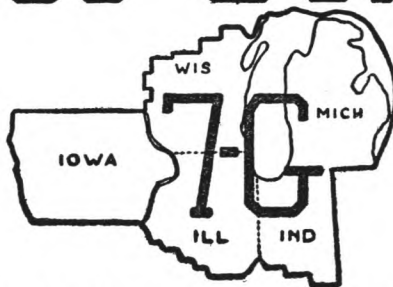


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 12, No. 10

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

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TRADE in the Seventh Federal Reserve district remained at a higher level during August than a year ago, with increases more than counterbalancing recessions in the comparison with July. Production showed some slowing down from the preceding month but in most of the reporting industries was above August 1928.

Iron and steel mills continued more active through August than a year ago, although operations were reduced slightly from July. In the automotive field, wholesale distribution of passenger cars decreased from the preceding month and year, though production increased over July and remained ahead of a year ago; sales at retail and also of used cars declined in the month-to-month comparison but exceeded that of last August. Agricultural machinery sales and factory shipments of furniture, stoves, and furnaces showed seasonal expansion over July and continued at a higher level than in 1928; coal mining and the production of furniture increased in both comparisons, while the tanning of leather decreased; the manufacture of farm machinery was less than in July but heavier than a year ago. Lumber sales and the production of shoes showed a customary gain over the preceding month. A resumption in employment offset the recessions experienced in July.

Department, chain, and furniture store sales increased over the preceding month and a year ago; retail distribution of shoes declined slightly from July but expanded over last August. Sales in most lines of wholesale trade not previously mentioned were seasonally heavier than in July and at a higher level than in 1928. Exceptions, however, were in hardware and brick which remained about on a level with the preceding period and in sales of leather, groceries, and dry goods which showed a recession from a year ago.

Crop estimates for the district were substantially reduced at the beginning of September from August 1, reflecting the damage caused by the worst drought in years; it is doubtful if recent rains came in time to be of material benefit to most crops. The marketing of grain expanded as usual in August over July, while that of cattle, calves, and hogs was reduced. Production and sales of meat packing establishments declined from the preceding month but were above last August; manufacturing and factory shipments of flour increased, while the output of butter and cheese decreased in both comparisons.

Money continues firm with demand for credit active. August transactions in bankers' acceptances totaled less than in July but were above a year ago, sales of commercial paper declined in both instances, while payment by check increased. Loans and discounts of reporting member banks remain on a level with the preceding month and are greater than last year, though borrowings at the Federal Reserve Bank have been reduced. August 31 savings deposits totaled less than at the beginning of the month but were heavier than for the corresponding date of 1928.

## CREDIT CONDITIONS AND MONEY RATES

Active demand for credit continues in the majority of Seventh district banking centers, with slightly firmer rates in some areas, although in general rate levels are unchanged from last month. Loans for commercial purposes have increased in volume since the middle of August, while those on securities have declined in the district as a whole though in Detroit this class of loan is in greater amount than a month ago. In Chicago, brokers' demand loans now carry 8 per cent as against 7 per cent the middle of August, but over-the-counter accommodation at 6 to 7 per cent and collateral loans at 6½ to 7 per cent are unchanged. The average rate earned on loans and discounts by six large banks during the calendar month of August was 6.40 per cent, compared with 6.29 per cent in July and 5.57 per cent in August 1928. In cattle feeding sections of the district, some funds are being employed in that industry, although high prices of cattle and uncertainty of outlook for the corn crop are resulting in a diminished volume of purchases for feeding. The average rate earned on loans and discounts by five Detroit banks in August was 6.16 per cent, as against 6.12 per cent in July and 5.54 per cent a year ago. The prevailing rate on commercial loans in the latter city during the week of September 15 was 5¾-7 per cent.

Loans to member banks by the Federal Reserve Bank of Chicago have declined in volume in recent weeks, and on September 11 stood at \$93,851,000 as against \$126,340,000 on August 14, rising, however, to \$113,419,000 on September 18. The item was reported on September 4 as \$91,187,000, constituting the lowest aggregate of member bank borrowings since May 15, when \$88,504,000 was shown. Total bills and securities of \$163,608,000 on September 18 was slightly above the corresponding reporting date in August; on September 19, 1928, the figure stood at \$164,647,000. Bills bought in the open market increased on September 18 to \$23,339,000 from \$22,365,000 the preceding week and compared with \$11,482,000 August 21. Holdings of U. S. Government securities by the Reserve bank have changed little in volume since the middle of August—\$26,350,000 on September 18 as against \$25,973,000 August 21. On September 19, 1928, holdings of U. S. Government securities were \$34,306,000. Federal Reserve notes in circulation dropped approximately five million on September 18 from the preceding week; \$317,588,000 was reported on the first named date and \$322,487,000 September 11.

Credit demands upon reporting member banks, as reflected in aggregate loans and discounts, have changed little since mid-August, the total for the district amounting to \$2,709,807,000 on September 18 and to \$2,703,483,000 August 21; the current level is nearly 200 million above last year at this time, accompanied, however, by no greater volume of borrowing at the Federal Reserve Bank. Investment holdings of reporting members have shown a downward trend in recent weeks; \$662,298,000 was shown September 18 and \$679,068,000 August 21, which figures

Compiled September 26, 1929

are substantially below those of a year ago. The trend of demand deposits of reporting members has been upward during the past month; the aggregate reported on September 11 was \$1,936,925,000 as against \$1,915,391,000 August 14. On September 18, however, the aggregate dropped to \$1,898,990,000. Time deposits have shown an opposite tendency, declining about nine million on September 18 from the preceding week—\$1,242,143,000 compared with \$1,251,506,000—a movement which reduced the volume to a considerably lower level than that obtaining August 21—\$1,260,484,000.

August sales of commercial paper in the Middle West were 11.8 per cent smaller than in the preceding month and 12.6 per cent below a year ago, according to a compilation for nine reporting dealers. The supply of paper ranged between limited and good, with demand moderate. For the first half of September, the sales of four Chicago dealers aggregated less than for the corresponding period of August, supply and demand being fair. Selling rates for August ranged from 6 per cent for low to 6¼ and 6½ per cent for high, a preponderance of the paper moving at 6 to 6¼ per cent. September 14 quotations closed at 6 to 6¼ per cent for low and 6¼ to 6½ per cent for high, with the customary charge 6 to 6½ per cent. Outstandings of five dealers in the Middle West totaled 8.2 per cent greater on August 31 than at the close of July but were 14.7 per cent under last year; those of twenty-three firms in the United States amounted to \$267,000,000 as compared with \$266,000,000 on July 31.

The transactions of five dealers in the Chicago open bill market decreased by 16.3 per cent in the quantity of purchases and by 1.9 per cent in amount of sales during the four weeks ended September 11, as compared with the preceding period, but showed gains of 180.3 and 64.5 per cent, respectively, over a year ago. Sales to the Federal Reserve Bank and to country banks, however, were considerably larger than a month previous. Inter-office receipts exceeded those of July 18 to August 14 by 7.4 per cent, the volume being 58.0 per cent below the corresponding weeks of 1928; shipments to other offices declined 43.2 per cent and increased 82.9 per cent in the respective comparisons. The supply of bills ranged between fair and good; some of the dealers found it rather limited at times. Demand averaged poor to fair, with a preference shown for 90- and 60-day maturities. The bills covered grain, packing-house products, cotton, wool, merchandise, coal, silk, sugar, elevators, diamonds, rubber, iron, tools, machinery, canned goods, eggs, and miscellaneous commodities. Rates continued firm and closed on September 14 at 5½ per cent for 30-day offerings to 5½ per cent for those of 180 days. Holdings increased 40.2 per cent over August 14 and were 59.8 per cent heavier than on September 12, 1928.

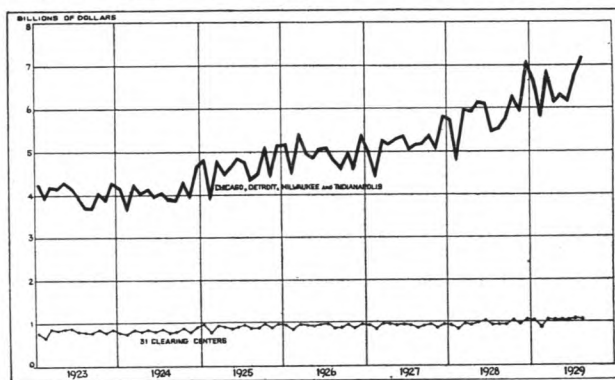
The aggregate value of bills accepted at fourteen reporting banks in the Seventh district was 13.7 per cent less in August than in the preceding month, though 86.8 per cent greater than a year ago. A majority of the individual banks, however, reported gains over July. Sales expanded 23.7 per cent in August over a month previous and were 202.2 per cent larger than last year. Acceptances of three Chicago banks for the first half of September considerably exceeded those for the corresponding weeks of August and were drawn against grain, packing-house products, electrical equipment, cotton and textiles, iron and steel, sugar, coffee, yeast, machinery, dollar exchange, hides, tea, glass, building materials, oil, copra, and a large number of miscellaneous commodities. The liability for outstanding acceptances increased 14.7 per cent on August 31 over the preceding month and was 113.3 per cent greater than at the close of last August. Portfolios declined 19.0 per cent from July 31, but showed an expansion of 178.1 per cent over a year ago; these holdings contained a 51.2 per cent smaller amount of the originating banks' own acceptances than a month previous. The Federal Reserve Bank of Chicago purchased \$18,009,414 in bankers' acceptances dur-

ing August, compared with \$14,132,581 in July, and its holdings of this class of bills amounted to \$15,322,016 at the close of the period.

**Volume of Payment by Check.**—Tabulated below are the dollar amounts of the volume of check payment in thirty-eight clearing house centers of the Seventh district in August 1929, July 1929, and August 1928, together with percentage changes between the current and the preceding month:

	(000 omitted from dollar amounts)			AUGUST 1928
	AUGUST 1929	JULY 1929	PER CENT CHANGE	
Chicago .....	\$5,399,433	\$4,944,770	+9.2	\$3,910,557
Detroit, Milwaukee, and Indianapolis .....	1,789,044	1,834,645	-2.5	1,625,579
Total four larger cities.....	\$7,188,477	\$6,779,415	+6.0	\$5,536,136
34 smaller centers.....	1,111,808	1,134,421	-2.0	983,551
Total 38 centers.....	\$8,300,285	\$7,913,836	+4.9	\$6,519,687

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



Figures used are estimates for calendar months, based on weekly reports to this bank. Latest figures, August, 1929, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 7,188,477; 31 Other Clearing House Centers, 1,053,585.

**Savings Deposits**—According to a compilation for 198 banks, the volume of regular savings deposits on August 31 in the Seventh district totaled 0.4 per cent below August 1. In the same comparison, the number of accounts and average account showed declines of 0.1 per cent and 0.3 per cent, respectively. Indiana and Wisconsin were the only states registering an increase in the number of accounts, and the latter also had a slight increase in total deposits. As compared with September 1, 1928, total deposits advanced 0.8 per cent, although Illinois, Indiana, and Wisconsin showed declines. The number of depositors gained 2.3 per cent over a year previous, with Illinois the only state recording a recession. All states showed a decrease in average account from a year ago, the average for the district being 1.5 per cent less. More than half of the reporting banks in the district showed deposits at a lower level than a month ago, and eighty-six reported a decline from last year.

**Bonds**—Sales of bonds during August were approximately the same as a year ago, but considerably below July. The volume of new offerings during the period showed very little change from a month previous, but in the comparison with the corresponding period of 1928 there was an appreciable decline. The gradual downward trend in bond prices continued through August. Greatest market interest has remained in the convertible issues. Strength and weakness in these, however, have naturally followed similar movements in stocks. Public utility, industrial, and municipal bonds were the types in greatest demand. The heavy volume of purchasing during this period has been confined mainly to insurance companies and other institutions, although some individual buying has taken place.

**AGRICULTURAL PRODUCTION AND FOODSTUFFS**

Crop estimates for the Seventh Federal Reserve district were substantially reduced on September 1 from those of early August, reflecting the damage caused by

prevailing dry weather; late corn fired rather badly in many counties. The extended drought, pronounced the worst in years, was broken in most areas early in Sep-

tember, effecting some improvement to plants not too far advanced; it is doubtful, however, if the rains came in sufficient time to be of material benefit to most crops. Corn needed two to three weeks from the middle of September to reach full maturity. Fairly good progress was made in fall plowing during September, following a delay in August occasioned by the ground being dry and hard. Present intentions indicate that farmers in the district will increase the acreage planted to winter wheat this autumn about one per cent over a year ago.

### CROP PRODUCTION

Estimated by the U. S. Bureau of Agricultural Economics as of September 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 .....	866,177	1,017,822	2,455,997	2,835,678	2,746,740
Oats .....	494,642	624,072	1,204,987	1,448,677	1,345,081
Winter Wheat .....	58,342	36,411	568,233	578,133	549,257
Spring Wheat .....	4,577	6,582	217,493	324,058	260,411
Barley .....	63,219(a)	84,181(a)	304,143	356,667	208,783
Buckwheat .....	1,394(a)	1,514(a)	12,523	13,148	13,949
Flaxseed .....	219(e)	320(e)	16,388	18,690	23,243
Potatoes (white) .....	51,499	76,982	349,112	464,483	382,756
Potatoes (sweet) .....	1,468(b)	1,581(b)	75,198	77,661	78,045
Apples (total crop) .....	16,801(a)	19,970(a)	145,523	185,743	183,452
Peaches .....	4,797(d)	3,449(d)	44,374	68,374	52,224
Pears .....	1,382(d)	1,694(d)	20,056	24,012	20,211
Grapes* .....	82(a)	91(a)	2,032	2,671	2,250
Strawberries*** .....	28,519(a)	24,685(a)	332,680	331,049	.....
Dry Beans .....	5,602(c)	5,972(c)	17,254	16,621	17,058
Tobacco* .....	43,645	49,005	1,462,321	1,378,139	1,330,576
All tame hay* .....	20,698	16,781	93,600	92,983	92,810

\*In thousands of tons. \*\*In thousands of pounds. \*\*\*In thousands of quarts.

(a) Five states including the Seventh district. (b) Indiana, Illinois, Iowa. (c) Michigan, Wisconsin. (d) Indiana, Illinois, Michigan, Iowa. (e) Wisconsin, Iowa.

**Grain Marketing**—Wheat and oats were marketed in seasonally greater quantities during August than in the preceding month, the volume of receipts of each of the grains at interior primary markets in the United States being much larger than a year ago or the 1924-28 average for the month; reshipments also gained. The movement of corn decreased from July and last year. Visible supplies of wheat, oats, rye, and barley in the United States showed a gain on September 14 over the corresponding Saturday of August and were considerably in excess of last September. Trading in grain futures by members of the Chicago Board of Trade declined 20.2 per cent in August from the July peak but was 54.1 per cent heavier than a year ago. Quotations on corn, rye, and contract oats averaged slightly higher than in July, while those on wheat and cash oats were lower; quotations on all grains trended upward during the first half of September.

### FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in August, 1929, from previous months\*

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JULY 1929	AUGUST 1928	
Production (bbls.) .....	+ 22.2	+ 2.3	30
Stocks of flour at end of month (bbls.) .....	+ 17.4	+ 11.7	26
Stocks of wheat at end of month (bu.) .....	+ 51.1	+ 19.3	26
Sales (volume) .....	+ 142.9	+ 3.3	11
Sales (value) .....	+ 135.5	+ 4.8	11

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

**Movement of Live Stock**—Public stock yards in the United States received a smaller volume of cattle, calves, and hogs, and a larger number of lambs during August than in July, with the marketing of cattle and calves showing a recession and that of hogs, sheep, and lambs an expansion as compared with last year and the 1924-28 average for the month.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, August, 1929 .....	197,395	660,416	352,756	72,393
Federally Inspected Slaughter, U. S.				
August, 1929 .....	725,714	3,129,991	1,298,048	337,969
July, 1929 .....	706,084	3,596,780	1,254,810	362,623
August, 1928 .....	716,567	2,545,335	1,196,112	368,799

Shipments to feed lots expanded seasonally over July. The movement of feeder cattle decreased from a year ago and the 1924-28 August average, while that of lambs and sheep increased in both comparisons.

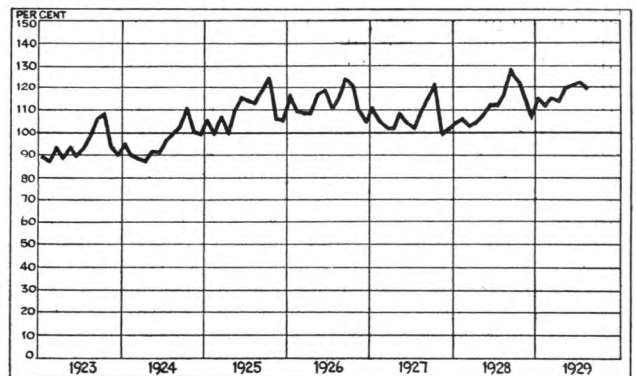
### AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED	MONTHS OF		
	SEPTEMBER 14, 1929	AUGUST 1929	JULY 1929	AUGUST 1928
Native Beef Steers (average) .....	\$13.75	\$14.50	\$14.85	\$15.25
Fat Cows and Heifers .....	9.60	9.70	10.50	10.15
Calves .....	17.35	15.95	15.25	16.60
Hogs (bulk of sales) .....	9.65	10.70	11.30	11.50
Yearling Sheep .....	9.35	9.90	11.50	11.55
Lambs .....	12.95	13.15	14.45	14.55

**Meat Packing**—Production at slaughtering establishments in the United States declined in August from the preceding month but remained above a year ago. Payrolls for the close of the period showed a recession from July of 0.8 per cent in number of employes and of 0.5 per cent in hours worked, while the total value increased 0.1 per cent. Domestic demand improved for fresh pork and lard, averaged fair for lamb and bacon, was seasonally good for dry salt meat, boiled ham, and sausage, and quiet for smoked ham. The beef trade remained drabby, though it was better than in July. August sales billed to domestic and foreign customers declined 2.4 per cent in aggregate value from those of the preceding month and were 2.1 per cent above last August, according to a compilation for fifty-nine reporting meat packing companies in the United States. Trade in domestic markets averaged fair to good at the beginning of September. Stocks at packing plants and cold-storage warehouses in the United States showed a seasonal recession on September 1 from August 1, but continued above a year ago and the 1924-28 average for the month. Inventories of beef and lamb, however, increased over a month previous, while holdings of dry salt meat decreased from the five-year average. August quotations at Chicago held steady for mutton and most beef, advanced for lard, pork loins, steer loins, and bacon, firmed slightly for veal, and declined for beef cows and a majority of pork products, in the comparison with July. Shipments for export were somewhat larger in August than in the preceding month. Foreign trade for lard and meats showed little change from July, remaining relatively quiet during the greater part of the period, although at times it was fairly good; a good demand was experienced for oleo oil. Prices of packing-house products in Europe continued below Chicago parity. September 1 stocks already abroad, including those in transit to European countries, were reported slightly in excess of those at the beginning of August.

### SALES OF MEAT PACKING COMPANIES IN THE UNITED STATES



Index numbers of sales by fifty-nine meat packing companies in the United States, based on value billed. Monthly average 1923-24-25=100. Latest figure, August, 1929: 119.5.

**Dairy Products**—A compilation for sixty-five reporting creameries shows a further seasonal recession during August in butter production of the Seventh Federal Reserve district of 18.1 per cent from the preceding month, the tonnage falling 2.6 per cent under last year. Statistics of the American Association of Creamery Butter Manufacturers indicate that production in the United States followed a similar trend.

Sales of creamery butter billed to customers by sixty-seven companies in the Seventh district decreased 13.8 per cent in volume during August from a month previous and 3.4 per cent from a year ago. Wisconsin factories supplied the primary markets of that state with a 14.8 per cent smaller tonnage of American cheese during the four weeks ended August 31 than in the preceding period, the quantity being 10.8 per cent less than a year ago; redistribution from these

centers decreased 8.7 and 6.1 per cent in the respective comparisons. September 1 inventories of butter and cheese were above those of the preceding month, a year ago, or the 1924-28 average for the date; holdings of eggs decreased. August receipts of butter and eggs at Chicago were greater than a year ago, while those of cheese were smaller; each declined in volume from July. Prices advanced

## COAL

Cooler weather the latter part of August and again the middle of September stimulated the demand for domestic sizes of coal during these periods. Prices on the larger coals have been increased at the mines and Chicago retail dealers likewise announced advances on September 1. The western fine coal market, however, has been very poor and prices are weak. Illinois production of bituminous coal during August gained 639,454 tons over the July volume, aggregating 4,383,967 tons, which compares with 3,835,318 tons in August 1928. The 155 mines in operation during the month represented an expansion of fourteen over a month previous; employment was in-

creased to 44,955, or about 3,500 more men than in July; and the number of days worked averaged 14.6.

Bituminous coal produced in the United States during August totaled 43,889,000 tons, a gain of 3,254,000 tons over July and heavier by more than 2,000,000 tons than in August a year ago or of 1927. Anthracite output of 5,954,000 tons, though exceeding production of the preceding month, remains lower than in the corresponding month of previous years. Bituminous coal loaded at Lake Erie ports during August was slightly under the volume of August 1928 but much larger than in the same month of 1927.

## INDUSTRIAL EMPLOYMENT CONDITIONS

Increases in industrial employment of the district during the period July 15 to August 15 were about as large in the aggregate as the losses of a month earlier, gains of 0.7 per cent in the number of workers and 3.9 per cent in payrolls offsetting the declines of 0.2 and 5.0 per cent, respectively, reported for the preceding period. Groups in which previous losses were followed by gains were the metals and metal products, where the recovery was almost complete, and vehicles where it was only partial, gains of 1.8 per cent in men and 5.9 per cent in pay comparing with declines of 3.8 and 7.4 per cent in the preceding period. The chemical products, leather products, and paper and printing, showed substantial increases in both employment and payrolls, the latter reversing the trend of a month previous. Only one group, food products, showed a decrease in both volume of employment and payrolls, but the declines did not fully offset the heavy increases reported earlier in the season. In the

remaining groups, covering the manufacture of clothing, of building materials, and rubber products, employment continued to be reduced, while payroll amounts showed a recovery from the previous depression.

Outside of manufacturing industries, there was also slight improvement in employment conditions, wholesale and retail trade, coal mining, and the construction industries recording increased activity. Reports from the free employment offices of Illinois and Iowa showed a drop in the ratio of the number of applicants to positions available, declining in the former state from 149 per cent for July to 137 for August, which was slightly below the 138 per cent reported a year ago, and in the latter from 231 per cent to 196, a point considerably below the 215 per cent of last year. For Indiana the ratio increased, registering 119 per cent for August, as compared with 113 in both the preceding month and August 1928.

### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED			WEEK ENDED		
	AUGUST 15 1929	JULY 15 1929	PER CENT CHANGE	AUGUST 15 1929	JULY 15 1929	PER CENT CHANGE
All groups (10).....	413,894	410,820	+ 0.7	\$11,809,661	\$11,365,114	+ 3.9
Metals and metal products (other than vehicles).....	176,327	173,437	+ 1.7	5,446,783	5,226,064	+ 4.2
Vehicles.....	46,337	45,502	+ 1.8	1,356,167	1,281,026	+ 5.9
Textiles and textile products.....	30,177	30,683	- 1.6	734,194	718,599	+ 2.2
Food and related products.....	49,701	50,261	- 1.1	1,291,152	1,308,513	- 1.3
Stone, clay and glass products.....	13,438	13,698	- 1.9	390,678	380,680	+ 2.6
Lumber and its products.....	33,450	33,962	- 1.5	836,217	768,666	+ 8.8
Chemical products.....	10,957	10,538	+ 4.0	287,899	286,891	+ 0.4
Leather products.....	19,267	18,956	+ 1.6	448,572	419,099	+ 7.0
Rubber products.....	4,167	4,175	- 0.2	94,359	84,826	+11.2
Paper and printing.....	30,073	29,608	+ 1.6	923,640	890,750	+ 3.7

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—Passenger cars produced in the United States during August totaled 443,714 in number, representing an increase of 4.1 per cent over the preceding month and of 10.9 per cent over August 1928. August output of trucks aggregated 54,918, or 25.0 per cent below July and 9.5 per cent under a year ago—the first decline in the latter comparison since June 1928.

Both wholesale and retail distribution and used car

sales by dealers in the Middle West showed a recession in August from the preceding month, while the number of retail sales and of used cars sold totaled above the volume of last August and wholesale distribution continued much smaller than a year ago. Reports of thirty-eight dealers indicate that deferred payment sales averaged 51.7 per cent of total retail sales in August, compared with 57.4 per cent in July and 47.9 per cent for twenty-two firms in August 1928.

## MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in August, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1929	AUGUST 1928	JULY 1929	AUGUST 1928
<b>New cars</b>				
Wholesale—				
Number sold .....	9.3	-37.0	34	25
Value .....	7.5	-40.1	34	25
Retail—				
Number sold .....	-11.0	+ 3.9	59	38
Value .....	4.2	-11.0	59	38
<b>On hand August 31—</b>				
Number .....	+ 5.1	+53.2	61	40
Value .....	1.1	+37.7	61	40
<b>Used cars</b>				
Number sold .....	-12.5	+32.3	59	38
Salable on hand—				
Number .....	+ 3.7	+37.0	59	38
Value .....	+ 6.9	+ 4.2	59	38

**Agricultural Machinery and Equipment**—Conforming to the seasonal trend, sales of agricultural machinery and equipment expanded in August over the preceding month, with increases of 4.2 per cent recorded in the heavy group, 1.9 per cent in light machinery, and 20.7 per cent in barn equipment. Sales of tractors, threshers, and combination harvester-threshers decreased 0.8 per cent from a year ago, while those of light machinery and barn equipment gained 11.0 and 45.7 per cent, respectively, in the comparison.

## PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in August, 1929, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	JULY 1929	AUGUST 1928	
Domestic sales billed.....	- 0.1	+16.8	69
Sales billed for export.....	+19.0	-23.3	36
Total sales billed.....	+ 3.5	+ 4.9	69
Production .....	- 7.6	+ 3.5	68

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

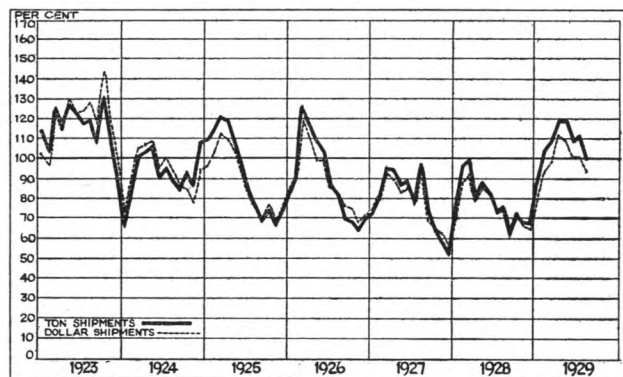
**Iron and Steel Products**—Only a slight recession took place during August in the activity of Chicago district steel mills, and operations continued through the early part of September to average above 90 per cent of capacity. Prices on finished products, as well as those on pig iron and scrap iron and steel, have been well maintained. August production of pig iron in the district gained a little over the preceding month with a daily average of 24,940 tons, and was considerably larger than in August of other years. Output of pig iron for the country of 121,151 tons daily declined from the July average but established a record for August, as did steel ingot production with a daily average of 182,437 tons. In contrast to the trend shown last year at this time, unfilled orders of the United States Steel Corporation on August 31 fell almost 430,000 tons below the amount on the books a month previous, aggregating 3,658,211 tons; this compares with 3,624,043 tons a year ago and, as for the preceding three months, the tonnage is larger than for the corresponding date of any year since 1923.

Orders booked, shipments, and production of steel casting foundries in the Seventh Federal Reserve district were less in August than a month previous, but all three items recorded heavy gains over August 1928. For malleable casting foundries, orders booked and production declined in both the monthly and the yearly comparison, while shipments were larger. Shipments by stove and furnace manufacturers gained considerably over July and over a year ago; new orders accepted were heavier than a month previous, though declining from last August.

## BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Demand for lumber in the Seventh Federal Reserve district continued quiet through August, in both wholesale and retail markets, although reporting firms showed larger sales than for July. According to twenty wholesale and manufacturing concerns, the increase over the preceding month amounted to 2.7 per cent in dollar units and 0.4 per cent in board foot measure, while for 175 retail yards throughout the district the gain in dollar sales averaged 11.6 per cent. Retail yards also reported a gain in sales over the corresponding month a year ago, of 14.5 per cent, while wholesalers giving both dollar and board foot units, recorded a decrease of 1.4 per cent in the former and of

## SHIPMENTS OF STEEL CASTINGS



Index numbers of shipments by fifteen steel casting foundries in the Seventh Federal Reserve district. Monthly average 1923-24-25=100. Latest figures, August, 1929: In Tons, 100.3; In Dollars, 93.8.

**Shoe Manufacturing, Tanning, and Hides**—Shoe production in the Seventh Federal Reserve district aggregated 19.2 per cent greater during August than in the preceding month, according to the United States Department of Commerce. Representative tanneries in the district reported leather sales as a little larger than in July but below last year; production decreased in both comparisons. Leather prices continued steady to slightly firmer than a month previous.

Trading at Chicago was less active for packer green hides, calf and kip skins than in July; shipments from the city declined, while purchases by district tanners increased. Prices strengthened.

**Furniture**—Declines of 16.2 per cent from the preceding month and of 0.1 per cent from a year ago were shown in the volume of new orders booked during August by twenty-eight furniture manufacturers in the Seventh Federal Reserve district. Individually, however, seventeen of the firms registered an increase over a month previous and half of them showed gains over last year. Shipments increased seasonally 32.3 per cent over July and were 8.0 per cent above the corresponding period of 1928. Shipments exceeded orders booked, so that unfilled orders declined 10.5 per cent on August 31 from July 31. The amount of orders on hand was 10.6 per cent above the same period of last year. Nineteen firms had an average rate of operation for August of 85.1 per cent, which compares with 77.9 per cent during July.

**Raw Wool and Finished Woolens**—August trading in the raw wool market was generally spotty. Some dealers in the Chicago district reported sales to manufacturers as in fair volume and larger than for the corresponding period in 1928; others indicated a quiet market. Prices in general have remained firm, although a slight stiffening has taken place in one-quarter and three-eighths blood wools. With manufacturers of finished goods August was quiet, preceding further openings by the American Woolen Company. Following these on August 26, increased activity has been apparent.

11.4 per cent in the latter measure. Outstanding accounts of wholesale and manufacturing concerns at the close of August totaled 133 per cent of monthly sales, as compared with 144 per cent a month earlier and 133 per cent a year ago. At retail yards the corresponding ratio was 276 per cent for August, against 298 in July and 292 for August 1928. Although more firms reported decreases than increases in their stocks, the majority held approximately the same volume as either a month previous or a year ago. Lumber receipts at Chicago declined from July and shipments out of the city increased, net receipts showing a drop of 14.3 per cent. Receipts and shipments were

below those of a year ago, and net receipts recorded a decline of 18.5 per cent in the comparison.

The volume of cement shipped during July to points within the five states of the district totaled 5,892,067 barrels, an increase of 8.8 per cent over June but a decline of 12.3 per cent from July 1928. Shipments from plants in the district continued to gain during August and were likewise above those of a year ago, although the volume for the year to date has been smaller. Stocks were considerably reduced during the month but continue in excess of last year's volume. Prices have been lowered 20 cents a barrel following a similar drastic reduction in the eastern territory.

Reports on operations in the brick industry indicate that August deliveries of brick in the Chicago territory were in about the same volume as during July, though much smaller than in August a year ago. In the Iowa market, demand for drain tile has been unusually good.

**Building Construction**—Building contracts awarded in the Seventh district during August totaled \$100,433,006, or

5.6 per cent less than in July and 7.3 per cent below the corresponding month last year, the figures for the year to date averaging 10 per cent below the volume in the same period of 1928. Residential awards, amounting to \$30,836,122, or 30.7 per cent of total awards, showed declines of 16.1 and 29.2 per cent, respectively, in the monthly and the yearly comparison. The decline in residential construction from a year ago, of 22 per cent, accounts for practically all of the reduction in the total figures, as other types of construction have averaged not more than 1.8 per cent below the volume of a year ago. Permits issued in 105 cities of the district showed a valuation 5.0 per cent less than in July and 4.9 per cent lower than for the same month of 1928. The number of permits issued in these cities increased 1.4 and 2.7 per cent, respectively, in the two comparisons. Decreases in the valuation of permits were general, and more than offset the heavy increases registered by some of the larger cities. Chicago permits totaled \$18,131,000, a gain of 28.1 per cent over July and 14.9 per cent above August a year ago.

## MERCHANDISING CONDITIONS

**Wholesale Trade**—Increased sales over July were recorded during August in all reporting lines of wholesale trade except hardware; as compared with a year ago, grocery and dry goods sales totaled less, although the majority of firms in the latter line had larger sales. Merchandise sold in the eight months of 1929 aggregated larger than in the same period of 1928 by 1.1 per cent for

the grocery trade, 7.6 per cent for hardware, 6.0 per cent in dry goods, 3.4 per cent in drugs, and 19.7 per cent for electrical supplies, with shoe sales 0.4 per cent less. Collections are fair to good in most groups, but were reported as poor by several electrical supply firms. Prices are generally steady and continue to trend upward in groceries.

WHOLESALE TRADE DURING THE MONTH OF AUGUST, 1929

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month		Collections During Month		
	PER CENT CHANGE FROM PRECEDING SAME MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING SAME MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING SAME MONTH	LAST YEAR	PER CENT CHANGE FROM PRECEDING SAME MONTH	LAST YEAR	
Groceries .....	(32)+ 0.5	(32)- 3.4	(22)+ 1.9	(21)-12.9	(29)- 0.7	(29)-10.2	(29) 88.2	(26)+ 0.9	(24)+ 3.0
Hardware .....	(14)- 0.5	(14)+ 6.3	(10)- 0.7	(10)+ 7.3	(14)+ 2.7	(14)+ 5.2	(14) 202.6	(11)- 9.7	(11)+ 6.9
Dry Goods .....	(10)+27.5	(10)- 1.1	(8)- 5.6	(8)- 2.6	(10)+ 9.2	(10)- 0.5	(10) 273.6	(9)- 7.1	(9)+ 4.5
Drugs .....	(10)+10.7	(10)+ 0.7	(8)+ 0.6	(8)+ 5.1	(8)+ 5.8	(9)+ 7.4	(9) 138.3	(7)+ 3.3	(7)+ 3.3
Shoes .....	(8)+64.4	(8)+ 0.7	(6)- 3.7	(6)- 0.7	(7)+12.7	(7)+ 5.0	(7) 252.9	(6)+ 7.9	(6)- 0.5
Electrical Supplies .....	(40)+ 6.4	(40)+15.2	(34)+ 4.2	(34)+31.7	(40)+ 4.6	(39)+22.2	(40) 138.1	(27)+ 1.6	(26)+21.6

Figures in parentheses indicate number of firms included.

**Department Store Trade**—A seasonal increase of 12.1 per cent over July was recorded in aggregate August sales of 119 department stores in the Seventh district; the volume of merchandise sold likewise gained 3.7 per cent over August 1928, with the total for the eight months of this year showing an expansion of 3.5 per cent over the same period last year. The larger cities and stores in smaller centers shared in the increases in the month-to-month comparison and for the eight-month period, and with the exception of Milwaukee, all showed gains over a year ago; more than half of the Chicago firms, however, reported declines in the last two comparisons, and the majority of stores in smaller centers had sold less for 1929 to date than through August last year. Stocks on hand August 31 were 9.0 per cent heavier than a month previous and 7.7 per cent above those on the corresponding date of 1928. Stock turnover showed little change as compared with a year ago, averaging .29 times for the month and 2.46 for the period. The amount of collections during August fell 14.0 per cent below the preceding month but gained 10.4 per cent over last August; accounts receivable the end of the month were 1.4 per cent less than on July 31 and 9.8 per cent larger than a year ago. The ratio of August collections to accounts outstanding the end of July averaged 36.0 per cent this year, which is about the same as the corresponding ratio of 1928.

**Chain Store Trade**—For the first time since September 1928, average sales per chain store increased in the comparison with the preceding year; sales of twenty-one chains operating 2,657 stores in August averaged 7.6 per cent heavier than in July and were 2.8 per cent greater than

in August last year. The number of units operated gained 0.8 per cent in the month-to-month comparison and 15.6 per cent over a year ago, while aggregate sales increased 8.4 per cent over July and 18.9 per cent over last August. Sales of grocery and furniture chains totaled less than in the preceding month, and those of five-and-ten-cent, drug, cigar, shoe, musical instrument, and women's and men's clothing chains were heavier; as compared with August 1928, all groups except musical instruments recorded gains.

**Other Retail Trade**—August sales of shoes by twenty-six dealers and twenty-three department stores in the Seventh district aggregated 4.5 per cent less than in the preceding month, although increases predominated among the individual firms. In the comparison with August last year, sales gained 6.1 per cent, and for the eight months of this year exceeded the corresponding period of 1928 by 4.8 per cent. Stocks on August 31 were 15.4 per cent larger than a month previous and averaged 3.0 per cent heavier than a year ago. August collections by dealers declined 7.1 per cent from the July volume, but increased 32.9 per cent over August 1928, while accounts receivable fell off 18.4 per cent in the monthly and gained 5.9 per cent in the yearly comparison. Accounts receivable totaled 57.8 per cent of August sales, which compares with 64.1 per cent in July and 58.6 per cent for August last year.

Gains of 29.6 and 8.5 per cent, respectively, over July and a year ago were recorded in sales of furniture and house furnishings during August by twenty-six dealers and an equal number of department stores. Installment sales by dealers increased 46.6 per cent in the month-to-

month comparison, and totaled 9.5 per cent more than for last August. Collections on this type of sales exceeded the July volume by 1.6 per cent but were 0.5 per cent less than a year ago, while total collections declined 0.5 and 0.9 per cent in the respective comparisons. Accounts

receivable the end of August were 1.2 per cent larger than a month previous and 1.8 per cent greater than on the corresponding date of 1928. Stocks of dealers and department stores averaged 5.3 per cent heavier on August 31 than on July 31 and 4.1 per cent above a year ago.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

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

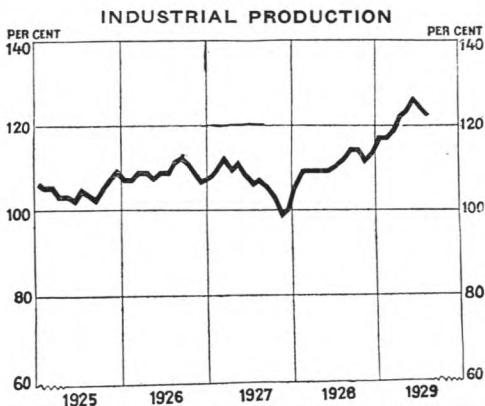
	No. of Firms	Aug. 1929	July 1929	Aug. 1928	July 1928
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars).....	59	119.5	121.5	116.1	111.6
<b>Casting Foundries—</b>					
<b>Shipments:</b>					
Steel—In dollars.....	15	93.8	101.1	75.6	72.8
In tons.....	15	100.3	111.1	74.4	71.6
Malleable—In dollars.....	17	86.8	81.5	73.1	60.8
In tons.....	15	125.8	121.8	120.7	111.3
<b>Stoves and Furnaces—</b>					
Shipments (in dollars).....	11	137.8	108.0	125.2	86.8
<b>Agricultural Machinery &amp; Equipment—(U. S.)—</b>					
Domestic Sales (in dollars).....	83	223.0	224.9	187.5	206.1
Exports (in dollars).....	56	300.0	263.8	387.5	241.0
Total Sales (in dollars).....	83	234.8	231.2	219.7	211.7
Production.....	82	153.0	167.7	146.1	142.5
<b>Furniture—</b>					
Orders (in dollars).....	27	104.6	125.0	104.7	129.1
Shipments (in dollars).....	27	120.6	91.2	111.7	76.3
<b>Electric Energy—</b>					
Output of Plants (KWH).....	8	150.3	149.7	151.8	142.1
Industrial Sales (KWH).....	8	210.0	207.0	183.0	181.7
<b>Flour—</b>					
Production (in bbls.).....	32	109.0	89.3	106.4	94.3
<b>Output of Butter by Creameries—</b>					
Production.....	74	133.3	162.3	137.3	156.7
Sales.....	74	116.7	133.6	122.4	130.9
<b>Iron and Steel—</b>					
<b>Pig Iron Production<sup>1</sup></b>					
Illinois and Indiana.....		143.9	143.7	116.4	118.5
United States.....		123.4	124.3	103.0	100.9
Steel Ingot Production—(U. S.) <sup>1</sup> .....		136.9	139.6	116.1	114.2
Unfilled orders U. S. Steel Corp.....		76.6	85.6	75.9	74.8
<b>Automobile Production (U. S.):</b>					
Passenger cars.....		150.5	144.6	135.7	114.8
Trucks.....		155.4	207.1	171.8	150.8
<b>Stamp Tax Collections—<sup>2</sup></b>					
Sales or Transfers of Capital Stock.....		705.9	583.5	197.7	137.8
Sales of Produce on Exchange—Futures.....		176.0	81.6	82.7	86.6
<b>U. S. Primary Markets—<sup>3</sup></b>					
<b>Grain Receipts:</b>					
Oats.....		178.3	50.3	128.5	33.4
Corn.....		85.5	98.1	95.3	114.7
Wheat.....		293.3	284.8	234.6	226.4
<b>Grain Shipments:</b>					
Oats.....		79.2	37.9	54.6	21.2
Corn.....		60.7	73.8	71.0	76.2
Wheat.....		176.6	127.6	133.8	100.3

	No. of Firms	Aug. 1929	July 1929	Aug. 1928	July 1928
<b>Wholesale Trade—</b>					
<b>Net Sales (in dollars):</b>					
Groceries.....	37	101.0	101.0	105.3	95.8
Hardware.....	15	102.2	102.2	96.3	88.3
Dry Goods.....	10	98.7	77.4	99.8	79.0
Drugs.....	12	105.3	98.1	104.5	90.7
Shoes.....	8	117.7	71.6	116.9	77.1
<b>Retail Trade (Dept. Stores)—</b>					
<b>Net Sales (in dollars):</b>					
Chicago.....	30	86.2	74.4	85.2	77.4
Detroit.....	4	136.2	119.5	130.8	109.3
Indianapolis.....	5	88.2	82.6	81.4	80.0
Milwaukee.....	5	94.0	88.0	96.3	84.3
Outside.....	53	94.8	78.7	90.6	82.2
Seventh District.....	97	97.3	85.0	94.9	84.7
<b>Retail Trade—(U. S.)—</b>					
Department Stores.....	527	89	80	85	78
<b>Chain Stores:</b>					
Grocery.....	34	233	227	205	199
Drug.....	13	211	204	169	164
Shoe.....	7	134	120	109	116
Five and Ten Cent.....	14	161	146	134	128
<b>Freight Carloadings—(U. S.)—</b>					
Grain and Grain Products.....		134.9	143.1	126.3	118.5
Live Stock.....		74.3	71.7	77.5	71.5
Coal.....		100.0	90.9	96.7	86.8
Coke.....		98.3	101.4	78.6	77.0
Forest Products.....		96.3	90.0	92.9	87.7
Ore.....		196.1	203.9	166.8	167.7
Merchandise and Miscellaneous.....		120.2	117.0	116.5	114.0
Total.....		116.7	113.3	111.8	107.6
<b>Building Construction—</b>					
<b>Contracts awarded (in dollars):</b>					
Residential.....		105.0	125.2	148.3	177.3
Total.....		146.6	155.3	158.1	205.4
<b>Permits:</b>					
Chicago.....	Number	33.6	34.5	49.8	52.8
	Cost....	66.1	51.6	57.5	105.8
Indianapolis.....	Number	58.1	62.2	65.8	68.5
	Cost....	83.3	62.3	94.4	122.7
Des Moines.....	Number	51.6	69.1	54.1	54.6
	Cost....	114.6	123.6	27.7	71.5
Detroit.....	Number	82.4	79.5	78.5	73.3
	Cost....	75.3	83.6	83.4	90.9
Milwaukee.....	Number	101.6	106.4	94.7	85.0
	Cost....	87.1	140.8	144.4	77.5
Others (45).....	Number	105.1	98.6	97.2	97.8
	Cost....	106.0	111.0	113.1	116.5
Fifty Cities.....	Number	87.5	86.1	84.5	82.1
	Cost....	79.6	78.4	81.9	103.7

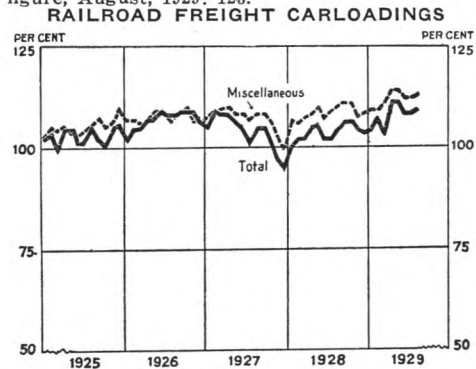
<sup>1</sup>Average daily production; <sup>2</sup>First Illinois internal revenue district; <sup>3</sup>Monthly average receipts 1923-24-25=100.

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

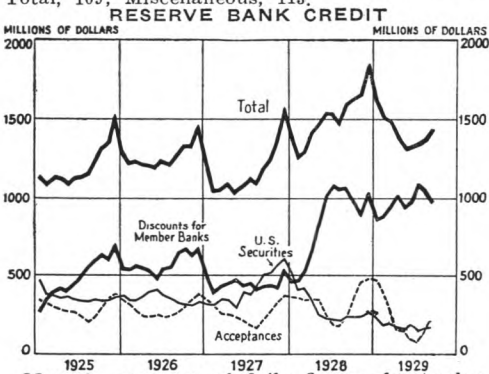
(By the Federal Reserve Board)



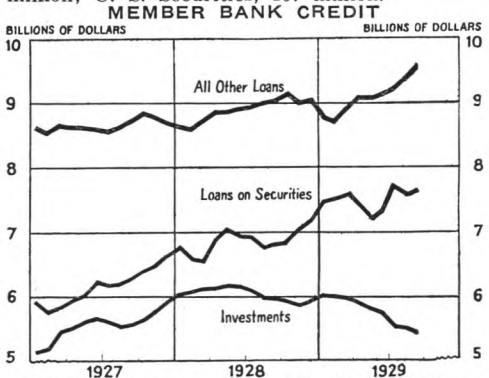
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, August, 1929: 123.



Cars of revenue freight loaded, as reported by the American Railway Assn. Index numbers adjusted for seasonal variations (1923-25 average=100). Latest figures, August, 1929: Total, 109; Miscellaneous, 113.



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 22 days in September, 1929: Total Reserve Bank Credit, 1,429 million; Discounts for Member Banks, 980 million; Acceptances, 215 million; U. S. Securities, 167 million.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures, averages of first three weeks in September, 1929: Loans on Securities, 7,631 million; All Other Loans, 9,550 million; Investments, 5,453 million.

**P**RODUCTION in basic industries increased somewhat in August as compared with July, but the increase was less than is usual at this season, with the consequence that the Board's index of industrial production, which makes allowance for usual seasonal changes, showed a decline. Wholesale prices declined slightly. Credit extended by member banks increased between the middle of August and the middle of September, reflecting chiefly a growth in commercial loans.

## PRODUCTION

During the month of August there was a reduction in the output of iron and steel and copper, and a slight decline in the production of automobiles. Meat packing establishments were also somewhat less active during the month, while seasonal increases were reported in the production of textiles and shoes, coal and cement, flour and sugar, and petroleum output continued to expand.

A slight increase in the number of workers employed in factories was accompanied by a substantial increase in payrolls. This increase was especially notable in industries manufacturing products for the autumn retail trade, such as clothing and furniture.

For the first two weeks of September reports indicate a further decline in steel operations; reduction in lumber output resulting in part from the Labor Day holiday; and a continued seasonal rise in coal production.

In the construction industry contracts awarded in August were 25 per cent less than in July, reflecting a sharp decline in the residential group, as well as in contracts for public works and utilities which were unusually large in July. As compared with last year contracts were 5 per cent lower in August, but in the first two weeks of September they were in approximately the same volume as in 1928.

The September report of the Department of Agriculture indicates a corn crop of 2,456,000,000 bushels, 13 per cent less than in 1928 and 11 per cent under the five-year average. The estimated wheat crop of 786,000,000 bushels is substantially below last year, but only slightly less than the five-year average. Cotton production, estimated on August 1 at 15,543,000 bales, is now expected to total 14,825,000 bales, slightly above last year.

## DISTRIBUTION

Freight carloadings increased seasonally in August, as a consequence of larger shipments of all classes of freight except grains, which moved in smaller volume than in July, when shipments of wheat were unusually large. In comparison with 1928, total carloadings showed an increase of 5 per cent.

Sales of department stores in leading cities were larger than in July and about 5 per cent above the total of August 1928.

## PRICES

Wholesale prices showed a slight downward movement in August, according to the index of the United States Bureau of Labor Statistics. This reflected chiefly declines in the prices of farm products, especially grains and flour, and live stock and meats. Woolens and worsteds also decreased in price, while silk and rayon materials were higher. There was a decline in prices of iron and steel and automobiles, and a further decrease in prices of petroleum and its products, especially gasoline. Coal prices advanced during the month.

In the middle of September the prices of grains, beef, raw sugar, silk, and coal were higher than at the end of August, while prices of hogs, pork, and cotton were somewhat lower.

## BANK CREDIT

Between the middle of August and the middle of September there was a further rapid increase in loans for commercial and agricultural purposes at member banks in leading cities. Security loans also increased, while investments continued to decline.

During the first half of September the volume of reserve bank credit outstanding was about \$120,000,000 larger than in the middle of the year. The increase was for the most part in the reserve banks' acceptance holdings and reflected chiefly growth in the demand for currency, partly seasonal in character. Discounts for member banks, following the increase over the holiday period early in September, declined at the time of the Treasury financial operations around the middle of the month, and on September 18 were at a lower level than at any time since last June.

Open-market rates on prime commercial paper increased from a range of 6-6¼ to a prevailing level of 6¼ during the first week in September, while acceptance rates remained unchanged.