as 97, the price of all live stock as 121, and the total value of the slaughter as 120 for September, compared with similar indices of 110, 110, and 121 for August.

Meat Packing—Slaughtering establishments in the United States reported September production as smaller than for the preceding month or a year ago. Employment remained practically unchanged, with recessions of only 0.6 per cent

in number, 0.3 per cent in hours worked, and a slight gain of 0.6 per cent in payrolls for the last week of the period over corresponding figures for August. Domestic demand continued active for pork and lard and remained fairly steady for beef, but dragged at times for lamb and mutton. Sales billed to domestic and foreign customers by fifty-five meat packing concerns in the United States totaled 5.7 per cent larger for September than for the preceding month, but were 5.9 per cent below the corresponding period of 1926. Domestic demand continued to average between fair and good at the beginning of October, with some decrease indicated from a month previous. Chicago quotations advanced in September for lard, bacon, veal, and most pork products; ranged between steady and slightly firmer for beef; declined for lamb, mutton, pickled ham, smoked ham, and pickled picnics in the comparison with August. Inventories of frozen pork, pickled pork, miscellaneous meat, and lard showed a recession at packing plants and cold-storage warehouses in the United States on October 1 from the preceding period, but exceeded a year ago and the 1922-26 October 1 average; dry salt pork holdings declined in all three comparisons. Beef and lamb stocks increased somewhat over September 1, but were under October 1, 1926, and the five-year average.

A slightly larger volume of packing-house products was forwarded in September for export than in August, although tonnages of individual firms were reduced in a number of instances. A majority of the companies reported the lard trade in the United Kingdom rather quiet, but found some improvement in demand from the Continent. Inquiry for meat remained practically unchanged

from August, with Continental trade in the product rather slow throughout the entire period, and with the British market for spot stocks of boxed goods fairly active early in September, though showing a recession later because of the keen competition offered by the European producers. Prices improved over August but remained a little under Chicago parity. October 1 consignment inventories abroad and in transit to Europe were indicated as smaller than at the beginning of September.

Dairy Products—A further seasonal decline of 25.9 per cent from August was shown in September butter production of the Seventh district, and the volume was 1.6 per cent under September last year, according to reports of sixty-eight creameries. Statistics of the American Association of Creamery Butter Manufacturers indicate similar trends for the country as a whole. The September tonnage of creamery butter billed to customers by seventy companies in the Seventh district aggregated 17.0 per cent less than in the preceding month, but 0.2 per cent in excess of last year. Receipts of American cheese at Wisconsin primary markets from factories within the state decreased 19.4 per cent for the four weeks ended October 1 from the preceding period and 3.3 per cent from a year ago; redistribution declined 3.4 per cent and increased 5.8 per cent, respectively, in these comparisons. Creamery butter inventories showed a seasonal recession in the United States at the beginning of October from September 1, and were larger than a year ago and the 1922-26 October 1 average; egg and cheese holdings declined in all three comparisons. Seasonally smaller quantities of butter, cheese, and eggs arrived on the Chicago market during the month than in August. Prices trended upward.

INDUSTRIAL EMPLOYMENT CONDITIONS

A slack in industrial activity was reflected in curtailments of time-schedules and also in reductions of working forces at manufacturing plants of the Seventh Federal Reserve district. Declines at these plants for the period August 15 to September 15 aggregated 0.7 per cent in employment and 3.5 per cent in the amount of payrolls. Six of the ten industrial groups represented in the returns decreased the volume of employment, and all but one of them reduced payrolls. In the metals, chemicals, leather, and paper and printing groups, approximately one-half as many men and women were laid off as had been added during the preceding month, and in the vehicles group losses exceeded the previous gain. There were increases in the number of workers in textiles, foods, and rubber products, but payrolls were lower on account of shorter hours of work. Seasonal gains made by furniture and musical instrument plants were offset by decreases at lumber and

planing mills. In the stone, clay, and glass products group, additional employment in stone crushing and quarrying partly offset losses in other lines. Under the food products group, confectionery made the usual September gain, meat packing maintained its previous employment, dairy products showed losses, while in canning and preserving the gain due to a short but active season at Illinois plants was partly counteracted by the closing of the season at many of the Wisconsin plants.

Employment at Detroit, according to reports received from the Employers' Association of that city, was 1.3 per cent lower the second week in October than for the corresponding week in September, and 4.2 per cent less than in August. Some improvement in the ratio of the number of applicants for work to available positions is reported by the free employment offices of Illinois, Indiana, and Iowa.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED SEPTEMBER 15 1927	AUGUST 15 1927	PER CENT CHANGE	WEEK ENDED SEPTEMBER 15 1927	AUGUST 15 1927	PER CENT CHANGE
All groups (10)	343,178	345,714	-0.7	\$9,026,714	\$9,354,861	-3.5
Metals and metal products (other than vehicles).....	131,343	133,149	-1.4	3,383,141	3,509,801	-3.6
Vehicles	33,123	34,417	-3.8	975,551	1,052,498	-7.3
Textiles and textile products.....	27,372	26,944	+1.6	642,154	682,634	-5.9
Food and related products	49,987	48,949	+2.1	1,324,429	1,330,722	-0.5
Stone, clay, and glass products.....	12,460	12,454	+0.0	352,600	376,887	-6.4
Lumber and its products.....	31,225	31,253	-0.1	789,378	786,656	+0.3
Chemical products	9,619	9,726	-1.1	247,329	256,990	-3.8
Leather products	16,476	16,818	-2.0	344,101	367,552	-6.4
Rubber products	3,863	3,787	+2.0	95,628	99,156	-3.6
Paper and printing	27,710	28,217	-1.8	872,403	891,965	-2.2

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—September production of passenger automobiles in the United States

by members of the National Automobile Chamber of Commerce totaled 225,013, a decline of 17.3 per cent from the

preceding month and of 5.7 per cent from September last year. Truck output of 32,564 increased 1.4 per cent over August and 14.6 per cent over a year ago.

Midwest distribution of automobiles has not improved, both wholesale and retail dealers reporting declines in sales from August and from a year ago. Stocks of new cars are larger. Used car sales declined from the preceding month and from September, 1926, while stocks gained in the monthly comparison and were smaller in number than a year ago but greater in value. Deferred payment sales averaged 41.9 per cent of total retail sales of thirty-one dealers, which compared with 41.6 per cent a month previous and 43.6 per cent last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in September, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUG. 1927	SEPT. 1926	AUG. 1927	SEPT. 1926
New cars				
Wholesale—				
Number sold	-37.8	- 3.3	33	33
Value	-33.3	- 9.7	33	33
Retail—				
Number sold	-27.4	-33.0	72	71
Value	-16.8	-12.3	72	71
On hand September 30—				
Number	+ 8.7	+10.6	54	54
Value	+12.2	+13.1	54	54
Used cars				
Number sold	-17.9	- 6.1	72	71
Salable on hand—				
Number	+ 3.0	- 5.7	53	52
Value	+ 5.2	+26.5	53	52

Agricultural Machinery and Equipment—September sales of agricultural machinery and equipment billed to domestic and foreign customers by seventy-six manufacturers in the United States showed a recession from August of 10.1 per cent in the tractor, thresher, combination harvester-thresher group; a decrease of 16.1 per cent in the light machinery group; and a gain of 9.9 per cent in barn equipment. Totals for the heavy group were 76.8 per cent in excess of September last year; those for barn equipment increased 21.7 per cent; while "all other" declined 8.6 per cent. Export business continued to expand.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in September, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	AUGUST 1927	SEPTEMBER 1926	
Domestic sales billed.....	-15.4	+16.3	76
Sales billed for export.....	+ 1.0	+57.2	42
Total sales billed	-12.3	+23.2	76
Production	- 5.0	-10.8	74

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

Iron and Steel Products—Little improvement was noted during September in the demand for steel from mills in the Chicago district; a great amount of forward buying is not in evidence, and orders for railroad cars, for oil storage tanks, and the needs of the automotive industry continue small. Buying of rails and accessories has expanded, however, and sales to farm equipment manufacturers have been satisfactory, as have also those to general manufacturing lines. Ingot production for the district averaged about 60 per cent of capacity through September and the first half of October. For the United States, average daily ingot output declined 3.3 per cent in September from the preceding month and was 17.4 per cent below a year ago. Pig iron production for the country dropped for the fifth consecutive month, averaging 2.7 per cent under August and 11.5 per cent less than in September last year; in the Illinois and Indiana district average daily pig iron output declined 3.7 per cent from the preceding month and 7.4 per cent from a year ago. After three successive months of increase, unfilled orders of the United States Steel Corporation on September 30 showed a recession from August 31, dropping from 3,196,037 tons to 3,148,113 tons; on September 30

last year, a gain was recorded over the month previous.

Prices of plates, shapes, and bars at Chicago weakened further in September, and in early October, sheets, pig iron, and scrap declined, pig iron being reduced from \$19.50 to \$18.50. On October 12, the composite price of fourteen leading iron and steel products (*Iron Trade Review*) dropped 50 cents from the preceding week to \$35.55, which level was maintained October 19.

Steel casting foundries of the Seventh district booked orders in September aggregating less in both tonnage and value than in August; orders declined also in the comparisons with September last year. Shipments decreased from the preceding month in tons and in value, while an increase in tonnage was shown over a year ago, but a decline in value. September production was reduced considerably from August and was slightly under September, 1926. Malleable foundries reported smaller orders booked, shipments, and production in both the monthly and year-to-year comparisons.

Shoe Manufacturing, Tanning, and Hides—September operations at shoe factories in the Seventh district were slightly reduced from August, with the volume of shipments 12.1 per cent in excess of current production. Stock shoes held on October 1 by twenty-four of the companies were equivalent in the aggregate to 55.7 per cent of September shipments by these concerns. Unfilled orders on the books of twenty-one establishments gave them assurance of approximately five weeks' future shipments at the September rate of distribution.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	AUGUST 1927	SEPTEMBER 1926	
Production	- 9.2	+ 1.3	28
Shipments	-10.2	+ 2.4	28
Stock shoes on hand.....	- 4.2	+16.2	24
Unfilled orders	-11.1	- 5.8	22

District leather production decreased in September from the preceding month and September last year. Sales billed to customers also declined a little in the aggregate from August and a year ago; individually, however, a number of companies experienced a slight gain over September, 1926. Prices continued steady to slightly firmer.

A smaller number of packer green hides, calf, and kip skins was sold at Chicago during September than in the preceding month. Shipments from the city also declined, according to statistics compiled by the local Board of Trade. September prices averaged higher than those of August, with quotations trending slightly downward toward the close of the period.

Furniture—An increase of 5.6 per cent over the preceding month was shown in the amount of orders booked during September by furniture manufacturers of the Seventh district, with fourteen of twenty-six firms reporting gains. The total of new orders fell below that of the corresponding month of 1926 (by 4.8 per cent), only three of the nineteen companies included in this comparison indicating increases. Shipments gained 1.2 per cent over August, and were 0.1 per cent heavier than a year ago. Orders were less than shipments during September, which with cancellations received, brought the amount of unfilled orders on hand at the end of the month to 6.4 per cent below the figure on August 31; this last item also showed a decline of 11.6 per cent from September 30, 1926. Operations, as reported by nineteen firms, averaged heavier in September than in August, and were slightly under the rate of a year ago.

Raw Wool and Finished Woolens—A good demand for wool prevailed through most of September, although activ-

ity diminished somewhat the latter part of the month. The firm price levels have been well maintained, and further advances have been recorded in the medium grades, especially in ¼-bloods; prices are on a parity with a year ago and even slightly higher on some grades. The relatively small supply of stocks has been a factor in the firm price

situation, as has also the continued strength displayed in foreign markets. A number of mills in this district have booked a substantial amount of business in finished goods for future delivery, and with some, full operations for several months are assured; others report that new orders so far have not been large in volume.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Lumber sales during September, as reported by eighteen wholesale dealers, declined 13.2 per cent from the August total and 13.5 per cent from September of last year; as measured in terms of board feet, declines of 16.3 and 22.8 per cent, respectively, were indicated. According to reports received from wholesalers, business fell off drastically in some sections, with orders obtainable only under conditions of such keen competition as to eliminate profits. Industries usually requiring lumber supplies in large quantities have been buying only on a hand-to-mouth basis, and railroads, ordinarily large consumers, have been practically out of the market. Makers of automobiles continued to draw on the hardwood supply, as did also manufacturers of flooring, furniture, and heels. Sales of retail dealers, as compiled from reports received for one hundred and thirty-eight yards, showed an increase of 7.3 per cent over August and a decline of 5.8 per cent from September, 1926. Wholesale and retail dealers indicated little change in stocks, though both showed a slight tendency toward smaller inventories. The ratio of accounts outstanding on September 30 to total sales during the month for wholesalers was 128.8 per cent, as compared with 120.6 and 135.7 per cent for August, 1927, and September, 1926, respectively; retail yards reported these ratios as 270.2, 283.3, and 287.2 per cent.

Building Construction—Total building contracts awarded throughout the Seventh district during September amounted to \$104,015,310, a figure 3.3 per cent under the aggregate for the preceding month and 6.1 per cent smaller than for September of last year. Of this amount \$48,829,277 was for residential building which was 15.9 and 22.1 per cent larger in the monthly and yearly comparisons. With the exception of June, this residential total was ahead of any month so far in 1927.

The number of permits issued by fifty leading cities in the district declined 10.4 per cent from the August total and 22.4 per cent from September of last year. In terms of estimated costs, these permits showed decreases of only 2.2 and 8.2 per cent, respectively, which is significant in view of the fact that building costs have declined slightly. Permits issued in a majority of the reporting cities for proposed residential building decreased in number and estimated costs in both comparisons; those issued in Chicago, however, though smaller in number than for either August or a year ago, showed increases in total estimated costs in both comparisons; the only other of the five larger cities which did not report consistent declines was Detroit, where estimated costs advanced over the August figure.

MERCHANDISING CONDITIONS

Wholesale Trade—Wholesale grocers, druggists, hardware, and dry goods dealers reported increased sales during September over August, while shoe merchants showed declines. As compared with September of last year, all but druggists indicated smaller totals. A continued tendency toward

cautious buying on the part of farmers, pending actual crop outcome, was evident; favorable weather, however, materially aided sales. Detailed figures for each of the five wholesale lines reporting to this bank are given in the following table.

WHOLESALE TRADE DURING THE MONTH OF SEPTEMBER, 1927

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month			Collections During Month			
	PER CENT PRECEDING MONTH	CHANGE FROM SAME MONTH LAST YEAR	PER CENT PRECEDING MONTH	CHANGE FROM SAME MONTH LAST YEAR	PER CENT PRECEDING MONTH	CHANGE FROM SAME MONTH LAST YEAR	RATIO TO NET SALES DURING MONTH	PER CENT PRECEDING MONTH	CHANGE FROM SAME MONTH LAST YEAR	PER CENT PRECEDING MONTH	CHANGE FROM SAME MONTH LAST YEAR
Groceries	(34)+ 2.5	(34)— 8.1	(22)— 0.1	(22)—14.2	(30)+ 4.6	(30)— 5.5	(30) 106.5	(26)— 0.5	(26)— 3.1	(26)— 0.5	(26)— 3.1
Hardware	(14)+ 6.6	(14)— 9.0	(9)— 5.0	(9)— 1.9	(14)+ 2.7	(14)— 5.8	(14) 196.7	(12)+ 1.5	(12)+ 0.8	(12)+ 1.5	(12)+ 0.8
Dry Goods.....	(13)+ 5.0	(13)—18.3	(10)— 3.1	(10)—15.0	(11)+10.6	(11)— 6.5	(11) 276.5	(9)+ 0.4	(9)—10.4	(9)+ 0.4	(9)—10.4
Drugs	(11)+ 8.7	(11)+ 4.4	(8)— 1.5	(7)+ 0.7	(10)+ 4.5	(9)— 8.7	(10) 126.0	(6)+ 3.6	(6)+ 4.2	(6)+ 3.6	(6)+ 4.2
Shoes	(9)— 7.4	(9)—13.4	(6)+ 7.3	(6)+ 8.2	(7)+10.6	(10)— 7.2	(7) 250.7	(6)+ 2.9	(6)—11.3	(6)+ 2.9	(6)—11.3

Figures in parentheses indicate number of firms included.

Department Store Trade—Eighty-two department stores reporting September sales averaged an 18.0 per cent increase over the preceding month and a decline of 2.2 per cent from September, 1926, the latter due partly to extremely hot weather which greatly retarded sales. Individually, slightly more than half reported increases over August, while one-fifth showed advances over last September. Sales increases over August were large in Milwaukee and Detroit, while Chicago and Indianapolis showed declines, and the smaller communities indicated but little average change; as compared with last September, Detroit reported an increase, while Chicago, Milwaukee, Indianapolis, and the total for smaller places all declined. For the first nine months of 1927 total sales averaged 1.8 per cent larger than during the same period of last year. Inventory volume on September 30 was 9.1 per cent greater than a month earlier and 1.3

per cent under that indicated at the end of September, 1926. Stock turnover, as measured by the ratio of total sales to average stocks, was 34.0 per cent during September and 34.2 per cent during the same month a year ago; for the three-quarter period these percentages were 275.4 and 266.8 for 1927 and 1926, respectively. Accounts receivable at the end of September and collections during the month increased over both August, 1927, and September, 1926, the former by 12.4 and 4.8 per cent, and the latter by 2.9 and 7.4 per cent, respectively.

Retail Shoe Trade—September sales of fourteen retail shoe dealers and the shoe sections of twenty-six department stores were 32.9 per cent larger than the August total, and 4.4 per cent under September of last year. Total sales for the first nine months of 1927 declined 4.3 per cent from those for the same period of 1926. Stocks at the end of

the month increased 8.2 per cent over thirty days earlier, and declined 2.9 per cent from the volume reported at the end of last September. The fourteen department stores showed accounts receivable on September 30 as 2.1 per cent larger than on August 31, 1927, and 35.7 per cent less than at the end of September, 1926; collections were 4.5 and 28.1 per cent smaller in the same comparisons. The ratio of accounts receivable on September 30 to total sales during the month was 71.1 per cent, the similar ratio of thirty days earlier 71.7, and that for last September 93.8 per cent. Individually, all of the reporting shoe dealers showed declines in sales as compared with a year ago, while nearly one-fourth of the department stores indicated increases. Similarly, less than one-third of the dealers reported total sales increases for the year so far, while almost one-half of the department stores showed advances over the same period of 1926.

Retail Furniture Trade—Furniture sales of twenty-four dealers and the furniture sections of twenty-eight department stores during the month of September advanced 23.6 per cent over the August total and declined 2.1 per cent from September, 1926. According to the reports of furniture dealers, installment sales increased 6.9 and 4.6 per

cent in the two comparisons. Total collections of dealers were reported as having been 3.3 per cent under the August figure and 1.4 per cent ahead of last September; collections on installment sales decreased by 7.7 and 2.8 per cent, respectively, while accounts receivable increased 2.1 and 3.4 per cent. Stocks of both dealers and department stores at the end of the month were 3.7 per cent heavier than at the end of August and declined 4.1 per cent from the total for September 30, 1926.

Chain Store Trade—Twenty-three chains, consisting of two thousand individual stores and representing dealers in shoes, musical instruments, groceries, cigars, drugs, five-and-ten-cent goods, and clothing, reported in the aggregate an increased number of stores in operation during September over both the preceding month and September of last year. Total sales were under the August figure, but markedly ahead of the total for a year ago. Shoe dealers indicated declines in both comparisons; musical instrument chains had better sales than in August, though less than last September; grocery, cigar, drug, and five-and-ten-cent chains reported reductions as compared with August, but advances over September, 1926; and those handling men's clothing showed increases in both comparisons.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Sept. 1927	Aug. 1927	Sept. 1926	Aug. 1926
Meat Packing—(U. S.)—					
Sales (in dollars)	62	111.7	109.3	123.5	114.6
Casting Foundries—					
Shipments (in dollars)	27	67.9	89.9	80.2	85.5
Stoves and Furnaces—					
Shipments (in dollars)	13	173.9	123.1	172.1	115.1
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars)	90	135.9	166.8	112.4	141.8
Exports (in dollars)	60	238.0	234.0	182.1	219.7
Total Sales (in dollars)	90	154.1	177.6	123.5	154.3
Production	88	120.5	126.3	135.7	131.6
Furniture—					
Orders (in dollars)	19	106.3	101.6	114.7	103.2
Shipments (in dollars)	19	125.2	117.4	118.9	106.3
Shoes—¹					
Production (in pairs)	34	127.3	133.4	119.2	113.0
Shipments (in pairs)	34	136.0	149.0	132.1	121.2
Electric Energy—					
Output of Plants (KWH)	8	132.4	133.7	127.3	124.4
Industrial Sales (KWH)	8	156.5	160.2	149.2	151.2
Flour—					
Production (in bbls.)	34	118.4	117.6	110.1	119.2
Output of Butter by Creameries—					
Production	76	99.8	134.3	101.8	119.4
Sales	76	98.1	116.8	97.9	106.8
Automobiles—					
Distribution in Middle West:					
New cars—Wholesale—Number sold..	28	108.4	178.7	109.3	163.1
Value	28	103.6	148.2	120.2	158.0
New cars—Retail—Number sold..	48	53.1	73.7	78.7	99.0
Value	48	75.2	89.5	86.6	105.4
New cars—On hand—Number.....	42	133.6	125.3	117.6	81.2
Value	42	116.0	105.7	100.3	74.4
Used cars—Number sold.....	41	105.0	128.8	111.1	134.2
Used cars—on hand—Number.....	41	120.0	117.5	126.1	122.0
Value	41	126.9	122.7	98.6	95.0
Production (U. S.): ² Passenger Cars....		77.7	93.9	121.1	131.2
Trucks		101.3	99.8	132.0	130.7
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....	133.1	121.3	109.3	121.5	
Live Stock	100.1	85.6	118.1	89.8	
Coal	109.5	102.0	122.7	110.9	
Coke	84.9	81.7	106.6	96.8	
Forest Products	98.1	96.3	102.7	99.1	
Ore	148.0	160.3	200.3	199.7	
Merchandise and Miscellaneous	122.5	114.2	123.1	113.8	
Total	118.6	111.5	123.6	115.0	
Iron and Steel—					
Pig Iron Production: ³					
Illinois and Indiana.....	102.6	106.6	110.9	120.0	
United States	94.2	96.8	106.4	105.1	
Steel Ingot Production—(U. S.): ³	93.3	96.5	112.9	115.1	
Unfilled Orders U. S. Steel Corp.....	65.9	66.9	75.3	74.2	
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	38	104.4	101.3	113.6	103.4
Hardware	19	95.1	91.4	106.1	94.4
Dry Goods	13	102.6	97.8	125.6	99.5
Drugs	11	112.0	101.0	106.7	97.5
Shoes	9	100.4	108.4	116.0	98.7
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	7	95.3	81.2	101.6	80.7
Detroit	5	157.9	118.6	156.1	99.2
Indianapolis	5	90.0	90.2	94.4	78.2
Milwaukee	5	104.3	90.5	108.0	83.1
Outside	55	90.3	91.0	99.4	89.4
Seventh District	77	115.7	99.2	119.4	89.5
Retail Trade—(U. S.)—⁴					
Department Stores	359	130	113	131	105
Mail Order Houses	4	126	112	121	98
Chain Stores:					
Grocery	27	384	382	307	296
Drug	9	210	215	192	193
Shoe	6	140	132	142	122
Five and Ten Cent.....	5	232	237	211	204
Candy	5	223	208	218	194
Music	4	125	98	137	121
Cigar	3	146	147	153	148
Stamp Tax Collections—⁵					
Sales or Transfers of Capital Stock.....		105.8	237.0	61.5	146.2
Sales of Produce on Exchange—Futures		110.2	88.5	85.7	99.4
U. S. Primary Markets—⁶					
Grain Receipts:					
Oats		77.6	119.3	76.3	117.8
Corn		108.5	79.0	63.8	53.4
Wheat		235.9	234.8	138.7	204.9
Grain Shipments:					
Oats		45.2	38.4	39.4	41.3
Corn		64.3	55.2	32.7	41.6
Wheat		147.8	136.2	69.5	100.9
Building Construction—					
Contracts awarded (in dollars):					
Residential		170.0	146.7	139.1	141.1
Total		154.6	159.8	164.6	190.5
Permits:					
Chicago		57.8	66.1	79.3	89.1
Cost.....		99.7	98.7	94.6	124.1
Indianapolis		79.0	89.3	119.0	117.9
Cost.....		65.5	91.6	81.1	117.4
Des Moines		67.0	73.2	73.7	60.8
Cost.....		23.2	43.3	89.2	89.3
Detroit		78.0	78.6	113.2	117.8
Cost.....		115.6	66.0	120.6	110.5
Milwaukee		92.1	111.3	105.5	106.6
Cost.....		86.1	103.3	112.4	103.2
Others (45)		103.7	115.5	128.5	121.9
Cost.....		99.7	148.6	131.9	149.4
Fifty Cities		88.4	98.7	113.8	113.3
Cost.....		100.3	102.5	109.2	125.2

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Production for September and August, 1927, includes figures for N. A. C. C. members only; that for 1926, total figures; 3. Average daily production; 4. Monthly average 1919=100; 5. First Illinois internal revenue district; 6. Monthly average receipts 1923-24-25=100.