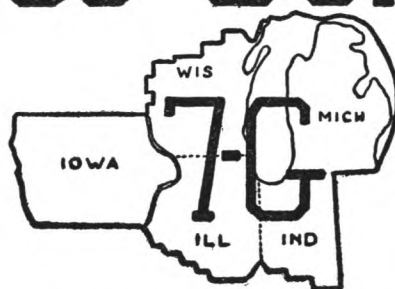


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 12, No. 9

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

September 1, 1929

SEASONAL influences have been largely responsible for recent recessions recorded in Seventh district industry and trade, and activity generally continues at a higher level than a year ago. Among the mid-summer declines, may be noted those in the automobile and agricultural machinery industries, malleable foundry operations, in butter and cheese production, and in wholesale and retail trade. The iron and steel industry has failed to experience any noticeable slowing-down. Furniture shipments fell off in July, but orders booked increased seasonally. Contrary to the usual trend, production at slaughtering establishments and at shoe factories gained. As compared with 1928, the automobile and iron and steel industries are maintaining a higher level of activity, and wholesale and retail trade are larger. Shipments by furniture factories are ahead of a year ago, and output of agricultural machinery continues heavier. Sales and production of butter and those at meat packing plants gained in the comparison. Although July output of coal increased over a month and a year previous, conditions in this industry show no marked improvement. Flour mills of the district are operating at a lower level than a year ago, though production increased in July, and the same is true of the leather industry.

Building construction, as reflected in contracts awarded in the district, fell off further in July, total awards and those for residential building declining in both the monthly and the yearly comparison. Residential building so far this year totals 21.1 per cent under the same period last year and all building is 10.5 per cent lower. Permit figures, however, moved upward in July, though aggregating much less than a year ago at this time; excluding the city of Chicago, where contemplated construction was not half the volume of July 1928, permits gained in the comparison.

Corn has progressed well in some sections of the district, though deterioration of the crop has taken place in others because of insufficient rainfall. Small grain is being threshed rapidly. August 1 forecasts show the 1929 corn crop larger than estimated a month ago, and oats, winter wheat, barley, rye, and hay less, but the trend remains the same, with corn, oats, and barley smaller than in 1928, and winter wheat, rye, and hay larger. The potato crop is also less. In fruits, the supply of grapes, pears, and apples will be smaller this year and that of peaches greater. The marketing of wheat was very large in July, and trading in grain futures on the Chicago Board of Trade totaled

unusually heavy. In contrast to the usual seasonal tendency, the marketing of live stock increased over June. Cattle on feed the beginning of August exceeded the number a year ago.

A good demand for credit prevailed during July in many cities of the district, with some increases in rates recorded. Loans of the Federal Reserve to member banks and those of the latter to customers were in greater volume the middle of August than a month previous. Commercial paper sales, transactions in bankers' acceptances, operations in the open bill market, and volume of payment by check increased in July over June, but savings deposits declined; as compared with a year ago, all except commercial paper sales showed gains.

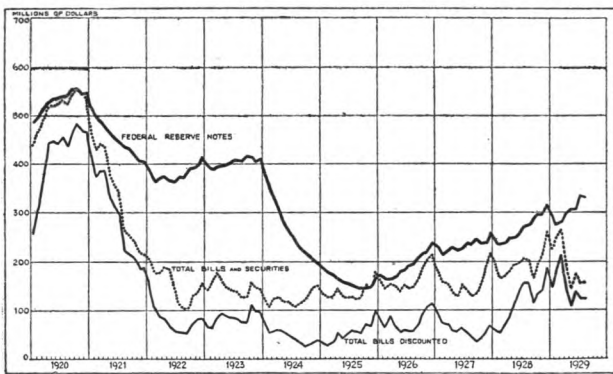
CREDIT CONDITIONS AND MONEY RATES

A well sustained demand for funds is reported in many banking centers of the district, accompanied in some cities by a rise in rates of from one-half to one per cent. Commercial loans as well as those on securities are in greater volume in the district as a whole than a month ago. Rates in Chicago are quoted at 6 to 7 per cent for over-the-counter accommodations and 6½ to 7 per cent on collateral; commercial loans have shown considerable expansion the past month, as is true likewise of security loans, although the latter decreased in volume about the middle of August. The average rate earned on loans and discounts by six large banks in Chicago during the calendar month of July was 6.29 per cent, compared with 6.22 in June and 5.46 per cent in July 1928. The prevailing rate in Detroit on customers' commercial loans during the week ending August 15 was 6 per cent.

On August 21 the volume of bills and securities held by the Federal Reserve Bank of Chicago totaled \$159,381,000, as compared with \$135,539,000 on July 24 and \$196,115,000 on August 22, 1928. Loans to member banks displayed an upward trend during the three weeks following July 24, aggregating \$126,340,000 on August 14 against \$101,920,000 on the former date; on August 21, however, they declined to \$121,926,000. This item amounted to \$150,134,000 on the corresponding date in 1928. The total of United States government securities on August 21 increased about two million over a month previous, aggregating \$25,973,000. Federal Reserve notes in circulation on this date amounted to \$330,416,000, showing a decline from the \$334,425,000 reported July 24 and comparing with \$278,177,000 on August 22 last year.

Compiled August 27, 1929

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Monthly averages of weekly figures. Latest figures, averages of first three weekly report dates in August, 1929, in thousands of dollars: Federal Reserve Notes, 330,880; Total Bills and Securities, 153,349; Total Bills Discounted, 122,221.

Reflecting the active demand for credit prevalent in the Seventh district, loans and discounts of reporting member banks on August 14 aggregated \$2,694,242,000, representing a rise of about seventy-five million since the middle of July and of more than one hundred million since the first reporting date in that month, July 3, when \$2,585,366,000 was reported. While the bulk of this expansion is attributable to increased security and commercial loans in Chicago, Detroit and other selected cities are also factors in the rising trend. Investment holdings of reporting member banks are lower than at the middle of July, \$683,727,000 on August 14 comparing with \$691,114,000 July 17. Demand deposits have moved upward in recent weeks, although a decrease from August 7 was shown August 14 when \$1,915,391,000 was reported as against \$1,937,333,000 on the first named date; on July 17 the aggregate had been \$1,876,534,000. Time deposits of \$1,261,081,000 on August 14 marked a gain of nearly thirty million over the preceding week and compared with \$1,228,115,000 July 17.

Commercial paper sales in the Middle West increased 43.6 per cent in July over the preceding month and decreased 9.3 per cent from a year ago, according to a compilation for nine reporting dealers. Individually, however, four dealers experienced an expansion over 1928 and two concerns showed a recession in volume from June. Supplies were better than a month previous and averaged fair to good; demand improved also and ranged between steady and strong. The sales of four Chicago dealers aggregated less during the first half of August than in the corresponding weeks of the preceding month, with a recession in the supply of paper as well as in demand. July selling rates were 6 per cent for low and generally 6 1/4 per cent for high, although a little paper moved at 6 1/2 per cent; the customary charge ranged between 6 and 6 1/4 per cent. Quotations opened on August 15 at 6 per cent for low and 6 to 6 1/2 per cent for high, and averaged about 6 to 6 1/4 per cent. The July 31 outstandings of five dealers were 4.8 per cent greater than at the close of the preceding month and 17.3 per cent smaller than last year; outstandings of twenty-three firms in the United States aggregated \$265,000,000 compared with \$274,000,000 on June 29.

The operations of five dealers in the Chicago open bill market averaged on a weekly basis 12.6 per cent heavier in quantity of purchases and 37.2 per cent smaller in volume of sales from July 18 to August 14 than in the preceding period, and expanded 277.7 and 181.0 per cent, respectively, over a year ago. Receipts from other offices declined 77.8

per cent in the comparison with those of June 13 to July 17, but were 49.0 per cent larger than last year; shipments to other offices increased 43.8 per cent over the preceding month and 329.8 per cent over those of corresponding period of 1928. Dealers reported a fair to very good supply of bills, with demand rather light. Preference centered on 90- and 60-day maturities. Acceptances covered grain, packing-house products, machinery, cotton, coffee, merchandise, artificial silk, electrical refrigerators, lumber, furs, steel, wood pulp, coal, raw silk, precious stones, logs, and woolen goods. Rates changed little from July 17 and closed on August 14 at 5 1/8 per cent for 30- to 90-day paper to 5 3/8 and 5 1/4 for maturities of 120 to 180 days. August 14 holdings exceeded those of the preceding month by 27.4 per cent and were 53.0 per cent above a year ago.

July transactions in bankers' acceptances of the fourteen reporting banks in the Seventh Federal Reserve district totaled in excess of the preceding month and were much heavier than in the corresponding period of 1928. The volume of bills accepted by these banks increased 88.8 and 208.4 per cent in the respective comparisons, and sales expanded 49.4 and 376.3 per cent, while purchases aggregated 13.9 per cent larger than in June. Individually, however, four of the banks recorded a decline in acceptances and a majority of banks reporting purchases showed a recession in this item from the preceding month. Acceptances reported for the first half of August by three Chicago banks were 9.6 per cent smaller than for the corresponding weeks of July; bills were drawn for grain, packing-house products, coffee, copper, cotton, machinery, furs, iron, tea, phonographs and pianos, coal, silk, nuts, and a large list of miscellaneous commodities. Holdings gained 24.8 per cent on July 31 over the preceding period and were 181.3 per cent above last year; portfolios contained 33.5 per cent fewer of the originating banks' own acceptances than a month previous. Liability for outstandings was 32.7 per cent greater than on June 29 and 75.9 per cent above a year ago. July purchases of the Federal Reserve Bank of Chicago totaled \$14,132,581 in contrast to only \$10,782,955 in June, and the bank had \$9,481,906 of this class of bills on hand at the end of the month.

Volume of Payment by Check—A considerably expanded volume of payment by check in July, as compared with June and with July a year ago, was shown by the aggregate of debits to individual accounts reported by thirty-eight clearing house cities in the district. A rise of 8.8 per cent took place in July as compared with the preceding month, and of 22.2 per cent over July 1928. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, increased their total 9.6 and 23.8 per cent, respectively, in the two comparisons. Thirty-four smaller reporting centers showed a gain of 4.5 per cent over the month of June and one of 13.3 per cent over July a year ago. The city of Chicago reported increases of 11.2 and 26.7 per cent over June and over July 1928. The dollar amounts representing volume of payment by check are shown in the table below:

	(000 omitted) JULY, 1929	JUNE, 1929	JULY, 1928
Chicago	\$4,944,770	\$4,445,223	\$3,902,532
Detroit, Milwaukee, and Indianapolis	1,834,645	1,740,081	1,573,418
Total four larger cities.....	\$6,779,415	\$6,185,304	\$5,475,950
34 smaller centers.....	1,134,421	1,085,140	1,001,454
Total 38 centers.....	\$7,913,836	\$7,270,444	\$6,477,404

Savings Deposits—The volume of regular savings deposits in the Seventh Federal Reserve district totaled 1.8 per cent smaller on August 1 than a month previous,

and was accompanied by a decrease of 0.3 per cent in the number of depositors and of 1.5 per cent in average accounts, according to a compilation for 198 banks. Gains of 2.7 per cent and 1.0 per cent in number of accounts and aggregate deposits, respectively, were recorded over a year ago, but average accounts showed a decline of 1.7 per cent. Slight increases over July 1 in the number of accounts in both Iowa and Wisconsin were the only exceptions in which the individual states failed to follow the general trend of the district. All states showed a decline from the figures of a year ago in average accounts. Individually, almost three-fourths of the banks reported

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Prospects for corn continued to show marked improvement in the Seventh district until late in July, but the crop suffered deterioration after the first week in August, throughout a rather wide area, because of prevailing dry weather until late in the month. Good progress was reported in the sections receiving local rainfall. A large part of the crop ranged between the milk and dent stage by August 20, while a portion of it had just started to tassel. Threshing of small grain advanced rapidly and some fall plowing has been done. The United States Bureau of Agricultural Economics reports a larger number of cattle on feed on August 1 in the five states including the Seventh district than a year ago.

CROP PRODUCTION

Estimated by the U. S. Bureau of Agricultural Economics as of August 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av. 1923-27
	FORECAST 1929	FINAL 1928	FORECAST 1929	FINAL 1928	
Corn	923,206	1,017,882	2,740,514	2,835,678	2,746,740
Oats	506,496	624,072	1,202,895	1,448,677	1,345,081
Winter wheat	58,342	36,411	568,233	578,133	549,257
Spring wheat	4,724	6,582	205,652	324,058	260,411
Barley	63,863(a)	84,181(a)	304,381	356,667	208,783
Rye	8,965(a)	7,264(a)	41,028	41,676	54,793
Buckwheat	1,510(a)	1,514(a)	13,487	13,148	13,949
Flaxseed	219(f)	320(f)	17,979	18,690	23,243
Potatoes (white)	59,641	76,982	372,812	464,483	382,756
Potatoes (sweet)	1,549(b)	1,581(b)	80,117	77,661	78,045
Onions	5,213(a)	4,375(a)	18,563	12,383
Domest. cabbage*	125(g)	103(g)	831(h)	715(h)
Canning crops					
Green peas**	262,405(e)	242,063(e)	411,420	386,245
Sweet corn**	343(a)	296(a)	697	536
Tomatoes*	264(d)	193(d)	1,272	965
Snap beans**	17(g)	15(g)	84	65
Apples					
(total crop)	17,885(a)	19,970(a)	149,140	185,743	183,452
Peaches	4,593(d)	3,449(d)	45,362	68,374	52,224
Pears	1,496(d)	1,694(d)	19,762	24,012	20,211
Grapes*	89(a)	91(a)	2,061	2,671	2,250
Dry Beans	6,691(c)	5,972(c)	17,626	16,621	17,058
Tobacco**	47,437	49,005	1,519,383	1,378,139	1,330,576
All tame hay**	21,806	16,781	97,421	92,983	92,810

*In thousands of tons. **In thousands of pounds.

(a) Five states including the Seventh district. (b) Indiana, Illinois, Iowa. (c) Michigan and Wisconsin. (d) Indiana, Illinois, Michigan, and Iowa. (e) Indiana, Illinois, Michigan, and Wisconsin. (f) Wisconsin and Iowa. (g) Indiana, Michigan, and Wisconsin. (h) Five groups, viz., fall, early, second early, intermediate, and late states.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in July, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JUNE 1929	JULY 1928	
Production (bbls.)	+ 3.1	- 5.2	29
Stocks of flour at end of month (bbls.)	-13.1	- 2.9	27
Stocks of wheat at end of month (bu.)	+95.6	+27.9	27
Sales (volume)	+29.3	-77.7	12
Sales (value)	+37.0	-75.4	12

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

Movement of Live Stock—The marketing of live stock at public stock yards in the United States increased in July over the preceding month and a year ago. Hog and lamb receipts exceeded the 1924-28 July average; those of cattle and calves declined.

a decrease in deposits from July 1, while as compared with August 1, 1928, 119 of the banks registered a gain.

Bonds—Little change took place in the bond market during July, the situation remaining about the same as during recent months, with a small volume of trading, resistance to price increases, and general dullness still prevalent. New bond offerings for the period were below those of June and a year ago. Prices fluctuated little during July, although in the latter part of the month and the first of August, the level in state and municipal issues sank to approximately the lowest point of the year. The active demand for convertible issues continues.

LIVE STOCK SLAUGHTER

Yards in Seventh District, July, 1929	LIVE STOCK			
	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Federally Inspected Slaughter, U. S.				
July, 1929	706,084	3,596,780	1,254,810	362,623
June, 1929	636,278	3,755,620	1,107,785	344,306
July, 1928	662,331	2,984,203	1,076,307	361,564

The movement of cattle, lambs, and sheep to feed lots was greater than in June; shipments of feeder cattle decreased and those of lambs, sheep, and calves increased in the comparison with the five-year average for July.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	AUG. 17, 1929	JULY 1929	JUNE 1929	JULY 1928
Native Beef Steers (average)	\$14.85	\$14.85	\$14.20	\$15.00
Fat Cows and Heifers	10.00	10.50	10.90	10.00
Calves	16.00	15.25	13.70	14.85
Hogs (bulk of sales)	10.90	11.30	10.75	10.70
Yearling Sheep	9.75	11.50	11.50	12.60
Lambs	13.10	14.45	15.25	15.60

Meat Packing—July production at slaughtering establishments in the United States exceeded that of the preceding month and was much heavier than a year ago. Payrolls for the last week of the period increased 1.1 per cent in number of employes, 1.7 per cent in hours worked, and 0.1 per cent in total earnings over corresponding figures for June. A moderately good inquiry was experienced in domestic markets for dry salt pork, smoked picnics, and sausage; trade was active for boiled ham and quiet for lard, bacon, veal, beef cows, and beef chucks. Demand for lambs and for steer beef averaged fair during the first two weeks but tended to drag after mid-month. The value of sales billed to domestic and foreign customers by fifty-five meat packing companies in the United States totaled 0.7 per cent greater than in June and 7.5 per cent in excess of last July. Domestic demand showed some recession at the beginning of August from a month previous but averaged fair. Inventories of packing-house products in the United States totaled slightly less on August 1 than on July 1, although they were above last year and the 1924-28 average for the date. Holdings of lard and dry salt meats increased over the preceding period, those of lard and frozen pork decreased in the comparison with last August, while stocks of dry salt pork declined from the five-year average. Chicago prices for the majority of packing-house products averaged a little higher than in June, although mutton, fresh skinned hams, fresh picnics, and a few grades of beef were lower. Quotations for pork, veal, lamb, and mutton trended downward at the close of the month. Shipments for export were somewhat less than in June; some companies experienced an increase. A majority of the reporting firms found the foreign demand for lard and meats rather quiet, though

somewhat better than in the preceding month; it was fairly good at times. Prices in European markets continued under Chicago parity but were nearer the domestic basis than in June.

Dairy Products—Butter manufacturing in the Seventh Federal Reserve district showed a seasonal recession of 8.9 per cent in July from the preceding month but exceeded that of a year ago by 3.6 per cent, according to a compilation for sixty-six reporting creameries. Weekly statistics of the American Association of Creamery Butter Manufacturers indicate that United States production was about on a level with 1928, but less than in June. Sixty-eight companies in the Seventh district billed a 6.0 per cent smaller tonnage of creamery butter to customers during July than a month previous, the volume being 2.7 per cent greater than last year. Inventories of dairy prod-

ucts in the United States expanded as usual on August 1 over the beginning of July, with stocks of butter and cheese larger and with holdings of eggs smaller than last year and the 1924-28 average for the month. Receipts of American cheese at Wisconsin markets from factories within that state decreased 9.2 per cent during the four weeks ended July 27 from the preceding period and were 8.1 per cent under a year ago; distribution from these primary centers gained 5.8 and 7.6 per cent in the respective comparisons. Smaller quantities of butter and eggs and larger tonnages of cheese were received in Chicago during the month than in June; receipts of cheese and eggs decreased from last year, while those of butter increased. Chicago quotations for eggs advanced and prices of butter and cheese declined somewhat in July as compared with the preceding month.

INDUSTRIAL EMPLOYMENT CONDITIONS

Manufacturing plants of the Seventh Federal Reserve district report a decline of 0.2 per cent in employment during the period June 15 to July 15, with a reduction of 5.0 per cent in the amount of payrolls. The heavier payroll decline was mainly the result of lay-offs incident to vacations and the taking of inventories. Figures for the corresponding period a year ago show losses of 0.6 and 6.1 per cent, respectively, in employment and amount of pay. In the metals and metal products group, a decline of 2.0 per cent took place in the number of men employed and of 5.9 per cent in payroll amounts, as against curtailments of 4.1 and 8.9 per cent, respectively, a year ago. The vehicles group, reflecting largely the trend within the automobile industry, reduced employment 3.8 and payrolls 7.4 per cent, continuing the downward movement that began last April. Last year this group showed a steady increase in the volume of employment, although payroll amounts declined 7.4 per cent during July—similar to the loss reported this year. Groups including the

building materials also continued the downward trend of previous months, with the losses generally heavier than a year ago. Only one group, that of food products, showed a gain in payrolls as well as in number of workers; here the gains were mostly of a seasonal nature, as in canning and preserving, and in the manufacture of beverages, ice, and ice cream. Flour and cereals, dairy products, and confectionery showed declines. Groups with increased employment but a curtailment in payrolls, were the chemicals, leather products, and paper and printing.

Reports on employment other than at manufacturing plants reflect a slight increase in the demand for labor, especially for road work and in the coal mines. The ratio of the number of applicants for positions available at the free employment offices showed practically no change during July, registering 113 per cent for Indiana and 231 for Iowa, as compared with 113 and 232 per cent, respectively, a month previous.

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
	JULY 15 1929	JUNE 15 1929		JULY 15 1929	JUNE 15 1929	
All groups (10).....	351,919	352,774	— 0.2	\$9,770,820	\$10,287,218	— 5.0
Metals and metal products (other than vehicles).....	136,007	138,846	— 2.0	4,110,576	4,366,878	— 5.9
Vehicles.....	40,822	42,432	— 3.8	1,175,517	1,269,058	— 7.4
Textiles and textile products.....	25,482	25,881	— 1.5	583,967	632,823	— 7.7
Food and related products.....	47,416	43,818	+ 8.2	1,232,570	1,177,548	+ 4.7
Stone, clay, and glass products.....	14,041	14,291	— 1.7	389,555	423,360	— 8.0
Lumber and its products.....	27,401	27,634	— 0.8	630,550	685,533	— 8.0
Chemical products.....	10,956	10,929	+ 0.2	283,257	287,599	— 1.5
Leather products.....	15,805	15,357	+ 2.9	341,758	343,143	— 0.4
Rubber products.....	3,971	4,067	— 2.4	81,842	94,730	—13.6
Paper and printing.....	30,018	29,519	+ 1.7	941,228	1,006,546	— 6.5

COAL

Both the domestic and industrial coal markets of the Chicago district remained quiet through June and July, although greater activity was apparent just previous to price advances on August 1 for domestic sizes. Screenings prices have been steady in recent weeks. July output of coal from Illinois mines totaled 3,744,513 tons, increasing over the 3,318,758 tons produced in June and over production last July of 3,136,914 tons. The number of mines in operation during the month averaged 141, employing 41,475 men for 13.7 days, which compares with 143 mines, 40,904 men, and 12.8 days for June.

United States output of bituminous coal in July, estimated as 40,635,000 tons, compared with 38,073,000 tons in the preceding month and 36,276,000 tons for July 1929; the amount was also greater than in the corresponding month of 1927 but below the 1926 volume. Stocks of bituminous coal in the hands of commercial consumers on July 1 were smaller than since the fall of 1922, totaling only 33,100,000 tons, or 3,800,000 tons below the amount on hand the first of April and comparing with 41,700,000 tons a year ago. Bituminous coal loaded at Lake Erie ports during July for distribution to other lake ports ex-

ceeded the volume of July last year and of 1927; for the season to the end of July the tonnage was considerably

heavier than in 1928 but only slightly above the first seven months of 1927.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—The number of passenger cars produced in the United States during July (426,159) declined 5.8 per cent from the preceding month but was 25.9 per cent greater than for the corresponding month a year ago. Truck production of 73,118 fell off 20.0 per cent and gained 37.2 per cent in the respective comparisons.

A further recession was shown in retail sales of new cars in July, but the volume sold remained above the level of a year ago. Wholesale distribution in the Middle West totaled smaller than in the preceding month or July 1928; the bringing out of new models by certain of the manufacturers effected an increase in aggregate value over June, but almost two-thirds of the firms reported declines in the comparison. Used car sales were less than in June and gained over a year ago. Stocks of both new and used cars continued to decline, but remained heavier than on the corresponding date of 1928. Of total retail sales by forty dealers, 56.1 per cent were made on the deferred payment plan, compared with 51.2 per cent a month previous and 49.2 per cent for twenty-two dealers last July.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in July, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1929	JULY 1928	JUNE 1929	JULY 1928
New cars				
Wholesale—				
Number sold	- 3.6	-26.3	36	24
Value	+ 6.7	-26.7	36	24
Retail—				
Number sold	- 9.3	+24.4	64	40
Value	- 9.3	+ 7.8	64	40
On hand July 31—				
Number	-14.6	+42.2	65	41
Value	-20.0	+51.0	65	41
Used cars				
Number sold	- 6.9	+30.6	63	39
Saleable on hand—				
Number	- 2.1	+47.3	63	39
Value	-10.0	+15.9	63	39

Agricultural Machinery and Equipment—A decline of 9.4 per cent in the sales of agricultural machinery and equipment billed to domestic and foreign customers was recorded in July from June, the recessions in the three major groups averaging 6.8 per cent in tractors, threshers, and combination harvester-threshers, 11.6 per cent in light machinery, and 14.0 per cent in barn equipment, according to a compilation for seventy reporting manufacturers in the United States.

Sales of light machinery expanded 9.1 per cent over a year ago, those of barn equipment gained 13.5 per cent, and the volume of business in the heavy machinery line increased 17.5 per cent.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in July, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JUNE 1929	JULY 1928	
Domestic sales billed.....	- 8.4	+ 9.4	70
Sales billed for export.....	-13.3	+32.7	39
Total sales billed.....	- 9.4	+13.2	70
Production	- 6.5	+ 9.6	69

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

Iron and Steel Products—The aggregate of orders received during July by Chicago district steel mills exceeded the June volume, with shipments and specifications slightly heavier and about equal to each other so that production continued at the capacity rate of previous months. Conditions remain considerably more active than in the same season of other years. Pig iron production in the Illinois and Indiana district did not attain the June rate, but was

heavier than in July of previous years, a daily average of 24,912 tons comparing with 23,702 in June and 20,547 last July. Pig iron output for the United States averaged 122,100 tons daily in July, as against 123,908 tons in the preceding month and 99,091 tons a year ago, while steel ingot production of 186,080 tons daily compared with 195,255 and 152,224 tons, respectively, a month previous and last July. Heavy shipments in July reduced the unfilled tonnage of the United States Steel Corporation from 4,256,910 tons on June 29 to 4,088,177 tons July 31; unfilled orders on hand the same date in 1928 aggregated 3,570,927 tons.

The price situation at Chicago remains fairly steady, plates, shapes, and bars showing no change but with sheet and wire products prices somewhat weaker. Foundry pig iron continues steady at \$20 per ton. Scrap iron and steel prices have strengthened in recent weeks.

Shoe Manufacturing, Tanning, and Hides—Preliminary statistics of the United States Department of Commerce, contrary to the customary trend at this season, show a gain of 4.7 per cent during July over the preceding month in shoe production of the Seventh Federal Reserve district. The tanning of leather in the district increased over June but aggregated less than a year ago; sales declined in both comparisons. Individually, however, half of the firms reporting to this bank experienced an expansion in production and sales over the corresponding month of 1928. Prices continued firm with a number of tannages higher than in June. Chicago trading in packer green hides increased, while the marketing of calf and kip skins decreased in July as compared with a month previous. Shipments from the city and purchases by district tanneries were reported as smaller in volume than in June. Quotations for packer green hides and kip skins strengthened at Chicago during July over the preceding month; prices of country offerings and of calf skins eased.

Furniture—The usual seasonal gain in orders was recorded during July; the aggregate volume of new business booked by twenty-seven furniture manufacturers in the Seventh district increased 30.2 per cent over June, with nine firms reporting declines in the comparison. The volume totaled 3.5 per cent below last July, although the majority of companies recorded gains. Shipments were 4.3 per cent less in the monthly comparison but showed an increase of 20.5 per cent over a year ago. Unfilled orders on hand July 31 aggregated 31.8 per cent over the amount held June 29, and 8.2 per cent over the corresponding date of 1928. An average rate of operations for nineteen firms in July of 77.6 per cent of capacity compared with 81.3 per cent a month previous; in the comparison with July 1928, however, the average increased.

Raw Wool and Finished Woolens—The raw wool market displayed increased activity during July. Sales were in good volume and prices remained fairly steady at the low levels. In the comparison with June, sales showed a marked improvement, and they were also above a year ago. A report from the Bureau of the Census shows that stocks of wool in dealers' hands June 30 were much higher than on March 31 and only slightly below the corresponding period of 1928. Stocks held by manufacturers were lighter than on March 31 or a year ago. Manufacturers of finished goods in the Seventh district reported slight increases in production for July, with sales remaining prac-

tically the same as in June. Some activity in the latter part of the month was centered around the formal openings of 1930 spring staples by the American Woolen Company.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Reports from twenty-two wholesale dealers and manufacturers of lumber in the Seventh Federal Reserve district show a decline in July from June of 0.3 per cent in dollar sales, with a reduction of 3.7 per cent in the corresponding board foot volume. Sales in dollars totaled 7.2 per cent larger than for July a year ago, but in board foot measure were 4.5 per cent smaller. Outstanding accounts declined 2.5 per cent during the month and were 3.3 per cent lower in the yearly comparison. The ratio of accounts receivable to sales dropped to 132 per cent from 137 at the close of June and compared with 143 a year ago. Stocks on July 31 were approximately the same as a month previous but somewhat smaller than last year on that date. Prices showed a firming tendency.

Sales in dollar units, as reported by 278 retail yards, aggregated 7.5 per cent less than in June and 16.0 per cent above the July 1928 figure. Outstanding accounts showed an increase of 4.5 per cent in the monthly and of 9.5 per cent in the yearly comparison. The ratio of the accounts to sales averaged 277 per cent at the close of July, as compared with 251 and 302 per cent, respectively, a month and a year earlier. Stocks were reported as showing little change. Receipts of lumber at Chicago were 1.1 per cent less than in June and 2.6 per cent below those of a year ago. Shipments out of the city fell off 6.8 per

Prices quoted showed reductions from Fall 1929 ranging from 3 to 14 cents a yard, and from 4 to 16 cents a yard in the comparison with Spring 1929.

cent in the monthly but gained 4.7 per cent in the yearly comparison.

Building Construction—Contracts awarded in the Seventh district during July totaled \$106,373,740, or 21.1 per cent less than in June and 24.4 per cent below the figure recorded for July 1928. This brings contracts awarded for the year to date to \$745,409,795, a total 10.5 per cent less than the corresponding valuation a year ago. Awards for residential construction alone showed declines of 37.6 and 29.4 per cent, respectively, in the monthly and yearly comparison, with a cumulative loss for the first seven months of the year amounting to 21.1 per cent. Permit figures showed an upward trend during July in estimated cost, 104 cities reporting an increase over June of 11.0 per cent, while for fifty of these cities included in our index on permits the gain was 6.4 per cent. In the comparison with July 1928, a heavy decline was recorded, amounting to 24.3 per cent for the fifty cities of the index and to 18.7 per cent for all reporting cities. The loss shown in the yearly comparison reflected the decline in Chicago where a total valuation of \$14,151,000 for July was less than one-half that of a year ago. Excluding Chicago, 103 cities registered a gain of 14.1 per cent in the monthly and of 3.7 per cent in the yearly comparison.

MERCHANDISING CONDITIONS

Wholesale Trade—Declines were shown in July from June in all reporting lines of wholesale trade except drugs; the recessions in the grocery and hardware groups, however, were slight, and the majority of grocery and dry goods firms recorded gains in the comparison. Only dry goods and shoes recorded declines from July last year, with the majority of dry goods firms in this comparison also reporting increases and half the shoe firms. For the first seven months of 1929, sales in all lines except shoes

gained over the corresponding period of 1928, the increases being as follows: groceries, 2.3 per cent; hardware, 7.8 per cent; dry goods, 7.4 per cent; drugs, 2.3 per cent; and electrical supplies, 21.6 per cent. The decline in shoes averaged 0.6 per cent. Prices in drugs, dry goods, and shoes remained steady during July, those in the grocery line were firm to upward, while the trend in hardware and electrical supplies was steady to downward.

WHOLESALE TRADE DURING THE MONTH OF JULY, 1929

	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	(34) - 0.3	(35) + 9.4	(24) - 3.4	(23) - 12.6	(31) - 2.5	(32) - 5.8	(32) 91.4	(28) + 2.5	(27) + 10.1
Hardware	(14) - 1.3	(14) + 15.7	(10) - 2.5	(10) + 6.8	(14) - 2.6	(14) + 7.6	(14) 196.4	(10) + 4.0	(11) + 7.2
Dry Goods	(10) - 6.2	(10) - 2.0	(8) + 12.6	(8) + 3.2	(10) - 1.5	(10) + 1.3	(10) 319.2	(9) - 3.3	(9) + 10.6
Drugs	(15) + 5.1	(15) + 6.7	(12) + 4.6	(12) + 0.1	(13) + 0.5	(13) + 0.4	(13) 137.2	(8) - 1.0	(8) + 4.2
Shoes	(8) - 23.3	(8) - 7.2	(6) + 12.3	(6) + 2.1	(7) - 3.6	(7) + 4.5	(7) 364.5	(6) - 21.4	(6) - 10.6
Electrical Supplies	(39) - 3.4	(39) + 18.4	(32) - 0.2	(32) + 26.8	(39) - 0.6	(39) + 26.8	(39) 137.8	(28) - 2.7	(27) + 20.3

Figures in parentheses indicate number of firms included.

Department Store Trade—July sales of 115 department stores in the Seventh district declined seasonally 22.3 per cent from the June aggregate, though showing an increase of 0.8 per cent over a year ago. Gains of 5.7, 3.2, and 2.6 per cent in the latter comparison for Detroit, Indianapolis, and Milwaukee stores, respectively, were largely counteracted by a decline of 0.9 per cent recorded in the Chicago total and of 3.2 per cent in that for sixty-three stores in smaller centers. In the first seven months of 1929, department store trade in the district has averaged 3.8 per cent above the same period of 1928, sales in the larger cities effecting the increase shown, as the total for the smaller centers was slightly less than a year ago. A decline of

1.3 per cent had taken place in stocks on hand between the end of June and July 31, but the volume was 3.7 per cent above the corresponding date last year. For the year so far, stock turnover has averaged 2.17 times against 2.16 for the same period of 1928; the rate for the month of July was .26, or the same as a year ago. July collections totaled 5.6 per cent less than a month previous, though increasing 14.0 per cent over last July, while accounts receivable the end of the month declined 9.4 and gained 9.2 per cent in the respective monthly and yearly comparisons. Collections averaged 38.6 per cent of accounts receivable the end of June, compared with 37.8 per cent for the same period a year ago.

Chain Store Trade—The number of stores operated by twenty-two chains continued to gain in July, increasing 0.3 per cent over June, but aggregate sales fell off 4.0 per cent and average sales per store were 4.3 per cent less. The 2,674 units operated during July represented an expansion of 15.3 per cent over the corresponding month of 1928, while total sales were 14.4 per cent larger and average sales per store 0.7 per cent smaller. Cigar, grocery, and drug chains were the only groups to record gains in sales over the preceding month, with five-and-ten-cent, shoe, musical instrument, furniture, and men's and women's clothing chains showing declines; in the comparison with a year ago, the grocery, drug, five-and-ten-cent, cigar, furniture, and women's clothing groups had larger aggregate sales.

Other Retail Trade—A seasonal decline of 27.9 per cent from June took place in aggregate July sales of twenty-six retail shoe dealers and the shoe sections of twenty-two department stores in the district; the volume sold totaled 4.4 per cent more, however, than for the corresponding month last year. The majority of department stores recorded declines in the latter comparison. Sales for the seven months of 1929 have aggregated 5.6 per cent greater than for the same period of 1928. A reduction of 9.8 per cent was shown in stocks on July 31 from a month previous, but the volume held was 0.6 per cent heavier than a year ago. Dealers reported July collections as 1.8 per cent larger than for June and 8.9 per cent above last year, while accounts receivable the end of the month fell off 5.0 per cent in the month-to-month comparison and increased 7.4 per cent over July 31, 1928. Accounts receivable averaged 66.1 per cent of July sales, compared with a ratio of 65.1 per cent for June and 62.7 per cent a year ago.

Sales of furniture in July likewise showed the customary downward trend. The volume of furniture and house furnishings sold during that month by twenty-four dealers and twenty-six department stores totaled 14.4 per cent less than a month previous, though exceeding sales in July last year by 9.2 per cent. Sales made by dealers on the installment plan fell 5.9 per cent below June but aggregated 9.7 per cent more than a year ago. Stocks on hand the end of the month recorded little change from June 29 or from the corresponding date of 1928. Dealers' collections increased 1.7 per cent in July over June and 4.4 per cent over July last year, with installment collections declining 1.2 and gaining 0.2 per cent in the respective comparisons. Accounts receivable July 31 were 4.6 per cent less than at the end of June, but 2.5 per cent larger than a year ago.

In line with other phases of retail trade, July sales of 102 retail hardware dealers in the five states including the Seventh district, declined 2.2 per cent in the aggregate from June, but gained 12.7 per cent over a year ago, with sales for the seven months of the year 2.6 per cent above the same period of 1928. In the month-to-month comparison, Wisconsin furnished the single exception to the downward trend, the volume of merchandise sold by dealers in that state totaling 20.9 per cent greater than in June; Illinois recorded a decline of 4.8 per cent, Indiana of 18.9 per cent, Iowa 18.6, and Michigan 9.6 per cent. As compared with July last year, sales in Illinois gained 1.5 per cent, in Michigan 10.6 per cent, and 33.8 per cent in Wisconsin, while Indiana and Iowa showed declines of 2.8 and 2.3 per cent, respectively. Sales in the last two states likewise have totaled less for the year to date.

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.)

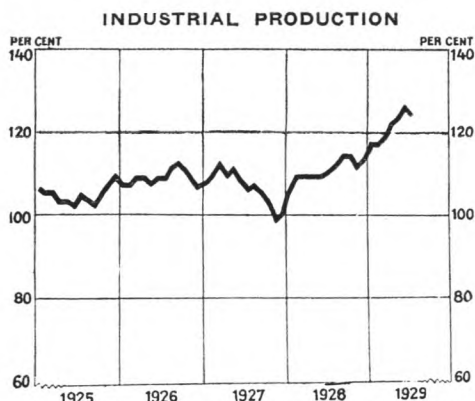
	No. of Firms	July 1929	June 1929	July 1928	June 1928		No. of Firms	July 1929	June 1929	July 1928	June 1928
Meat Packing—(U. S.)—						Wholesale Trade—					
Sales (in dollars).....	59	121.0	120.5	111.6	112.3	Net Sales (in dollars):					
Casting Foundries—						Groceries.....	37	100.3	100.6	95.8	101.5
Shipments:						Hardware.....	15	102.2	104.1	88.3	97.0
Steel—In dollars.....	15	101.1	101.3	72.8	82.9	Dry Goods.....	10	77.4	82.6	79.0	80.6
In tons.....	15	111.1	109.0	71.6	82.9	Drugs.....	12	98.1	92.7	90.7	98.3
Malleable—In dollars.....	17	81.5	84.0	60.8	71.2	Shoes.....	8	71.6	93.3	77.1	99.1
In tons.....	15	121.8	120.4	94.9	98.9	Retail Trade (Dept. Stores)—					
Stoves and Furnaces—						Net Sales (in dollars):					
Shipments (in dollars).....	11	111.4	98.4	86.8	95.3	Chicago.....	30	76.7	105.0	77.4	108.5
Agricultural Machinery						Detroit.....	4	119.5	162.4	109.3	143.3
& Equipment—(U. S.)—						Indianapolis.....	5	82.6	100.5	80.0	94.6
Domestic Sales (in dollars).....	83	219.6	233.3	206.1	222.5	Milwaukee.....	5	88.0	113.8	84.3	108.5
Exports (in dollars).....	56	260.0	275.3	241.0	202.7	Outside.....	53	78.7	96.7	82.2	98.0
Total Sales (in dollars).....	83	229.7	240.1	211.7	219.3	Seventh District.....	97	86.1	114.0	84.7	111.6
Production.....	82	159.5	174.2	142.5	142.6	Retail Trade—(U. S.)—					
Furniture—						Department Stores.....	527	80	106	78	104
Orders (in dollars).....	27	125.3	97.0	129.1	73.6	Chain Stores:					
Shipments (in dollars).....	27	91.0	94.4	76.3	79.0	Grocery.....	34	227	222	199	207
Electric Energy—						Drug.....	13	204	197	164	162
Output of Plants (KWH).....	8	149.7	147.4	142.1	137.7	Shoe.....	7	120	161	116	147
Industrial Sales (KWH).....	8	207.0	199.4	181.7	169.9	Five and Ten Cent.....	14	146	153	128	139
Flour—						Freight Carloadings—(U. S.)—					
Production (in bbls.).....	32	89.8	87.6	94.3	92.0	Grain and Grain Products.....	143.1	96.7	118.5	75.5	
Output of Butter by Creameries—						Live Stock.....	71.7	71.2	71.5	76.4	
Production.....	74	162.1	177.7	156.7	170.7	Coal.....	90.9	91.7	86.8	84.8	
Sales.....	74	132.0	137.2	130.9	132.5	Coke.....	101.4	101.5	77.0	80.7	
Iron and Steel—						Forest Products.....	90.0	98.1	87.7	92.5	
Pig Iron Production: ¹						Ore.....	203.9	197.5	167.7	171.9	
Illinois and Indiana.....	143.7	148.3	118.5	122.1		Merchandise and Miscellaneous.....	117.0	116.8	114.0	110.5	
United States.....	124.3	126.2	100.9	104.6		Total.....	113.3	111.4	107.6	103.8	
Steel Ingot Production—(U. S.) ¹	139.6	146.5	114.2	108.1		Building Construction—					
Unfilled orders U. S. Steel Corp.....	85.6	89.1	74.8	76.2		Contracts awarded (in dollars):					
Automobile Production (U. S.):						Residential.....	125.2	200.8	177.3	170.2	
Passenger cars.....	144.6	153.6	114.8	120.9		Total.....	155.3	196.9	205.4	187.8	
Trucks.....	206.9	258.6	150.8	113.7		Permits:					
Stamp Tax Collections—²						Chicago.....	Number.....	34.5	40.0	52.8	66.9
Sales or Transfers of Capital Stock.....	583.5	332.9	137.8	202.5		Cost.....	51.6	50.4	105.8	93.7	
Sales of Produce on Exchange—Futures	81.6	75.4	86.6	134.3		Indianapolis.....	Number.....	62.2	61.5	68.5	72.3
U. S. Primary Markets—³						Cost.....	62.3	90.0	122.7	105.3	
Grain Receipts:						Des Moines.....	Number.....	69.1	69.6	54.6	59.8
Oats.....	50.3	40.8	33.4	34.0		Cost.....	123.6	54.5	71.5	113.7	
Corn.....	98.1	97.1	114.7	86.0		Detroit.....	Number.....	79.5	84.9	73.3	89.6
Wheat.....	284.8	76.2	226.4	44.9		Cost.....	83.6	73.3	90.9	84.5	
Grain Shipments:						Milwaukee.....	Number.....	106.4	109.1	85.0	101.7
Oats.....	37.9	39.4	21.2	38.1		Cost.....	140.8	95.9	77.5	101.8	
Corn.....	73.8	65.9	76.2	88.6		Others (45).....	Number.....	98.6	101.9	97.4	111.6
Wheat.....	127.6	54.5	100.3	44.5		Cost.....	111.0	112.5	116.7	105.8	
						Fifty Cities.....	Number.....	86.1	89.5	81.9	95.3
						Cost.....	78.4	73.7	103.7	95.5	

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

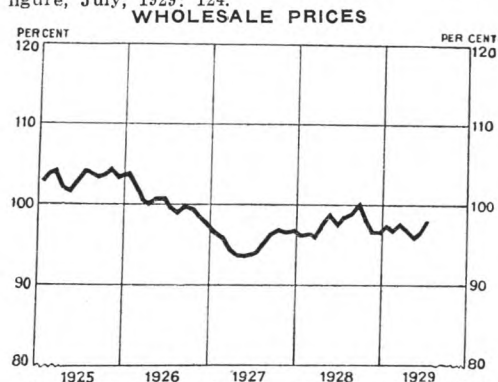
NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

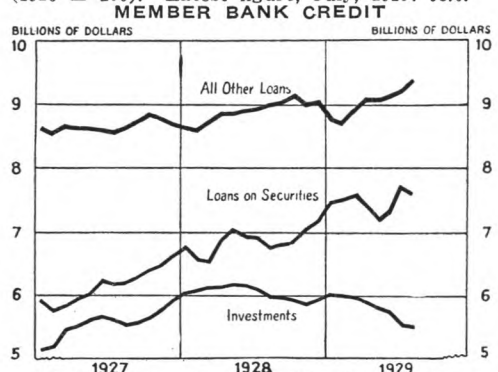
INDUSTRIAL production decreased slightly during July, but continued at a higher level than in other recent years. Wholesale commodity prices increased further during the month, reflecting chiefly higher prices of agricultural products. Loans for commercial and agricultural purposes by reporting member banks increased during July and the first half of August.



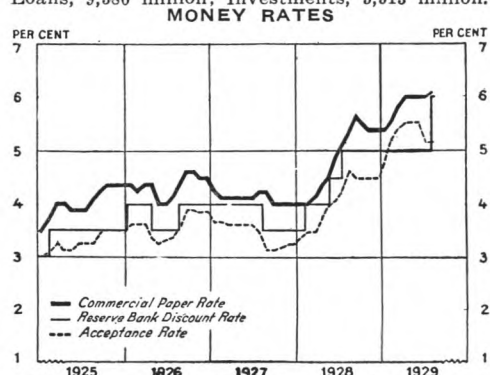
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, July, 1929: 124.



Index of U. S. Bureau of Labor Statistics (1926 = 100). Latest figure, July, 1929: 98.0.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures, averages of first three weeks in August, 1929: Loans on Securities, 7,602 million; All Other Loans, 9,380 million; Investments, 5,513 million.



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 24 days in August, 1929: Commercial Paper Rate, 6.08 per cent, Acceptance Rate, 5.13 per cent; N. Y. Reserve Bank Discount Rate, 6 per cent.

PRODUCTION

Output of manufactures decreased in July, while mineral production increased. Average daily output of automobiles, copper, tin, zinc, and cotton and wool textiles decreased, and there was a small decline in the production of iron and steel. In all of these industries, however, output was larger than in the same month in earlier years. Activity increased during July in silk and shoe factories and in meat packing plants, and there was also a larger output of bituminous coal and crude petroleum than in June. Reports for the first half of August indicate sustained activity in the iron and steel and automobile industries, and a further increase in the output of coal and petroleum.

Employment in manufacturing industries decreased in July by less than one per cent, while a somewhat greater decrease in payrolls was reported. At this level, factory employment and payrolls, as in earlier months, were larger than in any other year since 1926.

Value of construction contracts awarded in July was higher than in the preceding month or in July 1928, reflecting chiefly a sharp increase in contracts for public works and utilities. For the first half of August, however, total contracts declined to a level below the corresponding period a year ago.

The August estimate of the Department of Agriculture indicates a wheat crop of 774,000,000 bushels, slightly below the five-year average, and 128,000,000 bushels below last year's production, and a corn crop approximately equal to the five-year average crop, or about 100,000,000 bushels smaller than in 1928. The cotton crop is estimated at 15,543,000 bales, 7 per cent larger than last year.

DISTRIBUTION

Freight carloadings increased seasonally during July and the first two weeks of August, reflecting chiefly increased loadings of coal, grain, and ore, while shipments of miscellaneous freight continued in about the same volume as in June.

Sales of department stores declined seasonally from June and on a daily basis were about the same as in July a year ago.

PRICES

Wholesale prices in July continued the rise which began in June, according to the index of the Bureau of Labor Statistics, reflecting chiefly higher prices for farm products and their manufactures, particularly live stock and meats, grains and flour, and potatoes. Prices of hides and leather also increased. Wool, rayon, and textile products declined slightly in price. There was a marked advance in the price of sugar, and rubber prices also rose somewhat. Prices of petroleum and gasoline declined and prices of iron and steel were somewhat lower.

During the first three weeks in August there were declines in the prices of cotton, petroleum, beef, sugar, oats, rubber, and tin, and marked fluctuations in prices of pork and wheat.

BANK CREDIT

Loans for commercial purposes by reporting member banks increased to new high levels during the four weeks ending August 14, while security loans, after increasing further during the latter part of July, declined during the first two weeks in August.

Member bank borrowing at the reserve banks averaged \$45,000,000 less during the week ending August 17 than in the week ending July 20, reflecting increased sales of acceptances to the reserve banks, and further imports of gold.

Open-market rates on call and time loans on securities were firmer during the last half of July and the first week of August. During the second week of August rates on call loans declined, while rates on commercial paper in the open market advanced from 6 to 6-6¼ per cent. On August 8 the discount rate of the Federal Reserve Bank of New York was increased from 5 to 6 per cent and the buying rate on bankers' acceptances was reduced from 5¼ to the market rate of 5½ per cent.