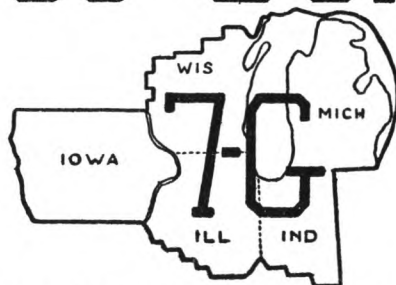


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 11, No. 7

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FEDERAL RESERVE BANK OF CHICAGO

July 1, 1928

NATIONAL SUMMARY OF BUSINESS CONDITIONS

INDUSTRIAL production continued during May in about the same volume as in the three preceding months. Wholesale and retail trade increased in May, and the general level of commodity prices showed a further advance. Security loans of member banks, which were in record volume in May, declined considerably during the first three weeks in June. Conditions in the money market remained firm.

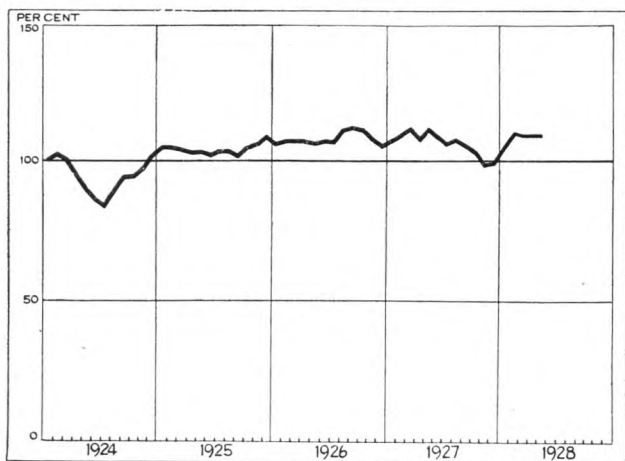
PRODUCTION—Production of manufactures was slightly smaller in May than in April, when allowance is made for usual seasonal variations, while the output of minerals increased somewhat. Production of steel declined in May from the high level attained in April, but was in about the same volume as a year ago. Since the first of June buying of steel products has been light, and there have been further decreases in production. Daily average production of automobiles was in about the same volume in May as in April, and preliminary reports for the first three weeks in June indicate that factory operations were maintained at practically the same level. Activity of textile mills was somewhat larger in May, and there were also increases in the slaughter of live stock and in the production of building materials, nonferrous metals, and coal,

while the production of petroleum declined. The value of building contracts awarded during May, as reported by the F. W. Dodge Corporation for thirty-seven states east of the Rocky Mountains, was larger than in any previous month, and awards during the first half of June exceeded those for the corresponding period of last year. Indicated production of winter wheat, as reported by the Department of Agriculture on the basis of June 1 condition, amounted to 512,000,000 bushels, 40,000,000 bushels less than the harvested production of 1927.

TRADE—Distribution of merchandise, both at wholesale and at retail, was in larger volume in May than in April. Making allowances for customary seasonal influences, sales in all lines of wholesale trade showed increases, although in most lines they continued in smaller volume than a year ago. Department store sales were larger than in April, and at about the same level as a year ago, while sales of chain stores and mail order houses showed increases both over last month and over last year.

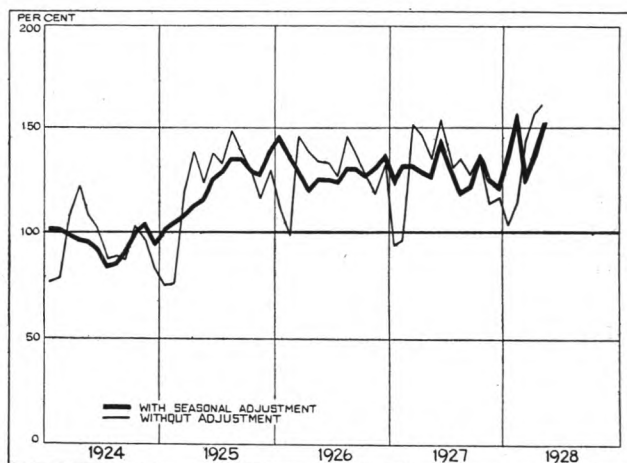
The volume of freight carloadings increased further during May, but continued smaller than during the corresponding month of either of the two previous years. Loadings of miscellaneous commodities, however, which repre-

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, May, 1928: 109.

BUILDING CONTRACTS AWARDED



The Federal Reserve Board's indexes of value of building contracts awarded, as reported by F. W. Dodge Corporation (1923-1925 average = 100). Latest figures, May 1928: Adjusted Index, 152; Unadjusted Index, 163.

Compiled June 26, 1928

sent largely manufactured products, were larger in May of this year than in that month of any previous year.

PRICES—The general level of wholesale commodity prices, as indicated by the Bureau of Labor Statistics index, increased in May by over one per cent to 98.6 per cent of the 1926 average, the highest figure recorded for any month since October, 1926. There were increases in most of the principal groups of commodities, but the largest advances in May as in April occurred in farm products and foods. Contrary to the general trend, prices of pig iron, hides, raw silk, fertilizer materials, and rubber showed declines during the month. Since the middle of May there have been decreases in prices of grains, hogs, sheep, pig iron and hides, while prices of raw wool, non-ferrous metals, lumber, and rubber have advanced.

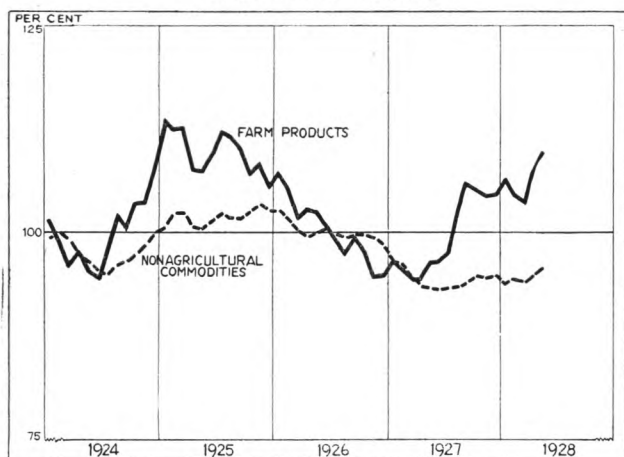
BANK CREDIT—Loans and investments of member banks in leading cities on June 20 showed a decline from the high point which was reached on May 16. Loans on

securities, which had increased by more than \$1,700,000,000 since May, 1927, declined \$200,000,000, while all other loans, including loans for commercial and agricultural purposes, increased somewhat. There was a small increase in total investments.

During the four weeks ending June 20, there were withdrawals of nearly \$75,000,000 from the country's stock of gold, and the volume of reserve bank credit outstanding increased somewhat, notwithstanding a decline in member bank reserve requirements. Member bank borrowing at the reserve banks continued to increase, and early in June exceeded \$1,000,000,000 for the first time in more than six years. Acceptance holdings of the reserve banks declined considerably, while there was little change in their holdings of United States securities.

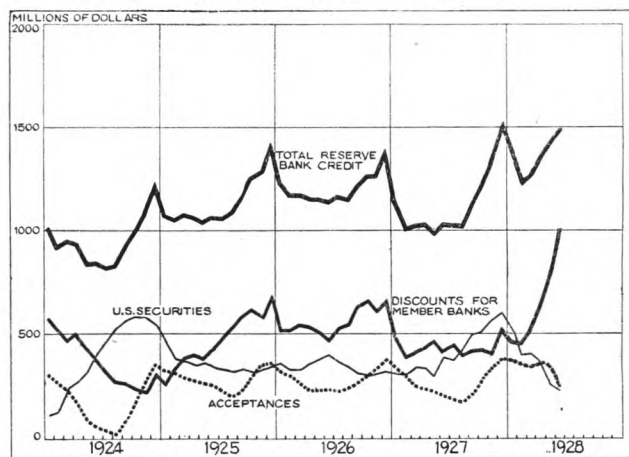
After the middle of May firmer conditions in the money market were reflected in advances in open market rates to the highest levels since the early part of 1924.

WHOLESALE PRICES



Index of the U. S. Bureau of Labor Statistics (1926 = 100, base adopted by the Bureau). Latest figures, May, 1928: Farm Products, 109.8; Non-agricultural Commodities, 95.6.

RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages for first 22 days in June, 1928: Total Reserve Bank Credit, 1,497 million; Discounts for Member Banks, 1,009 million; U. S. Securities, 236 million; and Acceptances, 250 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Industrial, agricultural, and merchandising conditions in the Seventh district, with a few exceptions, have displayed improvement in the past few weeks over the situation prevailing last year at this time and a month previous. In manufacturing lines, automobile production, shipments from casting foundries and of stoves, and sales of agricultural machinery increased in May over April and over last year. Production in the last named industry declined in the monthly comparison but was larger than a year ago, and steel mill operations were also slightly reduced, though the recession has been more gradual than usual. In the shoe industry, production expanded in May over April, and was smaller than in May, 1927. The furniture industry continues to show less activity than a year ago, though orders booked in May increased considerably over April.

With the exception of winter wheat, the agricultural outlook for 1928 is better than in 1927. Farm work is ahead of last year. The stand of corn is fairly even; oats improved further during May; prospects for small fruit are good and for tree fruit fair to good; and the condition of garden truck is better than a year ago. Warmer weather would be beneficial, however, in a number of sections. Larger quantities of grain were handled during May at interior primary markets than in the preceding month or

a year ago. Production at slaughtering establishments was above April but under last May, while sales at meat packing plants increased in the former comparison and showed little change in the latter. Butter production and sales gained over April, though less than in May, 1927. Output from flour mills was larger than in the preceding month or a year ago.

In distribution phases, both wholesale and retail trade statistics for May recorded gains over a month previous and May last year, department stores, the retail shoe trade, chain stores, and most wholesale lines showing larger sales in both comparisons. Sales of automobiles at retail and wholesale expanded over April, and retail sales were above a year ago, but wholesale distribution declined.

Contracts awarded in the Seventh district established a record for May, and were above April, and permits issued likewise gained in these comparisons. Lumber sold at retail yards was in greater volume than a month or a year previous, and brick and cement shipments exceeded those in April.

Added firmness is noted in the Chicago money market, and rates have risen; commercial borrowings at banks, as well as loans on collateral, have shown an expanding tendency in recent weeks. The volume of payment by check

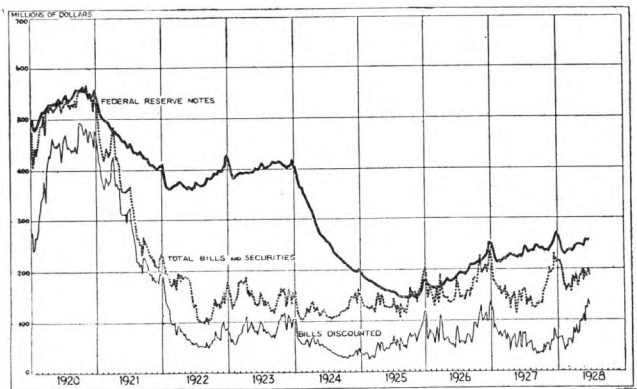
for the district gained over April and last May, and savings deposits likewise were larger in both comparisons. Bond prices have declined, and demand is slower.

CREDIT CONDITIONS AND MONEY RATES

Interest rates in Chicago have moved upward during the past month; the volume of loans for commercial purposes, as well as collateral loans, has increased, with a rise of one per cent in rates on the latter, which are now quoted at $5\frac{1}{2}$ to 6 per cent compared with 5 per cent a month ago. Commercial paper rates have risen approximately one-fourth of one per cent during the month, $4\frac{1}{2}$ to 5 being quoted at present as against $4\frac{1}{2}$ to $4\frac{3}{4}$ last month, while customers' over-the-counter loans carry 5 to 6 per cent compared with $4\frac{3}{4}$ to $5\frac{1}{2}$ the middle of May. This firming tendency was especially marked during the week preceding June 15. The average rate earned on loans and discounts by ten of the large loop banks during the calendar month of May was 5.07 per cent, as against 4.93 in April, 4.84 in March, and 4.90 per cent in May, 1927. Firmer rates are reported in Detroit, where the average rate earned by five large banks in May rose to 5.44, whereas in April this item had stood at 5.38 per cent. The prevailing rate on commercial loans for the week ended June 15 was $4\frac{1}{2}$ to 6 per cent. Active demand for funds is reported from a number of other cities in the district, in some cases exceeding the preceding month, for commercial purposes as well as on collateral, while other centers indicate little if any change from a month previous. Some country banks in agricultural sections are reported as borrowing in greater volume than a year ago in order to finance purchases of feed, resulting from inferior crops last year.

The volume of reserve bank credit in use in the district increased, and money conditions were firmer; total bills and securities of the Federal Reserve Bank of Chicago on June 13 stood at \$200,145,000, the largest aggregate since the opening weeks of the year. On June 20 the item was reported as \$185,566,000. Loans to member banks on June 13 amounted to \$140,003,000 as compared with \$112,779,000 May 16, and marked the highest point since January 18, 1922, when \$144,904,000 was reported. On June 20 loans to member banks amounted to \$127,932,000, which figure represents a gain of approximately 64 million since January 4, the first reporting date in 1928. Federal Reserve notes are at a higher level than a month ago, on June 20 amounting to \$256,455,000; on May 23 a total of \$247,311,000 was reported, and on the corresponding reporting date a year ago Federal Reserve notes in circulation were given as \$225,774,000.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, June 20, 1928, in thousands of dollars: Federal Reserve Notes, 256,455; Total Bills and Securities, 185,566; Bills Discounted, 127,932.

Loans and discounts of reporting member banks in the Seventh district reached a high point of \$2,430,169,000 on June 13, this aggregate comparing with \$2,384,881,000 May 16 and \$2,258,793,000 June 15, 1927. Increases in all classes of loans in Chicago and Detroit are responsible for the gains in recent weeks; commercial loans in other selected cities are slightly below the level shown May 16. On June 20 the aggregate dropped to \$2,400,079,000. Investment holdings of reporting members showed a lessened volume as compared with May 23, a total of \$905,270,000 on June 20 against \$927,190,000 on the first named date. On June 22 a year ago the item stood at \$844,167,000. Net demand deposits of \$1,910,581,000 on June 13 represented the largest volume since the early months of the year and a rise of over 30 million from the total given June 15, 1927. On June 20 this year, \$1,844,746,000 was reported, as against \$1,866,782,000 May 23. Current data on time deposits of reporting members reflect a rising volume until June 20 when an aggregate of \$1,306,188,000 was shown, compared with \$1,312,132,000 the previous week, \$1,286,517,000 on May 23, and \$1,161,179,000 June 22 a year ago.

Sales of commercial paper in the Middle West receded to a lower level in May than during any month in a number of years, being 11.1 per cent less than in April and 9.3 per cent below the corresponding period of 1927, according to a compilation for eleven dealers. Supply and demand were generally conceded as limited to fair; a few firms found them moderately good. Selling rates showed a further advance during the month and were quoted as $4\frac{1}{4}$ to $4\frac{1}{2}$ for low and $4\frac{3}{4}$ to 5 for high, with the customary figure $4\frac{1}{2}$ to $4\frac{3}{4}$ per cent. For the first half of June, quotations ranged from $4\frac{1}{2}$ and $4\frac{3}{4}$ for low to 5 and $5\frac{1}{4}$ for high, most paper moving at $4\frac{3}{4}$ to 5 per cent. Outstandings on May 31, as reported to this bank by five dealers, declined 6.7 per cent from the close of April and were 6.8 per cent smaller than a year ago; holdings of twenty-five dealers in the United States amounted to \$540,000,000.

The transactions of six dealers in the Chicago open bill market from May 17 to June 13 decreased 17.6 per cent in amount of purchases and 46.5 per cent in volume of sales compared with those in the period from April 19 to May 16, and showed respective declines of 25.7 and 57.3 per cent from a year ago. Receipts from other offices were 38.2 per cent smaller than in the preceding period and 54.3 per cent below last year; forwardings gained in both comparisons. The supply of paper averaged between limited and fair; some dealers found it good at times. Demand was indicated as poor to fair. Preferences continued to center on 90-day maturities. Bills were drawn principally against raw silk, packing-house products, cotton, grain, crude rubber, coffee, canned goods, marble, machinery, lead, wool, tobacco, coal, pecans, and copper wire. Offered rates firmed slightly during the first half of the period and closed on June 13 at 4 per cent for 30-day bills to $4\frac{1}{4}$ per cent for those of 180 days. Holdings totaled 33.2 per cent greater than on May 16 and were 19.7 per cent smaller than a year ago.

Transactions in bankers' acceptances during May at sixteen banks of the Seventh district exceeded those of the preceding month by 15.2 per cent in amount of paper accepted, 19.6 per cent in quantity of bills bought, and 16.5 per cent in volume sold; gains of 51.5, 31.5, and 29.4 per cent, respectively, were recorded over a year ago. Individually, however, half the banks reported smaller sales and purchases than in the corresponding month of 1927. Acceptances at three local banks for the first half of June totaled somewhat ahead of the first two weeks of May and were drawn principally against packing-house products,

coffee, cotton, oil, grain, crude rubber, steel, tobacco, raw silk, egg albumen, pig iron, nuts, tea, embroidery, rattan, hides, general merchandise, shoes, dates, and feathers. Liability for outstanding acceptances increased 3.9 per cent on May 31 over the close of April and 45.8 per cent over last year, although seven banks reported a recession in the first comparison. May 31 holdings were 23.5 per cent greater than on April 30 and 43.7 per cent in excess of the corresponding date of 1927; the volume of bills retained in portfolios of the banks of origin rose 67.1 per cent over the preceding month and was 6.7 per cent larger than a year ago. The Federal Reserve Bank of Chicago bought \$29,421,754 of bankers' acceptances during May and had \$32,338,376 on hand at the close of the period.

Volume of Payment by Check—The city of Chicago showed a gain of 2.3 per cent in the volume of payment by check in May as compared with April, and a rise of 15.2 per cent over May, 1927. The four larger cities in the district, Chicago, Detroit, Milwaukee, and Indianapolis, gained in the aggregate 4.1 per cent over April, and 16.4 per cent over May a year ago; thirty-three smaller cities reporting volume of check payment indicated increases of 5.2 and 7.4 per cent, respectively, in the two comparisons, and for thirty-seven cities in the district the gains were 4.3 per cent

over April and 15.1 per cent over May, 1927. The total for the thirty-seven cities in May of this year was \$7,159,940,000, and for the city of Chicago, \$4,551,895,000.

Savings Deposits—Seventh district savings showed a gain on June 1 of 0.1 per cent in number of accounts, 0.4 per cent in average amount, and 0.5 per cent in total deposits compared with the beginning of May, according to a compilation for 207 reporting banks. Respective increases of 0.9, 2.8, and 3.7 per cent also were recorded over last year. Illinois, Iowa, and Wisconsin experienced slight decreases in the number of accounts from the preceding month, and total deposits in Iowa were a little lower than on May 1. Banks in Illinois showed a decrease in number of accounts from a year ago. Individually, about two-fifths of the banks of the district had a smaller volume of deposits than at the beginning of May, and one-fourth of the reports showed a recession from June 1, 1927.

Bonds—The demand for bonds has declined considerably in recent weeks, although those issues which conform to the public's idea of price and yield continue to find a fairly ready market; foreign bonds meet with a good reception. The higher money rates, resulting from the continued exports of gold, have been reflected in some readjustment in bond prices.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Reports from 116 county agents representing 142,862 farmers show 90 per cent of the corn acreage in the Seventh district planted by June 1, in contrast to only 46 per cent on the corresponding date last year. Intended acreage has been increased slightly over May 1. Most localities report fairly even stands of growing corn this season, with only a small percentage of replanting necessary, confined largely to acreages where wireworms and insects have been active. The winter wheat condition remains practically unchanged. Oats showed some further improvement during the month in spite of the cool, dry weather, and abandonment is not quite so heavy as anticipated earlier in the season; a local statistician estimates the 1928 crop for the five states including the Seventh district as 607,893,000 bushels, compared with the 1927 harvest of 495,397,000 bushels. Prospects for berries and other small fruits are good in this district; the outlook for tree fruits such as peaches, pears, apples, and cherries is poor to fair in some counties and fair to good in others. Garden truck, although slightly backward, was in as good or better condition than on June 1 last year. Beneficial rains were reported over most of the district at the close of May and during the third week in June. Reports direct to this bank indicate an 8 per cent reduction in the size of the pig crop and a 7 per cent increase in the crop of lambs as compared with last spring.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of June 1.
(In thousands of bushels)

	SEVENTH DISTRICT		UNITED STATES		5-YR. AV. 1923-27
	FORECAST 1928	FINAL 1927	FORECAST 1928	FINAL 1927	
Winter wheat	39,034	87,524	512,252	552,384	549,117
Rye	6,745	9,722	36,676	58,572	54,873
Peaches	2,755*	2,007*	64,186	45,463	52,224
Pears	1,604*	1,195*	23,130	18,072	20,150

*Four states.

Commercial estimates place the United States crop of spring wheat as between 245,000,000 and 264,000,000 bushels and of oats between 1,330,000,000 and 1,390,000,000 bushels, compared with respective harvests of 319,307,000 and 1,195,006,000 bushels last year.

Grain Marketing—Considerably larger quantities of grain were handled at interior primary markets of the United

States during May than in the preceding month, a year ago, or the 1923-27 average for the period. Reshipments of oats decreased from 1927 and were below the average. Visible supplies of grain in the United States showed a recession on June 9 from the corresponding Saturday of May, and holdings of corn and oats declined from June 11, 1927; wheat, rye, and barley stocks gained over last year. Trading in futures by members of the Chicago Board of Trade decreased 6.6 per cent in volume from April, but exceeded that of last May by 5.8 per cent; commitments for corn, oats, and rye, however, declined in the latter comparison. Prices at Chicago trended downward during May, although the average for the month as a whole was somewhat higher than in April.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	APRIL 1928	MAY 1927	
Production (bbls.)	+ 7.5	+11.8	33
Stocks of flour at end of month (bbls.)	- 0.5	+19.4	29
Stocks of wheat at end of month (bu.)	-21.4	- 0.1	29
Sales (volume)	+ 0.6	+ 2.9	14
Sales (value)	+ 5.6	+14.4	14

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

Meat Packing—Slaughtering establishments in the United States produced a larger quantity of edible products during May than in the preceding month, although the volume continued less than a year ago. Employment for the last payroll of the period increased 2.3 per cent in number of employees, and decreased 5.7 per cent in hours worked and 2.8 per cent in total value compared with corresponding figures for April. Domestic demand for dry salt pork, smoked meat, boiled ham, and cooked specialties showed a seasonal improvement during the month. Fresh pork and lamb moved fairly well, and inquiry for lard averaged slightly better than in April; the beef trade was a little slow after the first week of May. Sales billed to domestic and foreign customers by fifty-six meat packing companies in the United States totaled 3.3 per cent larger for May than in the preceding month, and were 0.1 per cent in excess of a year ago. Domestic demand averaged fair to good at the beginning of June.

Inventories at packing plants and cold-storage warehouses in the United States were reported slightly smaller for June 1 than at the beginning of the preceding month, but remained considerably in excess of last year and the 1923-27 June 1 average. Lard holdings increased over May 1, those of lamb fell below the five-year average, and beef stocks decreased in all three comparisons. Chicago quotations for the majority of pork products showed additional strength in May over the preceding month; prices firmed slightly for lamb and declined for pork loins and mutton. Quotations for beef averaged about the same as in April; veal prices trended slightly upward toward the close of the period.

Shipments for export totaled a little in excess of those in April. British inquiry for hams and picnics improved during May, and the Continent continued to take a fair tonnage of fat backs; demand for lard decreased somewhat. Quotations paralleled those of the United States with the exception of lard prices in the United Kingdom, which remained under Chicago parity. Consignment inventories already landed and in transit to European countries were reported near the May 1 level.

Movement of Live Stock—A greater number of live animals arrived at public stock yards in the United States during May than in the preceding month. The volume of hog receipts exceeded the 1925-27 level for May, but showed a recession from the corresponding period of 1923 and 1924. Marketings decreased for cattle and increased for lambs in comparison with the 1923-27 May average.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, May, 1928	224,019	789,503	228,608	156,834
Federally Inspected Slaughter, U. S.				
May, 1928	723,120	3,884,381	1,015,465	473,096
April, 1928	623,380	3,446,338	917,728	438,257
May, 1927	785,271	3,765,720	991,533	462,191

Reshipments to feed lots showed a seasonal expansion over April; the movement of cattle was larger and that of lambs smaller than a year ago.

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

	WEEK ENDED		MONTHS OF	
	JUNE 16 1928	MAY 1928	APRIL 1928	MAY 1927
Native Beef Steers (average)	\$13.85	\$13.15	\$13.10	\$10.95
Fat Cows and Heifers	10.35	10.35	9.85	8.10
Hogs (bulk of sales)	9.75	9.75	9.25	9.65
Yearling Sheep	13.10	13.70	13.55	12.55
Lambs	16.10	16.15	16.80	15.15

Dairy Products—Butter production in the Seventh Federal Reserve district showed a seasonal expansion of 39.9 per cent in May over the preceding month and a recession of 8.6 per cent from last year, according to a compilation for sixty-five creameries. Statistics of the American Association of Creamery Butter Manufacturers indicate similar trends for the United States. The quantity of creamery butter billed to customers by sixty-seven companies in the Seventh district totaled 26.6 per cent in excess of April and 8.4 per cent less than in May, 1927. Receipts of American cheese at Wisconsin primary markets from factories within the state increased 22.9 per cent during the five weeks ended June 2 over the preceding period, and declined 7.5 per cent from a year ago; redistribution from these centers gained 7.7 per cent and decreased 1.6 per cent in the respective comparisons. Inventories of dairy products at cold-storage warehouses and packing plants in the United States were seasonally greater than at the beginning of May but were below those of last June. Stocks of eggs and cheese exceeded the 1923-27 average for the month, while butter holdings declined. Chicago receipts of dairy products increased over April, but remained considerably under a year ago. May quotations at Chicago averaged slightly firmer than those of the preceding month.

INDUSTRIAL EMPLOYMENT CONDITIONS

The industrial market for labor was slightly firmer in May than a month earlier, manufacturing plants of the district reporting increases of 0.5 per cent in men and 1.9 per cent in payrolls for the period April 15 to May 15. These gains partly balanced the losses of 1.2 per cent in the number of workers and 2.1 per cent in payrolls that were experienced in the preceding month, and also brought the volume of employment at the reporting plants to within 5 per cent of last year's volume. Employment in metals and metal products, with an additional gain of 0.4 per cent, is 5 per cent higher than at the beginning of the year. The vehicles group registered a substantial increase, the manufacture of cars and locomotives requiring a large number of additional workers, and the automobile industry also showing a further expansion. At Detroit, the volume of employment reported for June 12 was 2.7 per cent larger than four weeks earlier, the industries in this city thus main-

taining practically the same rate of increase shown since the middle of March; the expansion over a year ago amounts to close to 35 per cent.

Other increases for the month were reported by the food products group and by stone, clay, and glass products, the latter continuing its seasonal expansion. A majority of the chemical industries added to their forces, as did also the printing industry. The most marked declines were reported by the textiles and clothing industries and in the manufacture of rubber products.

Building and construction work continued to expand and a number of coal mines resumed operations, thus aiding the general employment situation. This was apparent in the records at the free employment offices, where the ratio of applicants to positions available showed a uniform decline: from 156 per cent to 146 for Illinois, from 132 to 119 for Indiana, and from 295 to 254 in Iowa.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
	MAY 15 1928	APRIL 15 1928		MAY 15 1928	APRIL 15 1928	
All groups (10)	349,819	347,974	+0.5	\$9,560,607	\$9,385,331	+1.9
Metals and metal products (other than vehicles)	137,774	137,198	+0.4	3,818,594	3,765,851	+1.4
Vehicles	33,608	32,551	+3.2	1,016,319	975,889	+4.1
Textiles and textile products	26,193	26,881	-2.6	560,041	579,722	-3.4
Food and related products	48,053	47,491	+1.2	1,326,527	1,276,675	+3.9
Stone, clay, and glass products	13,774	13,222	+4.2	401,256	365,673	+9.7
Lumber and its products	29,132	29,443	-1.1	717,193	706,942	+1.5
Chemical products	10,751	10,597	+1.5	287,947	277,327	+3.8
Leather products	14,932	15,208	-1.8	315,302	298,237	+5.7
Rubber products	3,699	3,749	-1.3	86,890	88,782	-2.1
Paper and printing	31,903	31,634	+0.9	1,030,558	1,050,233	-1.9

COAL

For several months demand for both domestic and steam sizes of coal has been exceedingly light, and recent weeks have shown no improvement in the situation. Although production in Illinois and Indiana was considerably reduced in April and May because of a strike, thus curtailing the supply of screenings, industrial concerns displayed little interest and continued to use coal in storage piles. As a consequence of the light demand, price levels have been lower.

Output of coal from Illinois mines during the first five months of 1928 totaled 22,649,639 tons, as compared with

26,462,181 tons for the corresponding period of last year. From a peak of 7,147,830 tons in March this year, Illinois production declined in April to 1,224,546 tons and then increased to 2,685,737 tons for May. Despite the reduced output in this territory, United States production of bituminous coal has been average for this season.

The movement of lake coal so far in 1928 has been considerably smaller than in the same period of 1927, loadings of bituminous coal at Lake Erie ports totaling 5,257,384 tons to the end of May this year, as compared with 9,298,046 tons last year.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—United States production of passenger automobiles in May was the highest of any month since August, 1926, totaling 375,798, which compares with 364,877 in April and 357,150 for May a year ago. Truck output likewise increased in May, and exceeded that of any month since April, 1926, the total for the United States being 50,192.

Retail sales by automobile dealers in the Middle West were larger during May than in either April or the corresponding month of 1927; sales of used cars likewise gained in these comparisons. Distribution at wholesale increased over the preceding month but was less than last year. Stocks of both new and used cars were lower on May 31 than a month previous or a year ago, except that the value of used cars on hand was higher in the year-to-year comparison. Deferred payment sales during May of thirty-one dealers averaged 39.8 per cent of their total retail sales, compared with 38.1 in April and 42.1 for May, 1927.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in May, 1928, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	APRIL 1928	MAY 1927	
New cars			
Wholesale—			
Number sold	+ 4.4	— 4.6	33
Value	+ 4.3	— 1.1	33
Retail—			
Number sold	+11.5	+ 5.7	46
Value	+12.3	+14.8	46
On hand May 31—			
Number	—13.8	— 3.5	48
Value	—16.4	— 7.7	48
Used cars			
Number sold	+21.7	+14.2	46
Salable on hand—			
Number	— 8.9	— 3.8	46
Value	— 3.7	+14.9	46

Agricultural Machinery and Equipment—May sales of agricultural machinery and equipment billed to customers exceeded those of April by 4.4 per cent in the light group and 39.8 per cent in barn equipment, and decreased 1.5 per cent in the tractor, thresher, combination harvester-thresher group, according to reports sent direct to this bank by seventy-five manufacturers in the United States. Increases of 23.9 per cent in heavy machinery, 26.4 per cent in "all other" (exclusive of barn supplies), and of 25.2 per cent in barn equipment were recorded over a year ago.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in May, 1928, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	APRIL 1928	MAY 1927	
Domestic sales billed.....	+3.4	+22.1	75
Sales billed for export.....	—5.8	+45.6	41
Total sales billed.....	+1.9	+25.1	75
Production	—1.5	+23.9	73

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

Iron and Steel Products—Although operations of Chicago district steel mills have been gradually declining in

recent weeks, they are at a higher rate than in most other districts, and the recession has been slower than usual for the season. May production, shipments, specifications, and sales exceeded those in the corresponding period of 1927. Pig iron production in the Illinois and Indiana district was smaller in May than in either April or May last year, and the daily average for the country followed the same trend. Steel ingot output in the United States likewise was lower in the daily average for May than in the preceding month and was very slightly higher than in May, 1927. Unfilled orders of the United States Steel Corporation on May 31 totaled 3,416,822 tons, or a drop of 455,311 tons from April 30, and the smallest amount on hand since October 31, 1927.

Steel prices at Chicago are showing uncertainty, and are below a year ago. Pig iron declined after the middle of May, and scrap metal prices have been at a lower level since the third week of May. Because of a general weakness in pig iron, the composite price for the United States of fourteen leading iron and steel products, compiled by *Iron Trade Review*, declined between May 16 and June 13 from \$35.53 to \$35.48, and due to weakness in sheets and semi-finished steel, dropped sharply on June 20 to \$35.20; on June 22 last year the composite was \$36.65.

May shipments of malleable and steel casting foundries in the Seventh district were larger than in the preceding month or May, 1927. Shipments by stove and furnace manufacturers also increased in both comparisons.

Shoe Manufacturing, Tanning, and Hides—May shipments from shoe factories in the Seventh Federal Reserve district totaled 7.6 per cent less than production, although each showed an expansion in volume over the preceding month in contrast to the customary seasonal recession. Twenty-six concerns reported stock shoes on hand equivalent in the aggregate to 120.0 per cent of their May shipments. Nearly nine weeks' future operation at the current rate of distribution was indicated by unfilled orders on the books of twenty-three companies.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN MAY, 1928, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	APRIL 1928	MAY 1927	APRIL 1928	MAY 1927
Production	+ 6.2	— 7.7	31	31
Shipments	+ 0.1	—11.7	31	31
Stock shoes on hand.....	+11.2	+18.5	26	26
Unfilled orders	+34.1	+ 4.9	23	22

Leather production and sales in the Seventh district totaled slightly more for May than for April or a year ago. Individually, however, a number of the tanners reported recessions in these comparisons. Prices declined in May, and then displayed a slightly steadier tendency toward the close of the period.

The Chicago market for packer green hides and skins

showed more activity during May than in the preceding month; purchases by district tanners also were reported as heavier than in April. Shipments from the city, however, were below the preceding period. Prices declined.

Furniture—A gain of 23.9 per cent over April was shown in the amount of May orders booked by twenty-seven furniture manufacturers of this district, but the aggregate was 3.2 per cent smaller than in May last year; nineteen companies reported increases in the former comparison and twelve in the latter. Shipments fell off 5.2 per cent from the preceding month and were 12.2 per cent less than a year ago. The larger volume of new orders brought unfilled orders on hand at the end of May to 16.7 per cent more than on April 30, although the amount was 23.0 per cent below the corresponding date of 1927. Production in-

creased slightly over April, but was at a lower rate than for May last year.

Raw Wool and Finished Woolens—The strong position of the raw wool market was maintained through May, though trading was more or less spotty. The medium grade wools were in greatest demand, and registered further advances in price. Competition was reported as keen for the new clip in the Middle Western states, largely due to the active demand for medium quality fleece wools. Sales of fine wools were indicated as only fair, but with prices firm. Pulled wools, at a between-seasons period, showed a smaller volume of sales during May, though prices remained unchanged. Mixed conditions prevailed in finished goods, and the situation was little changed from April. Most manufacturers have made advances in cloth prices during recent weeks.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Sales of lumber as reported in dollar value by nineteen wholesalers and manufacturers of the district were 14.3 per cent larger in May than in April, while in board feet they showed an increase of 15.8 per cent. Comparisons with a year ago were less favorable, registering an increase of 4.0 per cent in board feet but a decline of 5.2 per cent in dollar value. Similar changes took place in outstanding accounts; these were less marked, however, so that the ratio of accounts to sales declined to 119 per cent from 124 the preceding month, but was above the 117 per cent reported for May a year ago. Stocks on hand May 31 were generally lower than either a month previous or last year, and price quotations show an upward tendency.

At 228 retail yards of the district sales totaled 22.3 per cent more than in April and were 0.6 per cent higher than in May, 1927, the first increase shown so far this year in the yearly comparison. The expansion in outstanding accounts during the month was less than in sales, the ratio falling from 301 per cent for April to 271, which compares with 281 for May a year ago. Stocks were somewhat lower than at the close of either the preceding month or the corresponding month of 1927. Receipts of lumber at Chicago, as well as shipments out of the city, were heavier than in April but still below the volume of a year ago. Shipments, especially, show a large decline in comparison with those of last year, resulting in a gain in the volume of

lumber retained for Chicago use, net receipts for the first five months of this year exceeding the same period in 1927 by 12.4 per cent.

The shipment of cement from plants in the Seventh district was in large volume during May, road paving contracts constituting a heavy share of the demand. Production also increased substantially, so that stocks have been only slightly depleted. In the brick industry there was a seasonal gain for the month, but shipments were lower than a year ago.

Building Construction—Contracts awarded in the Seventh district during May amounted to \$139,783,539, the highest total for the month on record, 8.7 per cent over the April volume, and 33.1 per cent in excess of May, 1927. Of this amount, \$56,929,583, or 40.7 per cent, was for residential building. Permits issued in fifty cities of the district registered increases in estimated valuation of 24.0 per cent over April, and of 7.3 per cent over the corresponding month last year. The number of permits issued similarly showed gains of 18.7 and 0.6 per cent, respectively. Forty-six additional cities for which a monthly comparison of the building permits issued is now available, recorded a gain in May of 18.5 per cent in number of permits and 3.1 per cent in estimated cost. These additional returns represent much of the newly developed territory adjacent to the city of Chicago.

MERCHANDISING CONDITIONS

Wholesale Trade—With the exception of hardware and groceries, where slight declines were recorded from a year ago, May sales in all lines of wholesale trade reporting to this bank increased over April and over May last year. In electrical supplies, drugs, and shoes, gains were shown for the first five months of 1928 in comparison with the

same period of 1927. Collections followed the trend of sales, increasing over April in all lines and in all except hardware and dry goods over a year ago; in general, they are reported as fair. Prices are firm, with an upward tendency in groceries and shoes, and with several reports of a downward trend in electrical supplies and equipment.

WHOLESALE TRADE DURING THE MONTH OF MAY, 1928

	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
Groceries	(37)+12.5	(37)—1.5	(25)—0.4	(25)—6.6	(33)+1.5	(34)—7.4	(34) 101.8	(27)+5.7	(27)+5.0
Hardware	(15)+16.4	(15)—0.8	(10)—0.9	(10)—0.9	(15)+4.0	(15)—1.3	(15) 192.5	(13)+8.0	(13)—8.8
Dry Goods	(13)+10.0	(13)+3.0	(10)—2.5	(10)+3.8	(12)—2.8	(11)—2.5	(12) 316.7	(10)+10.6	(9)—1.1
Drugs	(12)+5.6	(12)+8.4	(11)—3.0	(11)—4.7	(11)+1.4	(11)+1.9	(11) 138.3	(7)+9.6	(5)+17.6
Shoes	(8)+15.1	(8)+20.6	(6)+2.4	(5)+28.5	(7)+0.7	(6)+11.1	(7) 266.9	(6)+4.6	(5)+8.6
Electrical Supplies	(45)+5.5	(45)+9.0	(37)—2.5	(36)—5.7	(41)+0.8	(42)+1.9	(43) 124.2	(32)+6.8	(32)+8.3

Figures in parentheses indicate number of firms included.

Department Store Trade—One hundred department stores of the Seventh district showed May sales aggregating 7.7 per cent more than in April, 10.3 per cent above May last

year, and 4.0 per cent more for the first five months of 1928 than for the same period of 1927. The total for Chicago, Detroit, Milwaukee, and Indianapolis stores, as well

as that for fifty-six smaller centers, increased in the comparisons with April and with the corresponding month a year ago, while sales for the year so far were larger than in 1927 in Chicago, Detroit, and Indianapolis, but smaller in Milwaukee and in other cities. Stocks on hand May 31 were generally lower than a month previous and slightly heavier than a year ago. Stock turnover (the ratio of sales to average stocks) was 34.3 per cent for May, 1928, as against 31.7 per cent for May, 1927, while turnover for 1928 to date averages 158.9 per cent compared with 154.1 per cent last year. Collections during May increased 6.3 per cent over the preceding month and 6.8 per cent over last year; accounts receivable the end of the month gained 3.7 per cent in the monthly and 7.9 per cent in the yearly comparison. May collections totaled 40.3 per cent of accounts outstanding April 30, which compares with a ratio of 39.5 per cent a year ago.

Retail Shoe Trade—Total sales of twenty-three retail shoe dealers and the shoe sections of twenty-one department stores increased 0.8 per cent in May over April; individually, twenty-one dealers and thirteen department stores reported gains. In comparison with May, 1927, sales were larger by 9.6 per cent, more than four-fifths of the

reports showing increases. Sales for the first five months of the year aggregated 1.1 per cent smaller than for the corresponding period of 1927. Stocks of thirty-seven firms totaled 4.8 per cent less at the end of May than a month previous, but exceeded those of a year ago by 12.2 per cent. Total collections during May by sixteen dealers increased 20.8 per cent over April, but declined 4.5 per cent from last May; accounts receivable the end of the month gained 19.0 and 4.0 per cent in the respective comparisons. The ratio for May of accounts receivable to sales was 63.8 per cent, compared with 60.9 for April and 67.2 a year ago.

Chain Store Trade—Twenty-three chains operating 2,292 stores in May, had aggregate sales 4.2 per cent larger than in April and 22.4 per cent heavier than in May a year ago. The number of stores increased 1.4 and 16.8 per cent in these comparisons, while average sales per store showed gains of 2.8 and 5.6 per cent, respectively. With the exception of musical instruments, all reporting groups (grocery, drug, five-and-ten-cent, cigar, shoe, men's and women's clothing) indicated larger sales in the May-April comparison, and all except cigars and musical instruments showed sales increases over a year ago.

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	May 1928	Apr. 1928	May 1927	Apr. 1927	No. of Firms	May 1928	Apr. 1928	May 1927	Apr. 1927
Meat Packing—(U. S.)—										
Sales (in dollars)	59	108.1	103.8	108.0	102.4					
Casting Foundries—										
Shipments:										
Steel—In dollars.....	15	86.4	79.0	83.4	89.5					
In tons	15	87.8	81.0	86.9	94.1					
Malleable—In dollars	19	72.0	68.9	63.5	72.5					
In tons	16	101.1	98.4	84.0	96.8					
Stoves and Furnaces—										
Shipments (in dollars)	12	105.9	91.2	92.1	93.4					
Agricultural Machinery & Equipment—(U. S.)—										
Domestic Sales (in dollars)	83	189.4	184.6	153.9	154.8					
Exports (in dollars)	56	184.7	200.6	124.0	139.2					
Total Sales (in dollars)	83	188.7	187.2	149.1	152.3					
Production	82	146.9	148.2	119.3	122.7					
Furniture—										
Orders (in dollars)	27	96.6	77.9	105.3	90.9					
Shipments (in dollars)	27	86.7	91.5	95.4	108.4					
Shoes—¹										
Production (in pairs)	32	89.1	83.5	96.9	103.2					
Shipments (in pairs)	32	82.3	81.9	93.5	108.1					
Electric Energy—										
Output of Plants (KWH).....	8	139.3	137.3	128.5	128.0					
Industrial Sales (KWH).....	8	167.9	163.1	150.0	145.3					
Flour—										
Production (in bbls.)	32	100.2	93.1	88.8	88.3					
Output of Butter by Creameries—										
Production	74	145.2	104.0	158.6	113.2					
Sales	74	119.4	94.4	130.3	103.5					
Automobiles—										
Distribution in Middle West:										
New cars—Wholesale—Number sold	36	191.0	176.0	207.9	197.9					
Value.....	36	150.2	136.4	160.0	160.8					
New cars—Retail—Number sold	89	116.1	99.1	115.1	116.1					
Value.....	89	150.3	125.8	138.7	141.3					
New cars—On hand—Number.....	53	120.3	140.7	123.6	127.9					
Value.....	53	122.0	145.5	132.6	132.5					
Used cars—Number sold.....	83	189.3	148.4	173.4	168.0					
Value.....	51	127.3	140.9	131.2	145.5					
Used cars—On hand—Number.....	51	140.7	144.0	124.1	127.6					
Value.....	51	140.7	144.0	124.1	127.6					
Production (U. S.): Passenger cars.....		127.7	124.0	121.4	121.3					
Trucks.....		139.9	126.3	130.9	133.1					
Freight Carloadings—(U. S.)—										
Grain and Grain Products.....		88.7	87.2	87.7	81.4					
Live Stock		81.7	79.8	89.1	83.7					
Coal		92.0	84.4	94.2	89.5					
Coke		86.7	84.9	91.4	95.8					
Forest Products		96.0	90.1	100.5	95.7					
Ore		118.7	27.1	158.2	69.0					
Merchandise and Miscellaneous.....		113.6	109.3	112.6	110.3					
Total		106.0	97.7	108.0	101.3					
Iron and Steel—										
Pig Iron Production: ²										
Illinois and Indiana.....		129.3	133.3	131.3	132.7					
United States		107.9	108.1	111.4	116.2					
Steel Ingot Production—(U. S.) ²		116.8	129.1	116.8	119.1					
Unfilled orders U. S. Steel Corp.....		71.6	81.1	63.9	72.4					
Wholesale Trade—										
Net Sales (in dollars):										
Groceries	37	100.2	89.2	100.8	95.6					
Hardware	17	98.2	84.3	98.6	96.9					
Dry Goods	12	73.0	66.4	70.8	73.8					
Drugs	10	104.3	97.0	95.9	96.2					
Shoes	8	99.4	86.3	82.4	99.8					
Retail Trade (Dept. Stores)—										
Net Sales (in dollars):										
Chicago	28	111.1	103.1	100.8	110.7					
Detroit	4	156.9	148.3	127.5	138.9					
Indianapolis	5	104.5	94.9	100.3	103.4					
Milwaukee	5	116.8	103.6	113.8	115.3					
Outside	60	103.0	95.8	97.4	106.5					
Seventh District	102	117.8	109.1	106.2	114.8					
Retail Trade—(U. S.)—										
Department Stores	565	107	102	102	111					
Mail Order Houses	4	116	115	99	120					
Chain Stores:										
Grocery	34	213	202	171	172					
Drug	13	164	154	134	144					
Shoe	7	130	130	109	150					
Five and Ten Cent	14	139	135	123	135					
Candy	4	127	130	115	136					
Apparel	5	221	195	171	199					
Cigar	4	110	100	113	113					
Stamp Tax Collections—³										
Sales or Transfers of Capital Stock.....		300.7	192.3	88.3	77.2					
Sales of Produce on Exchange—Futures		134.4	62.8	57.3	67.6					
U. S. Primary Markets—⁴										
Grain Receipts:										
Oats		69.5	60.7	57.5	44.5					
Corn		108.6	92.3	60.1	48.0					
Wheat		74.2	53.6	55.1	41.5					
Grain Shipments:										
Oats		74.7	63.4	75.9	55.0					
Corn		107.8	91.8	45.0	57.5					
Wheat		81.1	41.2	49.9	52.1					
Building Construction—										
Contracts awarded (in dollars):										
Residential		193.9	183.1	146.9	165.6					
Total		204.1	187.8	153.4	166.5					
Permits:										
Chicago		79.8	64.9	86.4	95.8					
Number		146.1	107.0	101.4	154.9					
Cost.....		91.8	79.7	103.2	94.3					
Indianapolis		137.5	86.5	109.7	85.4					
Number		66.5	80.4	58.8	63.4					
Cost.....		42.8	40.6	34.4	38.8					
Detroit		100.7	90.0	92.1	105.3					
Number		87.4	83.3	94.8	100.2					
Cost.....		125.2	84.9	119.9	97.0					
Milwaukee		116.4	111.8	160.7	142.9					
Number		132.9	119.3	134.7	137.5					
Cost.....		128.0	111.5	164.8	152.2					
Others (45)		114.3	96.2	113.5	112.8					
Number		126.2	101.8	117.6	138.1					
Cost.....										

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