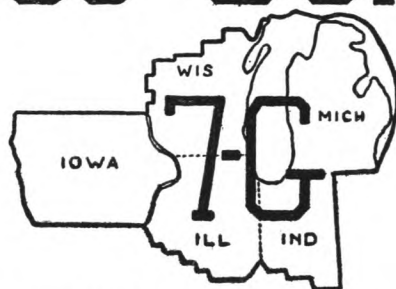


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 12, No. 7

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FEDERAL RESERVE BANK OF CHICAGO

July 1, 1929

THE maintenance of industry and trade in the Seventh district at a generally higher level than a year ago is evidenced by current statistics. With the exception of the leather industry, practically all of the reporting lines of manufacture are more active than at this time last year. The iron and steel industry failed to show the usual seasonal signs of recession in May and mills continue to operate at capacity. Although the automobile industry has curtailed production somewhat in recent weeks, output remains considerably heavier than in 1928, and the agricultural machinery and equipment industry shows a similar trend. Furniture manufacturers report improvement in business over the rather unsatisfactory conditions prevailing since the latter part of 1927.

Activity in building materials—lumber, cement, brick—continues to increase seasonally, but shipments remain below the 1928 level. In May, for the first time this year, total building contracts awarded in the district recorded a gain over the corresponding period last year, but residential building showed further declines; so far in 1929 the total of Seventh district building contracts has been about 10 per cent below the first five months of 1928 and residential building 27 per cent less.

Most phases of retail distribution covered by this bank's survey recorded increased sales in May over April and over a year ago; among them are department store trade, aggregate sales by chain stores and mail order houses, and the retail shoe and furniture trade. Chicago department stores, however, for the second successive month this year show a lower volume of sales than a year ago. Retail hardware sales were larger than a month previous but under May 1928. In wholesale distribution, half the reporting lines of trade had smaller sales than in April but all except drugs recorded gains over last May. Wholesale and retail distribution of automobiles declined in the monthly but increased in the yearly comparison.

Agricultural conditions are fairly satisfactory. About 85 per cent of the corn crop had been planted by June 1 as compared with 90 per cent at the same time last year. Indications pointed to somewhat smaller fruit crops than a year ago with the exception of grapes and peaches. The cool weather prevailing through the greater part of May affected the growth of garden truck and grains. Holdings of grain the middle of June were generally lower than a month previous but much larger than on the corresponding date of 1928. Production and sales of butter during May

by creameries in the district increased over the preceding month and were larger than a year ago. Sales at meat packing plants showed a similar trend, although production was slightly less than last May. Flour produced by district mills increased in the monthly but declined in the yearly comparison.

Slightly higher money rates have prevailed in the district during recent weeks, and the demand for funds continues strong. Loans by the Federal Reserve Bank to member banks, and loans and discounts of reporting member banks were at a higher level the third week of June than a month previous. Commercial paper sales increased in May but remained below the level of a year ago, while open-bill market operations and transactions in bankers' acceptances showed gains over both April this year and May last year. The volume of payment by check in the district increased in these comparisons, as did total savings deposits. No improvement has been noted in the bond market.

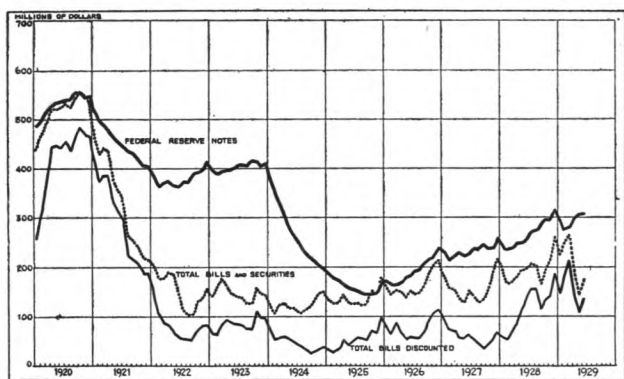
CREDIT CONDITIONS AND MONEY RATES

Rate levels in a number of banking centers in the Seventh district have moved slightly upward in recent weeks, reflecting a continued strong demand for funds for commercial purposes as well as on securities, the volume of both classes of loans increasing slightly over a month ago. Conditions in the Chicago money market remain firm; brokers' demand loans carry 7 per cent, collateral loans 6½ to 7 per cent, and over-the-counter accommodation 6 to 7 per cent; commercial loans of Chicago banks have increased slightly in the last two weeks; and security loans are at a higher level than at the middle of May. The average rate earned on loans and discounts by seven large Chicago banks during the calendar month of May was 6.23 per cent, whereas the corresponding figure in April had been 6.15 per cent and in May 1928, 5.09 per cent. Rates are firm in Detroit.

Bills and securities held by the Federal Reserve Bank of Chicago on June 19 totaled \$186,772,000 in volume as compared with \$138,055,000 on May 22 and \$185,566,000 on June 20, 1928. Loans to member banks aggregated \$151,621,000 on June 19 against \$98,721,000 on May 22, and were 24 million greater than on the corresponding date a year ago. Holdings of United States Government securities have fluctuated little in the past few weeks, the \$26,909,000 on June 19 showing only a slight gain over the \$26,600,000 of May 22. Federal Reserve notes in circulation June 19 totaled \$306,570,000 which compares with \$305,411,000 on the corresponding date in May.

Compiled June 26, 1929

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Monthly averages of weekly figures. Latest figures, averages of first three weekly report dates in June, 1929, in thousands of dollars: Federal Reserve Notes, 307,217; Total Bills and Securities, 174,422; Total Bills Discounted, 137,236.

Loans and discounts of reporting member banks in the district have moved upward in volume since the end of May, both commercial and security loans participating in the gain; a total of \$2,636,567,000 was reported June 19 as against \$2,573,661,000 May 22. Investment holdings of reporting member banks are at approximately the level of a month ago, but a slight upward trend has been evident thus far in June. Net demand deposits have fluctuated considerably from week to week, though the volume has increased since the end of May; \$1,837,574,000 on June 12 compares with \$1,765,439,000 May 29 and with \$1,849,934,000 on May 15. On June 19 the aggregate was reported as \$1,805,549,000. A generally downward movement has been shown by time deposits of reporting member banks in the district since mid-May; at that time \$1,238,161,000 was reported, whereas on June 12 an aggregate of \$1,230,835,000 was recorded and on June 19 of \$1,225,381,000.

Reports from nine dealers show May sales of commercial paper in the Middle West as 7.6 per cent greater than in the preceding month and 36.1 per cent less than a year ago. A majority of the concerns, however, experienced a recession from April. Supplies ranged from limited to fair, while demand remained moderate. Sales reported for the first half of June by four Chicago dealers totaled slightly in excess of the corresponding period in May. A fair to good supply of paper was indicated; demand continued fair and came chiefly from the country and suburban banks. Selling rates for May ranged from 5¾ and 6 per cent for low to 6¼ per cent for high, with most paper moving at 6 per cent. June 14 quotations closed at 6 per cent for low and 6¼ per cent for high, the customary charge being 6 per cent. May 31 outstandings of five mid-western dealers decreased 12.6 per cent from the end of April and 31.7 per cent from a year ago; outstandings of twenty-three dealers in the United States amounted to \$305,000,000 compared with \$350,993,803 on April 30.

The open-bill market operations of five reporting dealers in Chicago declined from May 16 to June 12 as compared with the preceding four weeks by 14.1 per cent in the amount of purchases, 33.3 per cent in sales, and 60.8 per cent in quantity of receipts from other offices; shipments to other offices gained 113.8 per cent. Purchases, sales, and inter-office shipments showed respective increases of 99.1, 70.7, and 101.5 per cent over a year ago, while receipts from other offices decreased 34.5 per cent. Supplies for the period ranged between poor and good, with the average fair; demand was limited to fair. Sixty- and 90-day maturities

were in best demand. The transactions involved grain, wool, dairy and poultry products, cotton, malt, coffee, sugar, silk, chicle, iron, electrical equipment, and miscellaneous commodities. Quotations continued firm and closed on June 12 at 5½ per cent for 30-day offerings to 5½ and 5¾ per cent for those of 180 days. Holdings were reduced 41.6 per cent from May 15 and were 32.1 per cent less than a year ago.

May transactions in bankers' acceptances, as reported by fourteen banks in the Seventh district, exceeded those of April by 24.5 per cent in amount of bills accepted, 99.8 per cent in quantity of purchases, and 139.8 per cent in volume of sales. Gains of 28.3, 15.5, and 48.4 per cent, respectively, also were recorded over a year ago. More than half the individual banks experienced a recession in purchases and sales from last year. The acceptances of three Chicago banks totaled slightly greater for the first half of June than for the corresponding weeks of May and covered grain, iron and steel, packing-house products, coffee, phosphates and potash, building materials, sugar, cotton, wine, raw silk, and a large list of miscellaneous commodities. Liability for outstandings declined 5.3 per cent on May 31 from the preceding month, though continuing 37.0 per cent in excess of last year. Holdings decreased 30.4 per cent from April 30, and increased 54.2 per cent over May 31, 1928; a majority of the banks, however, reported a recession in the yearly comparison. Portfolios contained 1.6 per cent more of the originating banks' own acceptances than at the close of April. Purchases of the Federal Reserve Bank of Chicago amounted to \$21,078,287 in May, in contrast to only \$9,624,120 in the preceding month, and the bank held \$12,185,675 of this class of bills in its portfolio on May 31.

Volume of Payment by Check—Aggregate payment by check in thirty-eight clearing house cities of the district increased 1.7 per cent in May over April, and 2.8 per cent over May 1928. The gain in the total of the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, was 1.9 per cent as compared with the preceding month, and 2.3 per cent over May of last year. The city of Chicago showed a rise of 0.6 per cent over the preceding month, \$4,480,036,000 being reported for May as against \$4,451,353,000 in April; a drop of 1.6 per cent was recorded from May last year. In thirty-four smaller cities, the aggregate rose 0.8 per cent as compared with the preceding month, and 5.2 per cent above May 1928. Sixteen of these smaller centers reported a greater volume of payment by check in May than in April, and eighteen registered declines.

Savings Deposits—An increase of 2.7 per cent in number of accounts, of 1.7 per cent in total deposits, and a decline of 1.0 per cent in average account were shown in Seventh district savings on June 1 compared with the corresponding period in 1928. Gains of 0.1, 0.6, and 0.4 per cent, respectively, were recorded over May 1. Illinois figures were below last month and a year ago in both number of accounts and total deposits; Indiana declined 0.3 per cent in number of accounts from May 1; and Iowa showed a recession of 0.1 per cent in deposits from the preceding month. In average account, as compared with May 1, Iowa was the only state to show a decline, registering a drop of 0.4 per cent, while in the comparison with June 1, 1928, all states recorded recessions. Individually, 59 per cent of the banks reported larger deposits than a month previous, and approximately the same number showed an increase over last year.

Bonds—The market for bonds in Chicago continued very slow during May. The demand for investment securities showed little change over April and remained below the corresponding period of last year. Prices have remained low in all classes. The market on municipals was fairly satisfactory and public utility issues were also in demand.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Reports from 166 county agents, representing 232,365 farmers, show that approximately 85 per cent of the corn acreage of the Seventh district was planted by June 1, as compared with 90 per cent on the corresponding date a year ago; operations neared completion in Iowa and Illinois. Fairly even stands of growing corn were reported throughout the district; some counties, however, found that slightly more replanting was necessary than last year. The reports point to a decidedly smaller crop of cherries than a year ago; present conditions also indicate a reduction in the quantity of pears, a small decrease in the supply of apples, strawberries, and miscellaneous fruits, about the same tonnage of grapes, with the possibility of a larger crop of peaches than in 1928. Growth of garden truck was rather backward, due to unfavorable weather. Oats, barley, winter wheat, and other small grains were in need of more warmth than obtained during the early part of June; pastures remained in good condition. A local statistician, on the basis of June 1 condition, forecasts 517,050,000 bushels of oats in 1929 for the five states including the Seventh Federal Reserve district, as compared with 675,055,000 bushels raised in 1928. June 1 commercial estimates place the United States crop of spring wheat between 230,000,000 and 263,000,000 bushels, and that of oats between 1,212,000,000 and 1,316,000,000 bushels; last year's harvests amounted to 323,785,000 and 1,449,531,000 bushels, respectively.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av.
	FORECAST	FINAL	FORECAST	FINAL	
	1929	1928	1929	1928	
Winter Wheat	89,862	50,918	622,148	578,964	549,257
Rye	9,180	7,354	43,634	41,766	54,793
Peaches	4,481*	3,449*	48,759	68,374	52,224
Pears	1,493*	1,694*	20,663	23,783	20,211

*Four states.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in May, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	APRIL 1929	MAY 1928	
Production (bbls.)	+ 7.4	- 9.9	32
Stocks of flour at end of month (bbls.)	-12.4	-12.8	28
Stocks of wheat at end of month (bu.)	- 3.8	+23.7	28
Sales (volume)	+19.4	-14.5	13
Sales (value)	+14.3	-35.1	13

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

Grain Marketing—Interior markets of the United States received a slightly larger tonnage of wheat and oats and a smaller quantity of corn during May than in the preceding month; each of the grains showed a recession in volume from last year and the 1924-28 average for the month. Wheat reshipments from these centers exceeded those of April and the five-year average but were below a year ago; those of oats decreased in all three comparisons. June 15 holdings of grain at principal points of accumulation in the United States showed a decline from the preceding month but continued much larger than for the corresponding date of 1928, exceptions being an increase in the stock of rye as compared with May 18 and considerably smaller holdings

Interest was shown by institutions for railroad issues, and this class has been quite active. Foreign issues have, in general, been quiet and the supply very small. As in previous months, bonds with stock-purchasing privileges have remained in good demand.

of corn than last year. Trading in grain futures by members of the Chicago Board of Trade was 1.0 per cent less in May than a month previous and 22.8 per cent under the corresponding month of 1928. Chicago prices averaged lower than in April.

Movement of Live Stock—Smaller numbers of cattle, calves, and hogs were marketed at public stock yards in the United States during May than in April, a year ago, or the 1924-28 average for the month; receipts of lambs gained in all three comparisons.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, May, 1929	197,729	708,832	317,248	140,495
Federally Inspected Slaughter, U. S.				
May, 1929	676,297	3,797,918	1,201,852	426,667
April, 1929	662,382	3,761,230	1,118,935	460,297
May, 1928	723,120	3,884,381	1,015,465	473,096

Feeder shipments of cattle decreased from April and last year, while those of lambs increased; all were above the five-year average for May.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JUNE 15, 1929	MAY 1929	APRIL 1929	MAY 1928
Native Beef Steers (average)	\$14.30	\$13.65	\$13.50	\$13.15
Fat Cows and Heifers	11.50	11.00	10.70	10.35
Calves	13.85	12.65	13.35	13.00
Hogs (bulk of sales)	10.85	10.95	11.50	9.75
Yearling Sheep	11.50	11.25	14.00	13.70
Lambs	15.90	14.20	16.15	16.15

Meat Packing—May production at slaughtering establishments in the United States totaled slightly in excess of April and a little less than a year ago. Payrolls for the close of May increased 3.2 per cent in number of employes and with one less working day covered by the current data, decreased 7.0 per cent in hours worked and 4.2 per cent in value as compared with the preceding month. Domestic demand averaged fair for lard, fresh pork, sausage, and dry salt meats and was quiet for boiled ham; trade in beef, veal, and lamb remained rather slow until mid-month and then improved. The aggregate value of sales billed to domestic and foreign customers during May by fifty-eight meat packing companies in the United States was 10.6 per cent greater than last year and 5.2 per cent larger than in April. A fair business was reported in domestic markets early in June, with the demand indicated as somewhat better than a month previous. June 1 inventories at packing plants and cold-storage warehouses in the United States showed some reduction from May 1 and a year ago, though continuing above the five-year average; stocks of beef, dry salt pork, lamb, and miscellaneous meats exceeded those of last year. Prices of lard and lamb declined from April, most cuts of pork eased, while beef, sweet pickled hams, and pork bellies firmed; quotations for veal advanced. May shipments for export totaled somewhat larger than in the preceding period. Foreign demand for lard remained moderate, with prices ruling below Chicago parity; European trade in other packing-house products was rather small during the greater part of the month. June 1 consignment inventories of goods already landed abroad or in transit to

European countries, were reported as on a level with the beginning of May.

Dairy Products—Butter production at sixty-four creameries in the Seventh Federal Reserve district aggregated 42.5 per cent more in May than in the preceding month and was 12.2 per cent above a year ago. Similar trends for the United States are shown by statistics compiled by the American Association of Creamery Butter Manufacturers. The tonnage of creamery butter billed to customers by sixty-six companies in the Seventh district gained 30.5 per cent over April and totaled 7.3 per cent greater than for the corresponding month of 1928. June 1 inventories of eggs at cold-storage warehouses and packing plants in the

United States exceeded those of May 1, but showed a recession in volume from last year and the 1924-28 June 1 average; stocks of butter and cheese increased in all three comparisons. Receipts of American cheese at Wisconsin primary markets, from factories within that state, expanded 24.4 per cent during the four weeks ended June 1 over the preceding period and decreased 7.4 per cent from last year; distribution from these centers declined 3.8 and 10.3 per cent, respectively. Larger tonnages of butter and cheese and smaller quantities of eggs arrived on the Chicago market during May than a month previous or a year ago. Prices remained steady for cheese, declined slightly for butter, and advanced for eggs in the comparison with April.

COAL

Demand for domestic sizes of coal was better than usual during May, due to the cooler weather prevailing through most of the month, but the steam coal market displayed less activity than customary at this season. Despite low stocks, contracting for screenings was light, current demand small, and prices low. May production of bituminous coal in Illinois totaled 3,732,065 tons, which is almost 200,000 more than in April and compares with 2,685,737 tons for May a year ago. The number of mines in operation showed a decline from the preceding month, dropping from

150 to 143, as did the number of men employed—40,911 in May compared with 44,322 in April—but the average number of days worked increased from 13 to 14.3 in May.

Bituminous coal produced in the United States during May increased over April and was larger than in any May since 1923. The volume loaded at Lake Erie ports for shipment to other lake ports showed a decided gain over May last year, but declined in the comparison with the corresponding month of 1927.

INDUSTRIAL EMPLOYMENT CONDITIONS

The volume of employment at factories of the district continued to show a further slight increase—0.4 per cent—for the period April 15 to May 15, counteracted, however, by a decline of 1.4 per cent in the amount of payrolls. Metals and metal products showed a slight decline in the number of men employed, the first since July 1928; a somewhat heavier decline in the amount of payrolls was the first recorded since last January. The vehicles group also showed a reversal of the upward trend that has been in continuance since last December. Other groups with a definite downward trend for the month were lumber and rubber products. The textiles group registered a decline in the number of workers accompanied by an increase in the amount of payrolls, while food products showed a gain

in men and a loss in payrolls. Stone, clay, and glass products continued their seasonal advance and leather, chemicals, and paper and printing also registered gains in both men and payrolls.

Outside the manufacturing plants the demand for labor continued to increase, the construction and the distributive industries having added a considerable number to their working forces during the month. The number of applicants to positions available at the free employment offices of Illinois showed a ratio of 124 per cent as compared with 134 per cent for April. In Indiana there was a rise in this unemployment ratio, from 93 per cent to 100; and in Iowa from 241 per cent to 244.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED			WEEK ENDED		
	MAY 15 1929	APRIL 15 1929	PER CENT CHANGE	MAY 15 1929	APRIL 15 1929	PER CENT CHANGE
All groups (10).....	334,462	333,211	+ 0.4	\$9,649,931	\$9,791,717	— 1.4
Metals and metal products (other than vehicles).....	134,911	135,268	— 0.3	4,250,019	4,317,482	— 1.6
Vehicles	41,144	41,444	— 0.7	1,245,693	1,266,160	— 1.6
Textiles and textile products.....	22,312	22,676	— 1.6	544,678	500,320	+ 8.9
Food and related products.....	42,057	40,575	+ 3.7	1,101,319	1,221,330	— 9.8
Stone, clay, and glass products.....	13,881	13,239	+ 4.8	422,834	389,970	+ 8.4
Lumber and its products.....	26,038	26,554	— 1.9	602,809	618,577	— 2.5
Chemical products	10,855	10,652	+ 1.9	293,594	286,823	+ 2.4
Leather products	12,969	12,660	+ 2.4	270,517	267,478	+ 1.1
Rubber products	4,164	4,266	— 2.4	93,666	105,036	—10.8
Paper and printing.....	26,131	25,877	+ 1.0	824,802	818,541	+ 0.8

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—A seasonal decline took place in automobile production during May from the all-time record established in April, but output continued considerably above the 1928 level. Passenger cars produced in the United States totaled 516,055, a decrease of 3.9 per cent from the preceding month and 37.5 per cent above May last year; truck output of 86,596 represented an increase over April of 5.1 per cent and of 73.5 per cent over a year ago.

Wholesale and retail distribution of automobiles in the Middle West aggregated less in May than a month previous but both showed large gains over May 1928. Sales of used cars followed a similar trend. Stocks of new cars in dealers' hands on May 31 were somewhat heavier than on April 30 and considerably above the corresponding date last year; used cars on hand showed a small decline in the month-to-month comparison, but were much larger than a year ago. Sales made on the deferred payment plan dur-

ing May constituted 55.2 per cent of the total retail sales of forty-two dealers, against 55.3 per cent in April and 37.3 per cent for twenty-three firms in May of last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in May, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	APRIL 1929	MAY 1928	APRIL 1929	MAY 1928
New cars				
Wholesale—				
Number sold	9.5	+21.5	38	26
Value	8.9	+22.6	38	26
Retail—				
Number sold	2.0	+46.6	63	41
Value	0.4	+18.6	63	41
On hand May 31—				
Number	+9.6	+61.4	65	43
Value	+6.0	+51.1	65	43
Used cars				
Number sold	2.7	+8.3	64	42
Salable on hand—				
Number	3.0	+36.6	64	42
Value	3.4	+16.3	64	42

Agricultural Machinery and Equipment—A decline in the sales of agricultural machinery and equipment was experienced in May from April, with a recession of 17.1 per cent in the light machinery group, of 4.4 per cent in the heavy group, and an expansion of 47.6 per cent in barn equipment, according to a compilation of seventy-six manufacturers in the United States. Increases in the three groups of 11.9, 44.2, and 14.9 per cent, respectively, were recorded over last May.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in May, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	APRIL 1929	MAY 1928	
Domestic sales billed.....	-13.4	+23.6	76
Sales billed for export.....	+4.0	+34.2	43
Total sales billed.....	-10.6	+25.5	76
Production	-1.3	+22.3	75

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

Iron and Steel Products—No reduction in the record rate of operations has yet taken place at steel mills of the Chicago district, and the usual evidences of seasonal curtailment were not apparent during May. Pig iron production also continued in record volume during May, the daily average in the Illinois and Indiana district slightly exceeding the all-time high of April. Pig iron production in the United States reached a record level in May as did steel ingot output. Unfilled orders of the United States Steel Corporation on May 31 of 4,304,167 tons, though falling 123,600 tons below April 30, were larger than on the corresponding date in any year since 1923. Prices of finished steel at Chicago and for the country have remained firm. Scrap metal prices, however, have shown a weakening tendency.

Orders booked by steel and malleable casting foundries of the Seventh district continue to decline somewhat, but remain larger than in 1928. Shipments of steel casting foundries in May fell slightly below the April level, though aggregating much larger than in May last year, and production increased in both comparisons. Malleable foundries produced and shipped a greater tonnage than in either April or a year ago. Shipments and orders received by stove and furnace manufacturers during May declined in both the month-to-month and yearly comparison; production increased.

Shoe Manufacturing, Tanning, and Hides—Preliminary estimates of the United States Department of Commerce show that shoe manufacturing in the Seventh Federal Reserve district increased 6.9 per cent in May over the preceding month. Leather sales and production in the district totaled in excess of April but were less than a year ago;

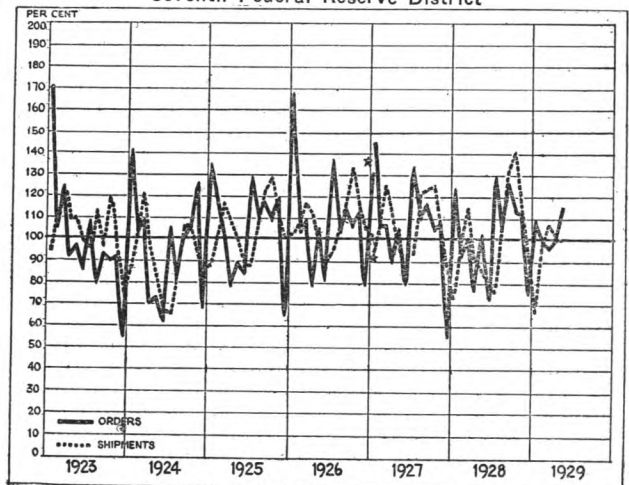
individually, however, half of the reporting tanneries experienced a recession in the monthly comparison. Prices continued firm.

Chicago trading in packer green hides increased over a month previous, while activity in calf and kip skins decreased. Shipments from the city declined, although heavier purchases were reported by district tanners than in April. Prices trended downward until mid-month and then advanced; the average for the period showed little change from April. Quotations continued to strengthen during the first half of June.

Furniture—According to the reports of twenty-six furniture manufacturers in the Seventh district, orders booked during May increased 12.2 per cent over April and showed a gain of 17.4 per cent over the corresponding period last year. Almost two-thirds of the firms reported expansion in both comparisons. Shipments approximated the same in May as in the preceding month but were 16.4 per cent greater than a year ago. Orders booked during the month again exceeded shipments, resulting in an increase of 16.8 per cent in unfilled orders on hand May 31; in the comparison with last year this item showed an increase of 50.9 per cent. The average rate of operation for eighteen firms increased from 76.9 per cent for April to 83.1 per cent in May.

On the following chart orders booked and shipments of furniture manufacturers have been graphed from monthly indices. In the amount of orders booked, January and July appear to be the two peak months of each year, with January generally the highest. Shipments are correspondingly heavy in March and October. 1926 was one of the most favorable years in the industry, as covered by this chart. In that year, the index of orders booked reached 167.6 in January and 136.5 in July; shipments were likewise high, and the October index was 133.0. During 1927 and the first three-quarters of 1928 the furniture industry experienced a recession but in recent months has recovered somewhat.

ORDERS BOOKED AND SHIPMENTS OF FURNITURE MANUFACTURERS
Seventh Federal Reserve District



*Data previous to January, 1927, include nineteen firms, while those for subsequent years include twenty-seven firms. Monthly average 1923-1924-1925 = 100. Latest figures, May, 1929: Orders Booked, 114.9; Shipments, 100.0.

Raw Wool and Finished Woolens—The raw wool market continued slow during May and business was generally quiet. A better movement to the manufacturers has been noticeable, however, during the past few weeks and fairly large quantities have changed hands. Prices again eased off slightly the latter part of May and early in June. The

large dealers are starting to take over the new clip in Texas and the Territory section, but there still remains a difference of opinion between the growers and buyers

regarding values. The London sales closed during the month at prices below the opening values. Transactions in foreign wools were limited.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

The movement of lumber from the producing regions into the Chicago Federal Reserve district was in somewhat smaller volume during May than in the preceding month, receipts at Chicago showing a decline of 4.9 per cent, while shipments out of the city were 2.1 per cent smaller and net receipts absorbed by the city dropped off 6.4 per cent. For the first five months this year, receipts of lumber at Chicago have aggregated 8.0 per cent less than during the corresponding period of 1928; shipments from the city have been slightly heavier, 0.9 per cent, while the net amount absorbed by the city has been 12.6 per cent less. Sales by manufacturers and wholesale dealers of the district also registered a decline, reports from sixteen concerns showing a drop of 5.5 per cent in dollar units and of 2.4 per cent in board foot measure from the preceding month, while in the comparison with May 1928, the losses were 0.3 and 14.3 per cent, respectively. The demand for lumber at retail, however, continued to increase, dollar sales at 239 yards aggregating 9.0 per cent higher than for April, and 0.2 per cent over last year's volume. Outstanding accounts followed closely the trend in sales and for the reporting wholesale and manufacturing concerns averaged 118 per cent of sales during May, in comparison with 116 for April and 119 a year ago. At retail, the corresponding ratios were 268, 264, and 273, respectively. Prices were well maintained during the month with some advances in flooring quotations.

In the cement industry, the seasonal increase in demand continued, and shipments exceeded production for the first

time this year, resulting in a slight reduction of stocks. Stocks, however, are larger than usual at this season of the year and shipments are considerably below the volume of a year ago. Shipments to points within the five states including the Chicago Federal Reserve district amounted to 2,788,180 barrels during April, an increase of 67.9 per cent over the 1,660,280 barrels reported for March but 5.5 per cent less than shipments received during April 1928. The brick industry also reports operations as substantially lower than a year ago, although May showed a seasonal increase in demand over the preceding month. The demand for drain tile is reported as unusually large on account of the heavy rainfall this spring.

Building Construction—Contracts awarded in the Seventh district during May totaled \$141,450,069, an increase of 30.8 per cent over the preceding month and 1.2 per cent higher than a year ago, the first increase in this comparison registered so far this year. Residential awards amounted to \$43,498,713, or 18.0 per cent less than in April and 23.6 per cent below May 1928. For the year to date, total contracts awarded have been 10.5 per cent less than during the corresponding five months of 1928, and residential awards have been 27.4 per cent smaller. Permits issued in 102 cities of the district aggregated 5.3 per cent less in number but 7.8 per cent more in estimated cost than in the preceding month; in the comparison with the corresponding month a year ago, both the number and cost showed declines of 8.4 and 10.3 per cent, respectively.

MERCHANDISING CONDITIONS

Wholesale Trade—The improvement noted during April over the corresponding period a year ago, was again evident in May for all reporting lines of wholesale trade in the district except drugs; half the groups, however, had smaller sales than in April and, individually, the majority of grocery firms sold less than a year ago. For the five months of 1929, grocery sales increased 2.1 per cent, hardware 7.2, dry goods 10.5, drugs 2.8, shoes 1.8, and electrical

supplies 22.1 per cent over the same period of 1928. With the exception of a decline from April shown for shoes and from May last year in groceries, collections were larger in both the monthly and year-to-year comparison.

The cool weather in May acted as a deterrent to trade in farming sections of the district. No definite change in price trends is apparent in the various reporting groups.

WHOLESALE TRADE DURING THE MONTH OF MAY, 1929

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month			Collections During Month	
	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	RATIO TO NET SALES DURING MONTH	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR
Groceries	(34)+ 6.4	(34)+ 0.3	(24)- 5.5	(23)- 9.7	(31)+ 0.7	(31)- 7.6	(31) 93.3	(28)+ 3.7	(26)- 0.4
Hardware	(14)- 0.1	(14)+ 5.0	(9)+ 3.0	(9)- 0.4	(14)+ 1.0	(14)+ 4.1	(14) 186.6	(12)+ 7.5	(12)+16.6
Dry Goods	(10)- 3.2	(10)+ 9.4	(8)- 0.3	(8)- 1.4	(10)- 1.0	(9)+ 5.7	(10) 309.4	(9)+ 4.8	(9)+ 5.1
Drugs	(14)+ 0.0	(14)- 3.5	(12)+ 0.4	(12)+ 1.4	(12)- 3.0	(12)- 2.9	(12) 130.6	(8)+ 3.8	(8)+ 0.6
Shoes	(8)+ 7.6	(8)+ 1.3	(6)- 3.4	(6)- 3.9	(7)+ 1.2	(7)+ 6.2	(7) 284.2	(6)- 3.4	(6)+ 0.1
Electrical Supplies	(40)- 0.1	(41)+26.6	(33)- 1.1	(34)+20.9	(40)+ 4.2	(40)+32.6	(41) 126.4	(31)+ 4.3	(29)+25.4

Figures in parentheses indicate number of firms included.

Department Store Trade—Sales by ninety-six department stores in the Seventh district gained 7.5 per cent in May over a month previous and totaled 1.8 per cent above a year ago. The larger cities and the total for sixty stores in smaller centers shared in the expansion over April, while in the yearly comparison, sales by Chicago stores totaled 2.5 per cent smaller and those by stores in the smaller cities 0.4 per cent less, while gains of 10.9 per cent in Detroit, of 4.1 per cent in Indianapolis, and of 1.5 per cent in Milwaukee effected the increase shown in the total. For the five

months of 1929, merchandise sold by Chicago stores has aggregated 1.2 per cent above the corresponding period of 1928, Detroit has gained 12.2 per cent, Indianapolis 2.0, Milwaukee 1.3, and the total for stores in smaller cities 0.4 per cent, bringing the total for all reporting stores to 3.8 per cent above the figure for the first five months of 1928. Stocks declined 1.8 per cent on May 31 from a month previous, and were 3.1 per cent heavier than on the corresponding date last year. The rate of stock turnover was the same as for May a year ago. Collections during the month in-

creased 3.3 per cent over the preceding month and 12.0 per cent over last May, while accounts receivable the end of the month were 3.2 and 9.8 per cent larger. Collections averaged 41.0 per cent of accounts outstanding on April 30, which compares with a ratio of 40.2 per cent a year ago.

Chain Store Trade—Aggregate sales of twenty chains operating 2,550 stores in May, increased 5.5 per cent over April and were 13.2 per cent heavier than for May last year, with the number of stores in operation gaining 1.5 and 15.9 per cent in the respective comparisons; average sales per store were 4.0 per cent larger than a month previous but declined 2.3 per cent from a year ago. In the comparison of May with April, drug, five-and-ten-cent, shoe, men's and women's clothing, and furniture chains recorded expansion in total sales, with grocery, cigar, and musical instrument chains showing a recession; as compared with May 1928, all groups except musical instruments had heavier aggregate sales.

Other Retail Trade—Increases of 17.5 and 6.9 per cent over April and last May, respectively, were shown in total May sales of twenty-four retail shoe dealers and the shoe sections of twenty-seven department stores; this is in contrast to declines recorded for April in both the monthly and yearly comparisons. Individually, about half the firms reported smaller sales this May than a year ago. The aggregate gain brought sales for the first five months of 1929 to 2.8 per cent in excess of the corresponding period of 1928. The change in stocks between April 30 and May 31 was very slight (—0.5 per cent), but inventories remain

heavier than last year. May collections totaled 15.5 per cent larger than a month previous and 3.0 per cent in excess of last May, while accounts receivable the end of the month gained 10.5 per cent in the month-to-month comparison and declined 1.7 per cent from May 31 last year. Accounts receivable were 60.0 per cent of May sales, compared with 62.0 per cent in April and 61.3 per cent a year ago.

Sales of furniture and house furnishings by twenty dealers and twenty-eight department stores continued to gain in May, expanding 5.4 per cent over the preceding month and totaling 6.9 per cent more than for May 1928. Installment sales by dealers were larger by 0.9 and 5.2 per cent in the respective comparisons, and collections on this type of sales increased 2.6 and 6.2 per cent. Total collections gained 8.6 per cent over April and 1.6 per cent over May last year, while accounts receivable the end of the month were 1.9 per cent above April 30 and 5.4 per cent larger than a year ago. A further reduction (4.4 per cent) in the monthly comparison was recorded in stocks of dealers and department stores, but they remain at a slightly higher level than in 1928.

Retail hardware trade in the five states including the Seventh district, expanded in May over April, gaining 3.7 per cent, but declined 3.4 per cent from a year ago, according to sales data from 104 dealers. In the month-to-month comparison, Illinois, Iowa, Michigan, and Wisconsin recorded gains, while Indiana dealers reported a recession; as compared with May last year, only Iowa and Wisconsin showed increases.

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 1923-24-25 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 1929	Apr. 1929	May 1928	Apr. 1928
Meat Packing—(U. S.)—					
Sales (in dollars)	59	119.3	113.6	107.7	103.8
Casting Foundries—					
Shipments:					
Steel—In dollars	15	109.4	111.7	86.4	79.0
In tons	15	119.2	119.9	87.8	81.0
Malleable—In dollars	17	94.9	89.6	71.6	68.4
In tons	15	135.8	132.5	100.0	97.4
Stoves and Furnaces—					
Shipments (in dollars)	12	104.9	109.3	105.5	91.2
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars)	83	229.5	264.3	186.2	184.4
Exports (in dollars)	56	255.2	247.9	188.3	201.8
Total Sales (in dollars)	83	234.0	261.7	186.6	187.2
Production	82	181.6	187.2	146.0	148.3
Furniture—					
Orders (in dollars)	27	114.9	100.9	101.9	77.9
Shipments (in dollars)	27	100.0	99.5	85.7	91.5
Electric Energy—					
Output of Plants (KWH)	8	154.7	155.6	139.3	137.3
Industrial Sales (KWH)	8	207.0	199.1	167.9	163.1
Flour—					
Production (in bbls.)	32	90.3	84.1	100.2	93.1
Output of Butter By Creameries—					
Production	74	162.8	114.2	145.2	104.0
Sales	74	130.5	100.5	120.1	94.4
Iron and Steel—					
Pig Iron Production ¹ :					
Illinois and Indiana		148.1	147.7	129.3	133.3
United States		128.0	124.3	107.9	108.1
Steel Ingot Production—(U. S.) ¹		146.5	142.5	116.9	129.2
Unfilled orders U. S. Steel Corp.		90.1	92.7	71.6	81.1
Freight Loadings—(U. S.)—					
Grain and Grain Products		86.0	78.9	89.1	87.5
Live Stock		80.4	81.2	82.4	80.1
Coal		95.1	86.8	92.9	84.6
Coke		107.7	100.2	87.8	85.0
Forest Products		100.1	97.4	97.3	90.1
Ore		192.5	79.2	125.5	27.7
Merchandise and Miscellaneous		117.6	115.4	114.8	109.5
Total		112.3	104.3	107.3	97.9
U. S. Primary Markets—²					
Grain Receipts:					
Oats		50.9	45.4	69.5	60.7
Corn		53.2	71.3	108.6	92.3
Wheat		53.9	49.5	74.2	53.6
Grain Shipments:					
Oats		43.6	43.8	74.7	63.4
Corn		72.9	78.8	107.8	91.8
Wheat		67.5	47.6	81.1	41.2
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	37	100.3	94.0	100.0	88.5
Hardware	15	107.5	107.6	101.9	86.7
Dry Goods	10	82.3	85.0	75.2	68.3
Drugs	12	103.5	102.1	107.7	97.0
Shoes	8	100.7	93.6	99.4	86.3
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	30	105.9	96.3	108.7	101.6
Detroit	4	175.6	168.3	156.9	148.3
Indianapolis	5	108.8	98.3	104.5	94.9
Milwaukee	5	119.7	109.1	117.9	104.6
Outside	53	104.0	99.4	104.5	96.7
Seventh District	97	119.3	110.8	116.9	108.6
Retail Trade—(U. S.)—					
Department Stores	527		104	108	102
Chain Stores:					
Grocery	34		232	213	202
Drug	13		186	164	155
Shoe	7		123	130	130
Five and Ten Cent	14		142	139	135
Candy	4		121	127	130
Apparel	5		220	221	195
Automobile Production—(U. S.)—					
Passenger cars		174.8	181.9	127.1	123.4
Trucks		245.0	233.2	141.3	128.0
Stamp Tax Collections—³					
Sales or Transfers of Capital Stock		339.9	282.8	300.7	192.3
Sales of Produce on Exchange—Futures ..		81.8	75.5	134.4	62.8
Building Construction—					
Contracts awarded (in dollars):					
Residential		206.5	180.6	193.9	183.1
Total		148.2	158.0	204.1	187.8
Permits:					
Chicago		Number 53.5	69.9	79.8	64.9
Cost		124.2	91.3	146.1	107.0
Indianapolis		Number 66.7	71.3	91.8	79.7
Cost		75.2	59.0	137.5	86.5
Des Moines		Number 69.6	69.1	66.5	80.4
Cost		58.0	53.1	42.8	40.6
Detroit		Number 99.1	104.3	100.7	90.0
Cost		85.9	88.5	87.4	83.3
Milwaukee		Number 134.5	109.6	125.2	84.9
Cost		137.7	128.7	116.4	111.8
Others (45)		Number 113.1	136.6	132.9	119.3
Cost		119.8	139.4	128.0	111.5
Fifty Cities		Number 103.8	110.5	114.3	96.2
Cost		113.3	102.3	126.2	101.8

¹Average daily production; ²Monthly average receipts 1923-24-25=100; ³First Illinois internal revenue district.

NATIONAL SUMMARY OF BUSINESS CONDITIONS.

PRODUCTION and distribution of commodities continued at a high rate in May. Wholesale commodity prices declined further during the month, but more recently showed some advance. Total loans and investments of member banks in leading cities have increased since the latter part of May.

PRODUCTION

Industrial production continued large in May and was accompanied by a further increase in the volume of factory employment and payrolls. Output of the iron and steel industry increased further, and shipments of iron ore during May were the largest for that month of any recent year; production of pig iron, steel ingots, and coke was at record levels and semi-finished and finished steel was produced in large volume. During the first half of June, steel operations remained close to capacity, although some decline from the high rate of May was reported.

Output of automobiles, which has been in unusually large volume since the beginning of the year, showed a slight reduction in May. Copper production at mines, smelters, and refineries decreased during May but continued large. Combined stocks of refined and blister copper at the end of May were the largest since 1927. Zinc, lead, petroleum, and bituminous coal were produced in larger volume than in April, while the output of anthracite coal declined. Output in the textile industries continued large in May, although there was a decline in activity at silk mills. Meat production, while larger than in April, increased less than is usual at this season.

Value of building contracts awarded declined in May, and was below last year's level, the decrease in comparison with 1928 being chiefly in residential building. During the first two weeks in June, contracts averaged 15 per cent less than in the same period of 1928.

The June 1 crop summary of the Department of Agriculture indicated an increase of 43 million bushels, or more than 7 per cent, in the crop of winter wheat. The condition of spring wheat, barley, and hay was reported to be better than a year ago.

DISTRIBUTION

The volume of freight shipments increased seasonally in May and continued substantially above the total of a year ago. Department store sales increased in May and were 2 per cent larger than in the same month of the preceding year.

PRICES

Wholesale prices continued in May the downward movement of the previous month, according to the index of the United States Bureau of Labor Statistics. The decline of the general level was chiefly the result of price declines in agricultural products and their manufactures, although prices of other products also declined slightly.

Prices of cotton and grains continued sharply downward in May, and there were marked declines in the prices of hogs, wool, and lambs. Prices of mineral and forest products and their manufactures averaged lower in May than in April, particularly those of copper, lead, and tin; petroleum and gasoline, and iron and steel advanced in price; while in lumber there was a slight decline.

Since the latter part of May prices of cattle and hides have advanced sharply and there have been increases in the prices of grains, hogs, and cotton.

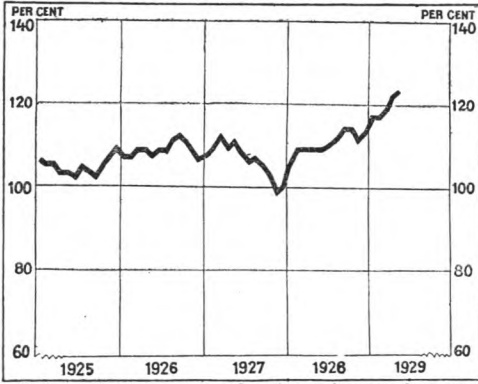
BANK CREDIT

Total loans and investments of member banks in leading cities, which were at a low point for the year in the latter part of May, increased considerably during the subsequent three weeks and on June 19 were about \$250,000,000 larger than a year ago. The recent increase reflected a large growth in the volume of loans on securities, which had declined during the preceding two months, and a further growth in loans chiefly for commercial and agricultural purposes. Investments declined during most of the period and on June 19 were at a level about \$450,000,000 below that of the middle of last year.

Volume of reserve bank credit outstanding, after increasing in the latter part of May, declined in June and, following the Treasury financial operations around the middle of the month, showed a small increase for the four weeks ending June 19. Discounts for member banks increased, while holdings of acceptances and United States securities showed a decline. There were some further additions to the country's stock of monetary gold.

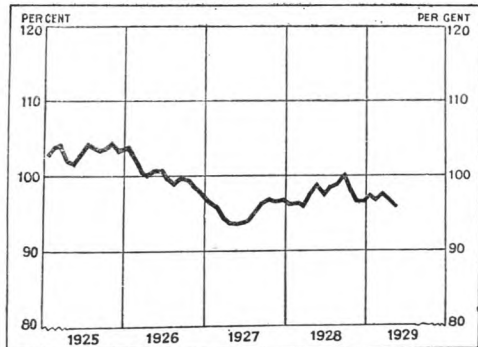
Open-market rates on collateral loans declined in June, while rates on prime commercial paper and 90-day bankers' acceptances remained unchanged.

INDUSTRIAL PRODUCTION



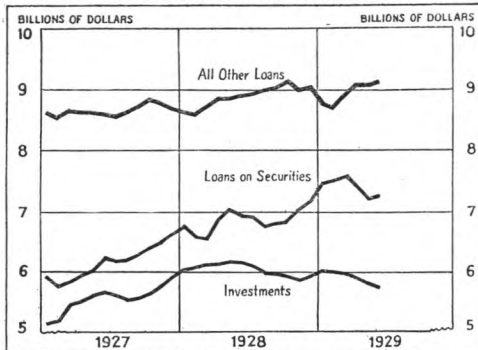
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, May, 1929: 123.

WHOLESALE PRICES



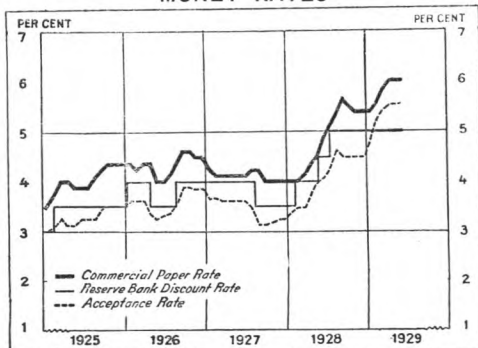
Index of U. S. Bureau of Labor Statistics (1926 = 100, base adopted by Bureau). Latest figure, May, 1929: 95.8.

MEMBER BANK CREDIT



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures, averages of first three weeks in June, 1929: All Other Loans, 9,133 million; Investments, 5,758 million; Loans on Securities, 7,262 million.

MONEY RATES



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper, and acceptance rate on 90-day bankers' acceptances. Latest figures, averages of first 22 days in June, 1929: Commercial Paper Rate, 6.00 per cent; Acceptance Rate, 5.50 per cent; N. Y. Reserve Bank Discount Rate, 5.00 per cent.