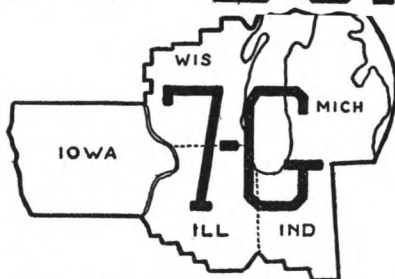


# BUSINESS CONDITIONS

## SEVENTH FEDERAL



## RESERVE DISTRICT

Volume 8, No. 2

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FEDERAL RESERVE BANK OF CHICAGO

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### BUSINESS CONDITIONS IN THE UNITED STATES

**P**RODUCTION and employment in December continued the increase which began in the autumn, and wholesale prices advanced further to the highest level for the year. Railroad shipments of goods continued in large volume and trade, both at wholesale and retail, was larger than a year ago.

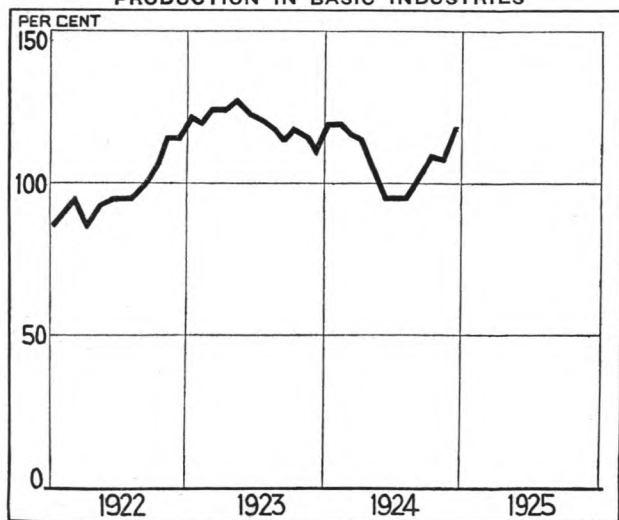
**PRODUCTION**—The index of production in basic industries advanced about 10 per cent in December to a point 25 per cent higher than last summer, but was still below the level of the opening months of 1924. Practically all of the twenty-two industries included in the index shared in the advance and the increases were particularly large in iron and steel, cotton manufacturing, coal mining, and meat packing. Among the industries not represented in the index the output of automobiles declined in December and was the smallest for any month in more than two years. Increased industrial activity was accompanied by an advance of about 2 per cent in factory employment, with larger increases in the metal and textile industries, and by a growth of nearly 5 per cent in total factory payrolls.

Volume of building, as measured by contracts awarded, was less in December than in November, but continued unusually large for the season of the year.

**TRADE**—Distribution of goods was greater in December than in the same month of 1923, as indicated by larger railroad shipments and an increase in the volume of wholesale and retail trade. Christmas trade at department stores was greater than in the previous year, and sales by mail order houses and chain stores were the largest on record. Wholesale trade was seasonably less than in November, but in practically all lines was larger than a year ago. Marketing of agricultural products was greater than for the corresponding month of any recent year.

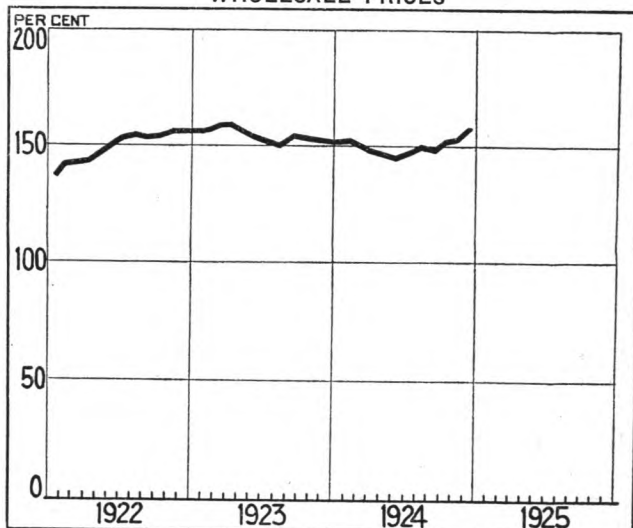
**PRICES**—Further advance of more than 2 per cent in the Bureau of Labor Statistics' index of wholesale prices carried the average in December 8 per cent above the low point of June and to the highest level since April, 1923. Prices of all groups of commodities were higher, the principal increases being in farm products and foods. In the first half of January prices of grains, wool, coal, and

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, December, 1924: 117.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, December, 1924: 157.

Compiled January 28, 1925

metals increased further while sugar, dairy products, silk, coke, and rubber declined.

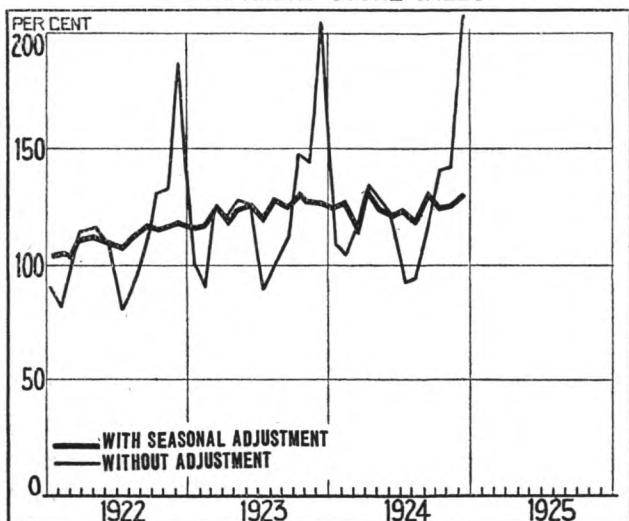
**BANK CREDIT**—At the Federal Reserve banks the rapid return flow of currency after the holiday trade resulted, during the four weeks ending January 21, in a reduction of earning assets about equal to that for the same season a year earlier. The net outflow of currency from the Reserve banks during the month preceding Christmas amounted to more than \$200,000,000 and the return flow after the Christmas peak, reflected both in the increase in reserves and in the decline of Federal Reserve note circulation, was in excess of \$300,000,000. Fluctuations in the earning assets of the Reserve banks during the past two months have reflected chiefly these seasonal changes in the demand for currency. The decline in discounts brought their total on January 21 to a smaller volume than at any time in 1924, and acceptances also showed a seasonal decrease. Holdings of United States securities, which have declined for more than two months, were about \$175,000,000

below the level of last autumn and in about the same amount as at the middle of 1924. Net exports of gold, which gave rise to a demand for Reserve bank credit, amounted to \$30,000,000 in December and were in larger volume during the first three weeks in January.

The growth of demand deposits at member banks in leading cities during the three weeks ending in the middle of January, which has been greater than the increase in their total loans and investments, has reflected the return of currency from circulation. In the same period there was some increase in commercial loans and a continued growth in loans secured by stocks and bonds. Holdings of investment securities have decreased somewhat since the middle of November, particularly at the banks in New York City.

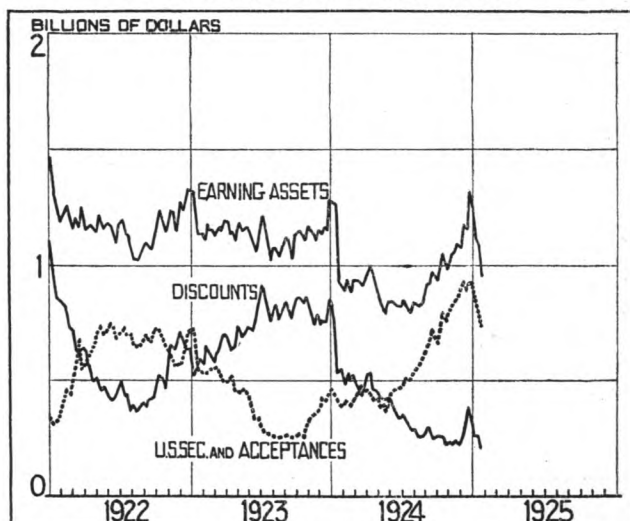
Firmer conditions in the money market in December and the first few days in January were followed later in the month by declines in rates on commercial paper to  $3\frac{1}{2}$  per cent.

DEPARTMENT STORE SALES



Index of sales of 333 stores in 117 cities (1919=100). Latest figures, December, 1924: with seasonal adjustment, 129; without adjustment, 207.

FEDERAL RESERVE BANK CREDIT



Weekly figures for 12 Federal Reserve banks. Latest figures, January 21, 1925: Total Earning Assets, 945 million; Discounts, 203 million; United States Securities and Acceptances, 730 million.

## BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

**T**HE year 1925 opened with business in the Middle West held in check by the usual inventory-taking and other turn-of-the-year influences, but reflecting the clearly defined upward trends marking the closing month of 1924.

Of the industries which had shown especial improvement during December, iron and steel production held an important place, with operations steadily expanding through the month, in the Chicago district nearly reaching capacity. In other manufacturing lines also, increased activity was indicated by the gains over November, both in the number of men employed and in the amount of payroll. This industrial improvement exerted a strengthening influence on various markets, including coal which was further stimulated by the cold weather.

Other phases of distribution were likewise encouraging in December, mail order trade setting new records and department store sales registering about the usual increase

over November, and exceeding by a slight margin the preceding year's volume. Wholesale trade too was ahead of December, 1923, and averaged less than the previous seasonal declines from November.

December building statistics reflect the seasonal slackening, although maintaining substantial gain over a year ago in contracts awarded. At automobile plants also, seasonal curtailment in production took place; the number of cars sold at retail, however, was greater than in November.

An unusually heavy movement of livestock and the continued rise in grain prices were features of the agricultural situation during December.

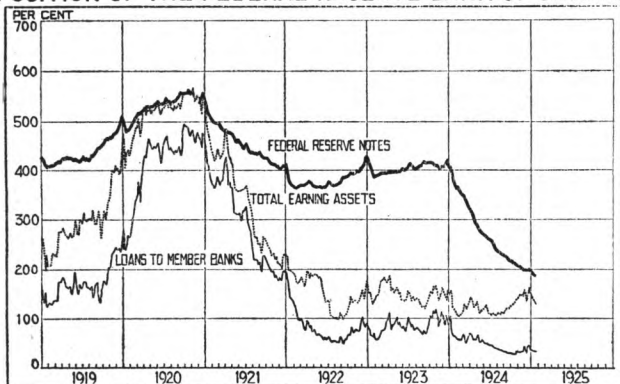
Financial changes were largely seasonal, the volume of savings deposits and of cancelled checks increasing over the preceding month. The number and liability of business failures in the district were in excess both of November, 1924, and December, 1923.

## BANKING CONDITIONS AND MONEY RATES

No significant change from the conditions of a month ago has taken place in the general credit situation in the district. The New Year finds an even stronger tendency toward general optimism than was noticeable in December, and while no general rise in money rates has taken place, there is evidence of a slight hardening in the money market, based on sentiment, however, rather than on any heavy influx of new business. Some areas in the district report heavier demand for accommodation than a month ago, but others show no change, and banks in a few sections have experienced a lessening in credit requirements. Rates in Chicago, unchanged from a month ago, save for a one-quarter of one per cent rise in commercial paper, are as follows: Commercial paper  $3\frac{1}{2}$  to 4 per cent, collateral loans  $4\frac{1}{2}$  to 5, and over-the-counter business  $4\frac{1}{2}$  to 5.

Loans to member banks by the Federal Reserve Bank of Chicago, after touching the highest point since June on December 24, have declined, the \$32,333,000 reported on January 21 comparing with \$45,161,000 on the corresponding reporting date in December, and with \$62,119,000 on January 23 a year ago. Total earning assets after reaching the highest point since November, 1923, on December 24, have shown a downward trend, on January 21 standing \$31,848,000 under the December 24 figure, and \$15,566,000 higher than a year ago. Federal Reserve notes followed a similar trend.

### POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures shown, January 21, 1925, in thousands of dollars: Federal Reserve Notes, 186,460; Total Earning Assets, 129,865; Loans to Member Banks, 32,333.

With the exception of increased demand deposits and loans, together with a decline in the volume of investments, reports from member banks in the district show little change during the month. Investments on January 14 aggregated \$770,998,000 compared with \$786,699,000 on December 17, and demand deposits \$1,775,687,000 January 14, as against \$1,724,191,000 on December 17.

Commercial paper turnover in December by nine district dealers exceeded that of November by 5.0 per cent, and was less than a year ago by 11.6 per cent. Outstandings as of December 31 receded 8.5 per cent from November 30, remaining, however, 10.5 per cent above the corresponding 1923 figure. Brokers' selling rates, prevailing at  $3\frac{1}{2}$ @ $3\frac{3}{4}$  per cent, were one-quarter of one per cent higher than in November;  $3\frac{1}{4}$  per cent was low and 4 per cent high. The supply of paper increased somewhat, but demand was less strong; substantial improvement in both was shown in the first half of January, 1925. Commercial paper outstanding in the United States by twenty-four dealers on December 31

totaled \$720,350,000, compared with \$804,562,000 at the close of November.

Purchases of acceptances by five reporting bill dealers increased 10.7 per cent on a weekly average basis in the six-week period ended January 21, 1925, compared with the prior four-week period. Sales were about double those of the period ended December 10, 1924, as a result of the activity of both Chicago and out-of-town banks in the market. Increased holdings on January 21, 1925, were a reflection of transfers of bills to this territory from other offices of the dealers. Slightly firmer rates were established, 90-day bills being bid at  $3\frac{1}{8}$  per cent and offered at 3 per cent on January 21, 1925. Bills were in fair supply and good demand; movement at offered rates was free.

Bills accepted in December by reporting banks in this district totaled 18.9 per cent less than in the prior month, liability, however, advancing 7.4 per cent. Purchases were reduced 44.4 per cent, while sales were 35.3 per cent less than in November. Bills held on December 31 totaled 6.6 per cent less than on November 30, and banks' holdings of acceptances originating with them rose 10.6 per cent. All items were markedly above a year ago. The Federal Reserve bank purchased \$27,217,829 of bills in December and the month-end holdings were \$33,882,605, compared with \$28,275,279 on November 30.

**Agricultural Financing**—Twenty-two Joint Stock Land banks reported aggregate loans outstanding in the five states including the Seventh district on December 31 as \$164,879,219, compared with \$162,431,075 November 30, a gain of \$2,448,144. A decrease from the preceding month of \$726,226 was shown in the corresponding aggregate of four Federal Land banks, reported on December 31 as \$146,423,981. Total loans and rediscounts of four Federal Intermediate Credit banks on the same date were \$1,147,703, or \$104,741 under the figure on November 30.

**Volume of Payment by Check**—A gain of 16.3 per cent over November was shown by the reports of thirty-five clearing house centers covering the month of December. The aggregate of the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, increased 16.7 over November, and 9.3 over December a year ago. Thirty-one smaller centers showed an aggregate gain of 14.2 per cent over the preceding month, and 5.5 per cent over December, 1923.

**Savings**—On January 1, 1925, total savings deposits of 197 reporting banks in this district exceeded the December 1 volume by 1.6 per cent. This increase compares with 1.8 per cent last year, and reflects as then the largest gain in Illinois—over 3 per cent—and in Michigan the only decline. Factors contributing to the general increase were the crediting of semi-annual interest and the transfer of Christmas Club funds to regular savings accounts. In comparison with January 1, 1924, deposits averaged 3.7 per cent higher this year, gains by states ranging from 0.2 per cent in Indiana to 6.9 per cent in Iowa. Average account comparisons show gains of 1.7 per cent and 1.5 per cent over December 1, 1924, and January 1, 1924, respectively, with Iowa registering the one decrease from the preceding month, and Iowa and Indiana falling below a year ago.

**Bonds**—The bond market during the latter part of December and the first few days of January was rather quiet, due to the year-end settlements which caused a temporary tightening of the money market and which has since abated.

This was accompanied by a slight softening in prices, particularly in the highest grade bonds, of short duration, however, and the tendency during the past week has been towards higher levels. While the January investment demand

was not felt immediately after the first of the year, it is becoming increasingly evident, and dealers anticipate a continued demand.

## AGRICULTURAL PRODUCTION CONDITIONS

The Bureau of Agricultural Economics in its survey for December estimates that the 1924 autumn crop of pigs declined 25.4 per cent in Iowa, 28.6 per cent in Illinois, 29.7 per cent in Indiana, 23.4 per cent in Michigan, and 34.2 per cent in Wisconsin, compared with the number saved in the fall of 1923.

### LIVE STOCK ON FARMS IN THE UNITED STATES ON JANUARY 1

Compiled by the Bureau of Agricultural Economics  
(In thousands)

	1925	1924	1923	1922
Hogs .....	54,234	65,301	68,227	58,127
Sheep .....	39,134	38,361	37,223	36,237
Milk Cows .....	25,319	24,675	24,437	24,082
Other Cattle .....	39,609	42,126	42,803	41,977
Horses .....	17,589	18,263	18,637	19,056
Mules .....	5,411	5,436	5,485	5,467

**Grain Marketing**—Corn in greater volume moved to interior terminals of the United States during December than in the preceding month, but receipts to January 1 since the completion of harvesting total considerably less than those for the corresponding period in 1921, 1922, or 1923. Compared with a year ago, marketings thus far have declined in greater proportion than the shrinkage shown in 1924 production as compared with 1923. At interior primary markets, the receipts of wheat showed further recession from the peak in August, although the in and out movements continued on a somewhat higher level than a year ago. A larger quantity of oats was received at points of accumulation during December than in November, but shipments lowered slightly. In the United States, visible supplies of all grains show large increases over holdings for January, 1924. December trading in grain futures on the Chicago Board of Trade exceeded that of November. Grain prices have risen steadily at Chicago since October, those for the middle of January being considerably above quotations a month ago.

**Flour**—An improvement in buying of flour was reported for December by mills in this district. The volume of production was larger than in November because of more working days, but the operating ratio declined from 63.4 for November to 60.3 for December. The trend of the industry in detail is shown by the following tabulation:

### CHANGES IN DECEMBER, 1924, FROM PRECEDING MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	NOVEMBER	DECEMBER	NOVEMBER	DECEMBER
Production (bbls.) .....	+ 3.0	+16.7	38	38
Stocks of flour at end of month (bbls.) .....	+12.1	- 2.9	32	32
Stocks of wheat at end of month (bu.) .....	- 4.7	+20.6	33	33
Sales (volume) .....	+10.4	+21.4	17	16
Sales (value) .....	+11.2	+55.4	17	16

The increased trading in flour was reflected in the Chicago Board of Trade figures, which showed receipts at Chicago amounting to 1,116,000 barrels, compared with 1,038,000 barrels in the preceding month; shipments from Chicago aggregated 674,000 barrels, compared with 637,000 barrels in November.

**Movement of Live Stock**—Reflecting extensive liquidation because of the feed situation, the domestic slaughter of hogs in the United States was greater at public yards in December, 1924, than for any other calendar month on record. Lambs in increasing numbers arrived from feed

lots in the corn belt; calf slaughter rose over that for November; but receipts of cattle, although heavy, showed some recessions from the prior month because of the seasonal decline in marketings from the ranges. Hog receipts by the middle of January were again declining.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, December, 1924.....	293,678	1,639,561	323,817	120,439
Public Stock Yards in U. S. December, 1924.....	876,755	4,335,237	853,790	388,266
November, 1924.....	884,626	3,131,969	774,898	382,070
December, 1923.....	706,587	3,918,572	836,574	311,841

December shipments of cattle, calves, and lambs to feed lots showed the usual seasonal recession from November.

### AVERAGE PRICES OF LIVE STOCK

Per hundred pounds at Chicago

	WEEK ENDED		MONTH OF	
	JAN. 17	DEC. 1924	NOV. 1924	DEC. 1923
Native Beef Steers (average).....	\$ 9.10	\$ 9.20	\$ 9.75	\$ 9.50
Fat Cows and Heifers.....	5.15	4.50	4.75	5.50
Hogs (bulk of sales).....	10.45	9.35	8.95	6.95
Yearling Sheep .....	15.50	12.25	10.75	10.40
Lambs .....	18.10	15.75	13.85	12.80

**Meat Packing**—Lowered output in the beef section was more than offset by gains in other departments so that the aggregate December production by slaughtering establishments in the United States increased considerably above that for November. Employment increased 0.6 per cent in number but, because of a temporary lull in receipts during the holiday week, declined 7.8 per cent in hours worked, and 6.4 per cent in total payrolls for the period covered by the last pay-date in December compared with the corresponding period in the preceding month. Statistics compiled from reports sent direct to this bank by fifty-six packers in the United States show total sales for December 1.7 per cent less than in November but 8.6 per cent in excess of those for December, 1923. Supplies of meat and lard in cold storage in the United States increased over holdings at the beginning of December and were somewhat heavier than the 1921-23 average for January 1. Quotations for beef showed little change, but prices for most other products averaged higher at Chicago during December than in the prior month. Prices, generally, continued to hold firm or strengthen slightly in early January; veal and a few pork cuts eased somewhat.

December foreign demand was fair only, but most packers took advantage of seasonal dullness abroad to replenish their consigned stocks in European markets to such an extent that actual forwardings for exports rose slightly above the November level. Consigned and spot stocks of provisions were indicated as slightly greater in export markets on January 1 than at the beginning of December. With the exception of those for lard, which were on a somewhat lower basis in the United Kingdom than at Chicago, European prices continued about on a parity with quotations in domestic markets.

**Dairy Products and Poultry**—District production of creamery butter for December increased 9.3 per cent over the November level and 7.2 per cent over a year ago, according to reports sent direct to this bank by repre-

representative factories. Statistics issued weekly by the American Association of Creamery Butter Manufacturers indicate total December production in the United States as slightly lower than in the prior month. In the Seventh district, sales of creamery butter rose 2.6 per cent above November and increased 13.8 per cent over December, 1923. Wisconsin factories produced 18.7 per cent less cheese during the five weeks ended January 3, 1925, than in the preceding period.

A heightened volume of butter, cheese, and poultry, but

## COAL

Improved conditions prevailed after the middle of December in the coal industry of the Illinois and Indiana districts. The cold weather stimulated buying of domestic sizes and railroad fuel, while the previously slow movement of domestic coal had limited the supply of screenings so that an increased demand for these, occasioned by an improvement in industrial activity, created a strong market with consequent higher prices. Prices on domestic sizes were also firmer. Despite the fact that holidays and an ice storm interfered to some extent with production, total output in Illinois for December was 8,058,824 tons,

## INDUSTRIAL EMPLOYMENT CONDITIONS

Employment in the Seventh district turned slightly upward in December. Reports as of the fifteenth of the month covering approximately 370,000 men show expansions aggregating 1.6 per cent in volume and 4.0 per cent in earnings compared with the previous month. The relatively heavy gain in earnings was for the most part a result of a reaction from the low figure reported for November, incident to the inclusion in that report of a widely observed holiday. Advances, however, were definite in all but a few of the represented industries. An increase of 1.9 per cent in the working forces of metals and metal products was added to a gain of 1.4 per cent during November. Textile and textile products gave indi-

caused a lessened quantity of eggs arrived at Chicago during December than in November. Supplies of dairy products in cold storage in the United States declined in December, although stocks of butter and cheese still exceeded the five-year average for January 1. Inventories of poultry were greater than on December 1. Butter prices have trended downward at Chicago since November; those of poultry advanced during December but weakened after the close of the holiday season. Quotations for cheese have continued to advance since mid-July.

the largest amount mined in that month on record, and an increase over November of 25.9 per cent. The percentage of working time lost at the mines due to lack of orders was considerably smaller in both Illinois and Indiana.

For the United States bituminous production was estimated at 45,136,000 tons in December, an amount higher than in either November or in December, 1923. Anthracite production increased about 5 per cent over the preceding month. Lake trade has practically ceased for the winter months.

cation of a seasonal revival in the apparel industries; leather products showed increasing activity, regaining slightly more than the number released during the previous month; and paper and printing increased the number of men 2.2 per cent. In several of the reporting groups, employment remained practically stationary, but in only one—building materials—was there a definite decline for the month. Outdoor work has been further reduced, and the result has been an increase in the number of applicants for work at the State employment offices. In Illinois, the ratio of applications to each 100 places available stood at 149 at the close of December; in Indiana the ratio as reported for the second week in January was 136.

## EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	DECEMBER 15	NOVEMBER 15	PER CENT CHANGE	DECEMBER 15	NOVEMBER 15	PER CENT CHANGE
All groups (10).....	370,459	364,790	+1.6	\$9,474,452	\$9,114,333	+4.0
Metals and metal products (other than vehicles).....	142,328	139,624	+1.9	3,281,837	3,184,241	+3.1
Vehicles.....	41,235	41,490	-0.6	1,269,510	1,259,878	+0.8
Textiles and textile products.....	28,893	26,388	+9.5	658,326	546,585	+20.4
Food and related products.....	51,689	51,830	-0.3	1,423,459	1,354,670	+5.1
Stone, clay, and glass products.....	11,590	12,044	-3.8	330,303	349,880	-5.6
Lumber and its products.....	34,568	34,529	+0.1	831,149	840,684	-1.1
Chemical products.....	10,785	10,607	+1.7	293,524	267,195	+9.9
Leather products.....	16,468	16,126	+2.1	373,190	343,219	+8.7
Rubber products.....	3,153	3,033	+4.0	85,321	78,330	+8.9
Paper and printing.....	29,750	29,119	+2.2	927,833	889,651	+4.3

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—Passenger automobiles manufactured during December by identical firms representing practically complete production, totaled 178,570, a decline of 11.4 per cent from November and of 35.1 per cent from December, 1923. Output of trucks by manufacturers whose November production was 26,246, aggregated 25,333, or a decrease of 3.5 per cent; in December last year these firms produced 27,068 trucks. For the year 1924, the number of passenger cars built—3,193,116—was 12.2 per cent less than in 1923, but 36.9 per cent above 1922, while the 350,056 trucks produced represented a decrease of 4.2 per cent and an increase of 46.9 per

cent in the same comparisons. A gain of 15.6 per cent over the corresponding date a year ago was reported in the number of passenger cars and trucks registered in the United States on December 31, 1924.

The number of cars sold to dealers by manufacturers producing 62.4 per cent of the December output decreased 20.5 per cent from November, while sales by these dealers to users were only 9.5 per cent less. The December ratio of the latter to the manufacturers-dealers sales stood at 114.6, compared with 100.7 for November and 69.4 for December, 1923.

Wholesale distribution of automobiles continued the

seasonal decline during December, but sales to users increased in number over the preceding month. Forty-eight retail dealers report that 36.2 per cent of their December sales were made on the deferred payment plan. Inventories of new cars as of December 31 increased slightly over November 30, but were much lower than on the corresponding date a year ago.

#### DISTRIBUTION OF AUTOMOBILES

	Changes in December, 1924, from previous months			
	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	NOVEMBER	DECEMBER	NOVEMBER	DECEMBER
New cars sold	1924	1923	1924	1923
Wholesale—Number	—25.3	— 2.6	45	41
“—Value	—27.6	+ 1.9	45	41
Retail—Number	+ 2.9	—15.9	74	70
“—Value	— 0.8	—12.9	74	70
On hand Dec. 31				
Number	+ 4.5	—38.6	79	73
Value	+ 3.7	—27.8	79	73
Used cars sold	—16.9	+ 1.3	76	72
Salable on hand				
Number	+17.7	+ 4.2	77	73
Value	+ 7.7	— 7.8	77	73

Passenger cars and trucks exported from the United States during November diminished in volume and value from those in the preceding month. Total exports for 1924, however, are greatly in excess of 1923.

**Agricultural Machinery and Equipment**—An increased demand for implements used in the preparation of the soil for spring planting failed to offset recessions shown for barn equipment and harvester groups; this resulted in the aggregate of domestic sales being less in December than in the prior month. The December volume of sales billed by manufacturers in the United States to customers abroad declined from that of November. Production rose to 57.5 per cent of the estimated normal for December.

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

	Changes in December, 1924, from previous months			
	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	NOVEMBER	DECEMBER	NOVEMBER	DECEMBER
Domestic sales	— 9.9	+ 8.9	113	113
Sales billed for export	— 6.6	—19.8	113	113
Total sales	— 9.2	+ 1.2	113	113
Production	+ 3.7	— 6.0	108	107

Sales based on dollar amounts. Production computed from employment.

**Iron and Steel Products**—Although buying of steel has subsided somewhat since the middle of December, specifications on tonnages contracted for have continued to increase, while orders on mill books are sufficiently large to assure a high rate of production through the first quarter of 1925. Unfilled orders of the United States Steel Corporation on December 31 totaled 4,816,756 tons, a gain of almost 20 per cent over November 30 and of 8.4 per cent over the corresponding date a year ago. Orders for tin plate recently have been larger, demand for scrap iron has been more active, and buying of railroad equipment continues an important factor. Operations expanded steadily through December, steel ingot output for the month aggregating 3,551,825 tons, an increase over the preceding month of 14.3 per cent. Average daily production gained 9.9 per cent. In the Chicago district operations are around 95 per cent of capacity. Here mills report that they are sold up through the first quarter of the year and that orders passed to the mill during December were the heaviest since March, 1923.

Activity in pig iron is well maintained, both shipments and production during December being considerably larger than in November. The net gain in furnaces blown in was twenty-three, the same as for November, while daily average output for the United States expanded 14.2 per cent.

In the Illinois and Indiana district the daily average was 25.2 per cent greater than in the preceding month. This district leads in the advance in pig iron prices, quotations at Chicago on January 21 being \$24.00, compared with \$21.50 on December 3 and \$24.00 on January 23, 1924. The tendency toward higher price levels in both iron and steel is reflected in the composite average for the United States as compiled by the *Iron Trade Review*; on January 21 this price stood at \$41.10, having risen from \$39.58 on December 3.

Shipments of twenty-six casting foundries in this district during December exceeded those of the preceding month in both volume and value, and were larger in volume than in December, 1923. Production also expanded—24.7 per cent over November and 37.0 per cent over a year ago; this is the only gain to be shown in the year-to-year comparison in 1924. Both output and orders booked by stove and furnace manufacturers reporting to this bank were less than in the preceding month or December, 1923; shipments declined from November, but gained in the comparison with last year.

**Shoe Manufacturing, Tanning, and Hides**—In contrast to the usual tendency at the close of the year, shoe production for December increased over that in November. Forwardings rose slightly in volume from the preceding month but fell 10.0 per cent below current production. Twenty-four companies reported unfilled orders sufficient for about eight weeks' business, based on their shipments for December. On January 1, twenty-eight companies held stocks of shoes equivalent to 62.6 per cent of their December forwardings. Collections continue to lag.

#### CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN DECEMBER, 1924, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM				COMPANIES INCLUDED	
	NOVEMBER		DECEMBER		NOVEMBER	DECEMBER
	1924	1923	1924	1923	1924	1923
Production	+15.4	+37.1	32	32	32	32
Shipments	+ 0.1	+13.4	32	32	32	32
Inventories	+17.4	+15.6	28	28	28	28
Unfilled orders	— 4.9	+14.3	24	24	24	24

December sales of leather for this district increased over those for November and a year ago. Demand for belting and harness improved also. Production of leather was slightly greater in December than in the prior month, according to reports sent direct to this bank by representative tanners. Prices continued firm.

Trading for packer green hides and calf skins increased at Chicago in December compared with November. Country hides were closely sold up to current production. In the Chicago market, prices of hides moved steadily downward but strengthened again after January 1. Prices of lamb skins followed the general advance shown for raw wool.

**Furniture**—A considerable decline from November—46.0 per cent—took place in the amount of orders received during December by furniture manufacturers in the Seventh district, a shrinkage attributable to buyers awaiting the opening of the January markets in Chicago and Grand Rapids. Production was maintained at a fair rate, however, fourteen firms reporting an operating ratio for December of 83.1 per cent, compared with 83.3 per cent for November. Shipments of twenty firms declined 9.2 per cent from the preceding month, while unfilled orders on the books of the same firms at the end of the month were 8.9 per cent less. In comparison with December, 1923, conditions showed decided improvement: orders booked increased 22.7 per cent, shipments 11.7 per cent, and unfilled orders were 48.8 per cent greater.

**Raw Wool and Finished Woolens**—Owing to holidays, inventory-taking by manufacturers, and limited offerings by dealers, activity subsided in the wool market after the middle of December. Domestic wool retains a very strong position, however, with prices firm and high, even a few slight advances being recorded during December. There has been very little further contracting in recent weeks for the 1925 clip in the West; a slight easing tendency has appeared in foreign markets, although the actual change so far

has been small. Dealers now await the opening of the new heavy-weight season and, in general, report prospects for the New Year as satisfactory.

The finished goods market also has been quiet since the holidays. Manufacturers are preparing their samples for Fall, 1925, and the market displays a waiting attitude. Specialties and cheap goods for January sales moved best during December.

## BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

Sales of lumber, as reported by manufacturers and dealers in the Seventh district for December, were 2.0 per cent larger than the preceding month and 3.0 per cent ahead of December, 1923. Although some large orders were reported to have been placed by car companies and railroads, most of them were moderate in size owing to business curtailment on account of the cold weather and the inventory season. At Chicago, receipts and shipments of lumber showed increases during the month, net receipts aggregating 14.5 per cent above November and 47.7 per cent above those of a year ago. Stocks are probably about as heavy as a year ago, the reports being evenly divided between increases and decreases. Prices showed a firming tendency during the greater part of the month.

The use of cement in this district has been lighter than usual for the season, most of the contract work having been completed in November. Shipments declined considerably more than production and stocks continued to accumulate. For the United States, the reports show declines of 20 per cent in production and 46 per cent in shipments, stocks increasing in volume by over 55 per cent. Both production

and shipments were lower than during December a year ago. In the brick industry also, shipments were lower than during both the preceding month and a year ago. Production, however, is being fairly well maintained and stocks are increasing.

**Building Construction**—The value of contracts awarded in the Seventh district during December was 27.7 per cent below the unusually high figure for November but was 26.6 per cent greater than in December, 1923. Residential building showed a similar decline from the preceding month but exceeded December of a year ago by 49 per cent. The total valuation of residential construction in 1924 exceeded that of 1923 by 28 per cent whereas all classes of construction gained only 8 per cent.

In permits also the declines were heavy for the month, reports for fifty cities registering losses of 29.5 per cent in number and 19 per cent in valuation. In comparison with December a year ago, number and valuation were lower by 7.4 and 1.6 per cent, respectively. Cumulative permits for the year 1924 are 2.6 per cent ahead of 1923 in number and are 0.2 per cent higher in valuation.

## MERCHANDISING CONDITIONS

**Wholesale Trade**—Wholesale trade during December in this district was relatively heavy, the seasonal declines from November in general being less pronounced than those in preceding years for which comparable data are available (1921-1923). Furthermore, for the only time in 1924, the five groups reporting to this bank—grocery, hardware, dry goods, drug, and shoe dealers—all showed increases over the corresponding month of 1923. For the majority of firms, however, aggregate sales during the year were below the previous twelve-month volume, the differences ranging by commodities from 1.2 per cent for groceries to 15.9 per cent for shoes.

Grocery inventories on December 31 for the fifth successive month averaged higher than during 1923; hardware stocks likewise were heavier than in the year before; dry goods stocks, however, continued below the corresponding 1923 volume—a difference apparent since July, following gains during the first six months of 1924.

In collections, all groups reported larger amounts received during December than in November; comparisons with the closing month of 1923 vary, about half the firms showing smaller volumes in 1924. With three exceptions accounts receivable December 31 were lower than at the end of November.

**Department Store Trade**—A satisfactory holiday trade was reflected in the December sales returns from department stores in this district. With two exceptions all report-

ing firms showed increases over November, averaging for the group about the same as in the three preceding years. For over half the stores, comparisons with December, 1923, were unfavorable, the entire group maintaining, nevertheless, a slight increase. The last six months of 1924 showed an average decrease of 1.6 per cent from the previous year, as compared with the 2.2 per cent gain noted at the end of June.

As is customary during the last month of the year, stocks for all stores were reduced, reaching on December 31 for the district the lowest point of the year. Nearly two-thirds of the firms continued with lower inventories than the year before, although aggregate stocks for the group were within 1.3 per cent of the corresponding 1923 volume.

Collections for most of the stores were heavier during December than November, while in comparison with the year before, about half showed decreases. Their ratio of 43.8 per cent to accounts outstanding at the beginning of the month compares with 43.9 per cent for 1923.

**Mail Order Trade**—Total 1924 sales of Chicago's two leading mail order houses were the largest on record, exceeding the previous year by nearly 10 per cent and being 5 per cent ahead of 1920, hitherto the peak year. The December gains of 17 per cent over the preceding month and 29 per cent over the corresponding month of 1923 reflect the excellent holiday trade.

# 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 1919 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	Dec., 1924	Nov., 1924	Dec., 1923	Nov., 1923		No. of Firms	Dec., 1924	Nov., 1924	Dec., 1923	Nov., 1923
<b>Meat Packing—(U. S.)—</b>						<b>Wholesale Trade—</b>					
Sales (in dollars) <sup>1</sup> .....	64	95.6	97.3	88.0	90.4	Net Sales (in dollars):					
<b>Casting Foundries—</b>						Groceries .....	43	72.8	76.7	65.4	79.7
Shipments (in dollars).....	29	81.0	69.7	85.0	96.1	Hardware .....	21	90.9	92.3	81.6	101.1
<b>Stoves and Furnaces—</b>						Dry Goods .....	14	70.4	85.9	58.2	89.6
Shipments (in dollars).....	19	70.3	97.3	76.1	118.4	Drugs .....	14	92.6	94.1	87.5	100.4
<b>Agricultural Machinery &amp; Equipment—(U. S.)<sup>2</sup>—</b>						Shoes .....	7	48.4	48.3	40.4	53.1
Domestic Sales (in dollars)	130	63.9	70.9	58.7	57.5	<b>Retail Trade (Department Stores)—</b>					
Exports (in dollars).....	130	97.8	104.7	110.7	87.6	Net Sales (in dollars):					
Total Sales (in dollars).....	130	64.1	76.0	66.4	62.0	Chicago .....	9	225.5	143.5	206.1	134.5
Production .....	124	89.1	85.9	94.5	94.2	Detroit .....	4	234.1	173.6	218.6	151.8
<b>Furniture<sup>3</sup>—</b>						Des Moines .....	3	186.7	136.3	181.0	127.5
Orders (in dollars).....	23	92.4	166.2	74.0	121.4	Indianapolis .....	5	221.0	166.9	226.4	167.1
Shipments (in dollars).....	23	118.1	127.6	103.1	133.0	Milwaukee .....	5	.....	162.5	230.3	168.1
<b>Shoes<sup>4</sup>—</b>						Outside .....	39	165.7	117.1	174.8	125.0
Production (in pairs).....	36	183.6	159.1	132.5	155.2	Seventh District .....	65	210.9	152.8	208.2	147.7
Shipments (in pairs).....	36	164.6	164.4	137.9	152.8	<b>Retail Trade—(U. S.)—</b>					
<b>Electric Energy—</b>						Department Stores .....	359	.....	141	202	142
Output of Plants (KWH)....	10	180.5	164.3	161.7	154.7	Mail Order Houses.....	4	.....	131	118	122
Industrial Sales (KWH)....	10	167.5	166.5	157.8	164.2	Chain Stores:					
<b>Freight Carloadings—(U. S.)—</b>						Grocery .....	28	.....	226	201	201
Grain and Grain Products..		122.3	146.4	116.4	129.3	Drug .....	9	.....	145	185	141
Live Stock .....		115.1	125.2	111.2	122.4	Shoe .....	6	.....	146	171	131
Coal .....		112.6	116.4	102.7	112.2	Five and Ten Cent.....	5	.....	199	331	176
Coke .....		130.9	114.1	125.0	126.9	Music .....	4	.....	111	214	149
Forest Products .....		112.0	126.1	105.0	131.3	Candy .....	4	.....	184	261	174
Ore .....		26.9	52.1	28.4	95.6	Cigar .....	3	.....	138	193	134
Merchandise and Miscellaneous .....		114.6	135.0	110.0	131.0	<b>Flour Production—</b>					
Total .....		110.5	126.7	105.0	125.1	(In barrels) .....	42	111.6	108.5	95.2	102.4
<b>Iron and Steel—</b>						<b>U. S. Primary Markets<sup>9</sup>—</b>					
<b>Pig Iron Production:<sup>5</sup></b>						Grain Receipts:					
Illinois and Indiana.....		122.1	97.5	127.0	134.3	Oats .....		106.5	95.2	108.3	91.2
United States .....		114.0	99.8	112.5	115.1	Corn .....		196.8	102.8	253.1	157.0
<b>Steel Ingot Production—(U. S.)<sup>5</sup></b>						Wheat .....		108.4	189.4	91.5	118.7
Unfilled Orders U. S. Steel Corp. ....		80.4	67.3	74.2	72.9	Grain Shipments:					
<b>Automobiles—(U. S.)—</b>						Oats .....		67.6	76.2	75.6	80.1
<b>Production:</b>						Corn .....		66.5	45.7	131.1	69.7
Passenger Cars .....		129.3	146.0	199.3	206.1	Wheat .....		97.8	159.0	51.9	58.9
Trucks .....		98.0	101.5	104.7	105.9	<b>Building Construction—</b>					
<b>Shipments:<sup>6</sup></b>						Contracts Awarded					
Carloads .....		152.2	130.8	172.6	179.4	(in dollars):					
Driveaways .....		53.0	50.8	77.3	79.8	Residential .....		193.6	263.4	130.0	127.6
Boat <sup>7</sup> .....		26.5	140.2	117.5	192.7	Total .....		93.2	128.8	73.6	79.5
<b>Automobile Excise Tax Collections (7th F. R. District)—</b>						Permits:					
New Automobiles .....		153.3	69.7	168.7	170.2	Chicago .....	Number	202.0	260.5	218.4	288.9
New Automobile Trucks..		18.2	15.8	63.8	49.8	Cost .....		254.7	337.0	250.4	312.4
Parts and Accessories.....		43.2	28.9	62.9	69.5	Indianapolis .....	Number	120.9	189.9	128.0	181.5
<b>Stamp Tax Collections<sup>8</sup>—</b>						Cost .....		109.9	151.9	173.9	172.4
Sales or Transfers of Capital Stock .....		211.1	131.1	148.4	136.9	Des Moines .....	Number	152.9	160.8	161.8	218.6
Sales of Produce on Exchange—Futures .....		69.2	60.2	39.2	45.3	Cost .....		259.1	77.6	88.5	162.7

1. Monthly average 1920-1921=100; 2. Monthly average 1923=100; 3. Monthly average 1919-1920-1921=100; 4. Monthly average of mean of production and shipments in 1919=100; 5. Average daily production; 6. Monthly average 1920=100; 7. Base figures (1920) partly estimated; 8. First Illinois internal revenue district; 9. Monthly average receipts 1919=100.