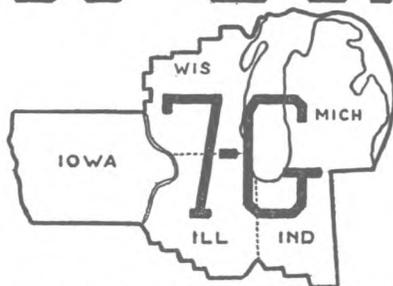


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION in basic industries declined in February from the high rate of output in January but continued above the level of a year ago. Notwithstanding a decline in prices of agricultural commodities, the average of wholesale prices rose slightly owing to a further advance in prices of certain other commodities.

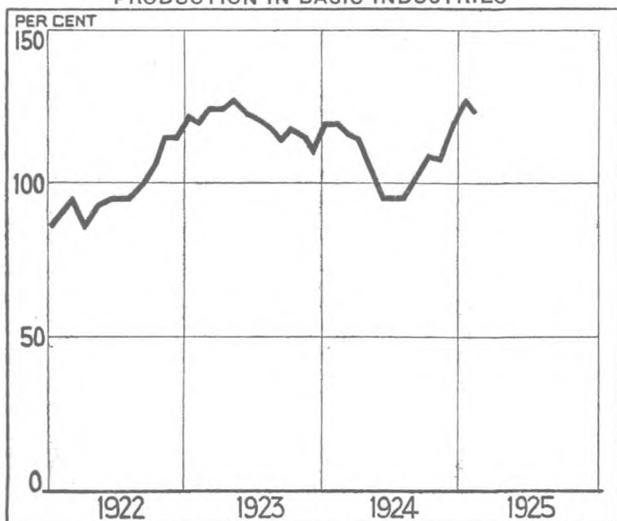
PRODUCTION—The Federal Reserve Board's index of production in 22 basic industries, which is adjusted to allow for differences in the number of working days and for seasonal variations, declined 3 per cent in February, but continued to be higher than at any time since the peak reached in May, 1923. Average daily output of iron and steel was exceptionally heavy, and copper production per day was the largest since 1918. There was a slight decline in activity in the woolen industry, and more considerable reductions in the output of lumber, cement, bituminous coal and crude petroleum. Production of automobiles increased 19 per cent in February, the largest monthly increase in nearly two years, but the output was still over 25 per cent smaller than a year ago. Factory employment increased by about 2 per cent in February, considerable increases being reported for the automobile, iron and steel, and clothing

industries, while the number of workers in the packing and cement industries declined. Earnings of industrial workers in February were larger than in January, reflecting in part the resumption of full-time work after the inventory period.

Reports to the Department of Agriculture of intentions to plant in 1925 indicate that the acreage of practically all grains and of tobacco will be larger and that of white potatoes smaller than in 1924.

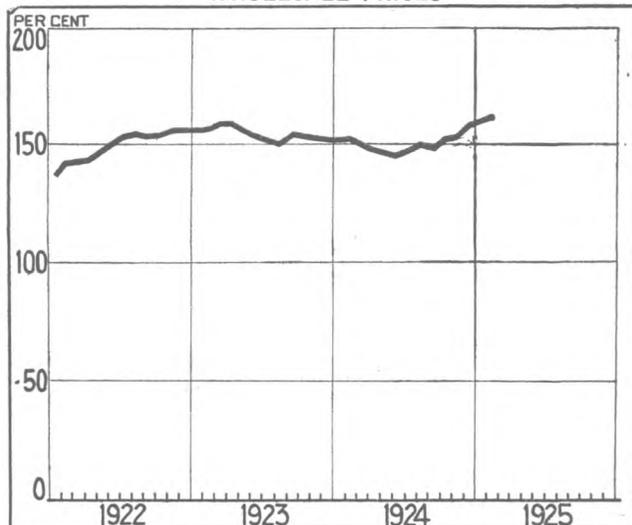
TRADE—Total railroad freight movements continued at approximately the same daily rate in February as in January, and shipments of merchandise increased in recent weeks and were much larger than a year ago. Wholesale and retail sales were smaller during February than a year ago, owing partly to the fact that this year February had one less business day. Department store sales were 1 per cent smaller in February than in the corresponding month of 1924. Wholesale trade in all lines, except meats and hardware, was less than a year ago, and showed in February about the usual seasonal changes. Sales of groceries, meats, and drugs decreased while sales of dry goods and shoes increased.

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, February, 1925: 123.5.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, February, 1925: 161.

Compiled March 26, 1925

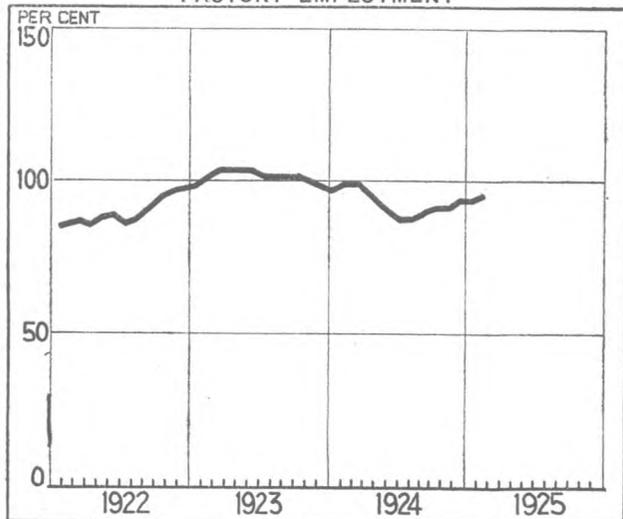
PRICES—The slight rise in the wholesale price index of the Bureau of Labor Statistics was due to advances in the fuel and lighting group, largely in petroleum, and in building materials, while prices of all the other commodity groups declined. In the first three weeks of March prices of hogs, cotton goods, and rubber increased, while prices of many other commodities decreased, the largest decreases being those for wheat and other grains.

BANK CREDIT—Loans of member banks in principal cities continued to increase between the middle of February and the middle of March and on March 11 were larger than at any time in the past four years. The volume of loans for commercial purposes has been at a high and almost constant level since last autumn, and loans on stocks and bonds, which have increased continuously since

the summer of 1924, reached in March the largest amount on record. Increases in loans were accompanied by further reduction in the holding of securities, particularly at banks in the financial centers. At the Reserve banks demand for credit increased between the end of January and the middle of March, chiefly as the result of the export demand for gold and the growth in domestic currency requirements, with the consequence that earning assets increased. After March 15, however, temporary abundance of funds arising out of Treasury operations resulted in a sharp reduction in member bank borrowings.

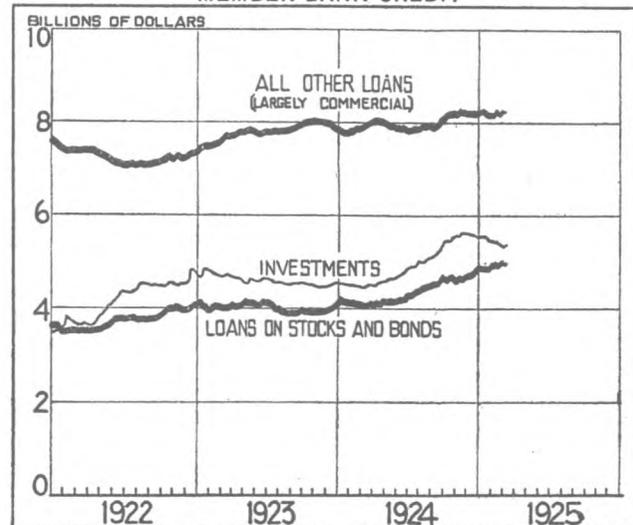
Somewhat firmer conditions in the money market in the latter part of February and the early weeks of March were indicated by a rise of the rate on 4-6 months prime commercial paper from $3\frac{3}{4}$ to 4 per cent.

FACTORY EMPLOYMENT



Index for 33 manufacturing industries (1919=100). Latest figure, February, 1925: 95.

MEMBER BANK CREDIT



Weekly figures for member banks in 101 leading cities. Latest figures, March 11, 1925: All Other Loans, 8,265 million; Investments, 5,374 million; Loans on Stocks and Bonds, 4,980 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE current business situation in the Middle West is characterized by a pervading confidence in the outlook for spring, with present activity nevertheless following the diversified trends which have been apparent since the opening of the year. Industrial operations in general continue in fair volume with expansion not infrequent, but well regulated where indicated; trade, although exhibiting no reaction, reflects a prevailing tendency to mark time, further influenced during February by the seasonal quiet characteristic of the month. Thus retailers reporting to this bank and also the majority of wholesalers showed a smaller amount of goods sold during February than in the preceding month with the latter below a year ago as well.

Reports from automobile plants showed increases in the number of men employed and in the amount of payroll, and sales of cars both at wholesale and retail increased over January and exceeded a year ago. In building an increase during February in contracts awarded largely offset the decline of the previous month, while the number of permits again ran considerably ahead of a year ago. Heavy operations continued at iron and steel plants, although contracting for second quarter is limited. Slackened demand for coal resulted in the closing of a number of mines, and in an aggregate production abnormally low for the month.

Agricultural features of interest were the continued price fluctuations curtailing grain shipments and restricting flour

sales, and the seasonally slower movement of live stock with consequent reduction of output at slaughtering establishments.

Among changes in the financial situation during February were the slightly higher money rates in Chicago, the usual increase in savings deposits, the decline in the volume of cancelled checks, and the continued strength in investment demand. Commercial failures in the district declined in amount of liability as compared both with the preceding month and last year.

CREDIT CONDITIONS AND MONEY RATES

Current credit and banking conditions in the Seventh district present an uneven aspect; some bankers in the smaller cities report little change from a month ago while others indicate even less demand for accommodation than was the case in January. In Chicago, however, the money market in response to a normal seasonal demand has shown a tightening tendency, reflected in an increase of rates, with the exception of commercial paper, of approximately one-half of one per cent effective March 1. Current quotations are as follows: Commercial paper $3\frac{1}{2}$ to 4, over-the-counter loans $4\frac{3}{4}$ to $5\frac{1}{2}$, and collateral loans $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent.

Total earning assets of the Federal Reserve Bank of Chicago fluctuated during the month, but have shown no

established trend; on March 4, with an aggregate of \$131,685,000, they reached the highest point since January 14, followed on March 11 by a drop of about \$10,000,000, and one of nearly \$6,000,000 on March 18. Loans to member banks since February 11, have likewise shown fairly extensive week-to-week changes, with a perceptible decrease in volume as compared with the general level of the five preceding reporting dates, January 7 to February 4, inclusive. Federal Reserve notes in actual circulation on March 18 amounted to \$171,211,265, compared with \$173,535,200 the preceding week, and \$196,529,000 on the last day of 1924.

Loans and discounts of reporting member banks showed a rising tendency the first half of March following an opposite movement the latter part of February. On March 11, the aggregate of \$1,966,737,000 constituted the high point thus far in 1925, and exceeded the peak of 1924 (October 15) by more than \$16,000,000. The aggregate on March 18 was practically unchanged. This larger volume of loans and discounts represents heavier loans on stocks and bonds, especially marked in Chicago and Detroit. Investments of reporting member banks declined over 30 million between February 11 and March 11, the decrease taking place for the most part in Chicago; Detroit and other selected cities showed no material change from February 11. On March 18 an increase of \$18,500,000 brought the total of investments to \$776,583,000 or about \$10,000,000 below February 18. Demand deposits declined in the aggregate after February 11, the result of lessened volume in Chicago, other selected cities and Detroit reporting members showing larger demand deposits than a month ago. On March 11 a sharp rise took place followed by a drop March 18 when demand deposits totaled about \$25,000,000 less than on February 18. Time deposits of reporting members in Chicago declined after February 11, but on March 11 and 18 displayed a rising trend; in Detroit they moved distinctly upward until March 18 on which date they declined slightly from the prior week. In other selected cities little change was shown on March 18 from the corresponding reporting date in February. Government deposits underwent pronounced gains on March 18 from the preceding week in Chicago and Detroit, as well as in other selected cities.

The February sales of commercial paper by reporting dealers in this district were 35.4 per cent smaller than in the preceding month, and 1.8 per cent above a year ago. Outstanding paper on February 28 remained 1.8 per cent greater than on January 31; in comparison with February 29, 1924, a 10.2 per cent increase was shown. Selling rates remained unchanged, prevailing at $3\frac{1}{2}$ @ $3\frac{3}{4}$ per cent, as in January, although greater firmness was shown late in February and the fore part of March. Buyers' demand slackened somewhat in February. The supply of paper was greater than in January. Outstandings of commercial paper throughout the country by twenty-three dealers on February 28 amounted to \$741,966,000, compared with \$740,593,000 at the close of the prior month.

During the four weeks ended March 18 reporting bill dealers in this district increased their purchases of acceptances 44.6 per cent, and their sales 35.6 per cent, over the equal period ended February 18. Bills held at the close of the period were more than double those of February 18. Further increases in rates for all maturities, averaging about one-eighth of one per cent, brought the bid and offered quotations for 90-day bills to $3\frac{3}{8}$ per cent and $3\frac{1}{4}$

per cent, respectively, on March 18. The supply of acceptances was limited; buyers' demands for them, however, remained heavy. Movement at the offered rates was free, shorter maturities continuing most attractive. Commodities principally involved were grain, packing house products, cotton, and agricultural implements.

The volume of acceptances executed in February by reporting banks in this district exceeded a month ago by 52.0 per cent, and sales increased 42.2 per cent. Purchases of bills, however, were reduced 35.9 per cent, and total month-end holdings declined 6.4 per cent. Banks' liability for their acceptances outstanding on February 28 increased 3.9 per cent over January 31. The Federal Reserve bank purchased \$29,330,487 of bills in February, and held \$42,923,912 at the close of the month, compared with \$31,834,350 on January 31.

Volume of Payment by Check—February volume of payment by check declined 18.6 per cent from January as reported by thirty-five clearing house centers in the Seventh district, but compared with February, 1924, the aggregate was greater by 6.8 per cent. For the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, the total was 18.7 below January, and 7 per cent above February, 1924; the corresponding comparisons for thirty-one smaller centers were 18.4 and 5.4 per cent, respectively.

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, February, 1925, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 3,908,025; 20 Other Clearing House Centers, 615,727.

Agricultural Financing—Aggregate loans outstanding at the close of February in the five states including the Seventh district of Joint Stock and Federal Land banks showed considerable increases over the corresponding totals on January 31. Twenty-two Joint Stock Land banks reported loans outstanding to the amount of \$169,759,493 on February 28 compared with \$165,503,692 (revised total) the preceding month, and four Federal Land banks \$150,409,765 as against \$146,733,233 on January 31. Loans and discounts of four Federal Intermediate Credit banks aggregated \$1,063,663, whereas on January 31 the total shown was \$1,118,577.

Savings—As is customary during February, the volume of savings deposits increased, 117 out of 197 reporting banks registering gains on March 1 over February 1, and by states Wisconsin averaging the only decline. The aggregate gain of 0.8 per cent offset the January drop, so that total deposits for the district on March 1 were practically the same as at the close of 1924. In comparison with a year ago, over two-thirds of the banks showed increases, the entire

group averaging a gain of 3.8 per cent with Iowa continuing to show the most marked change—7.4 per cent.

Average account comparisons with the preceding month show no change for Indiana, for Illinois a gain of 0.2 per cent, for Iowa and Wisconsin 0.3 per cent, and 1.7 per cent for Michigan. The last named likewise compared most favorably with a year ago, the 4.7 per cent gain over March 1, 1924, being 2.3 points above the next largest, that for Indiana, and comparing with 1.2 per cent for Iowa, and less than 1 per cent increase for Illinois and Wisconsin.

Bonds—Investment demand, notwithstanding the firmer

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Planting intentions on March 1 as set forth in a report by the Bureau of Agricultural Economics of the Department of Agriculture on the basis of returns from approximately 50,000 producers indicate a tendency on the part of farmers toward a general expansion of acreages in 1925. In the East North Central States, intended plantings of all spring wheat are shown as 162.8 per cent of the acreage grown for harvest in 1924, and 104.9 per cent in the West North Central States. Intended plantings of corn are given in the report as 102.4 per cent of the acreage grown for harvest in 1924 in the East North Central States, and 100.8 per cent in the West North Central. For the country as a whole, according to the report, intended plant of the principal feed crops show an increase of approximately 7,000,000 acres above that grown for harvest last year.

Flour—The reaction in wheat prices which began with February effected a noticeable restriction in flour trading during the month. Despite the falling-off from January business, sales in this district were in advance of a year ago; the movement of flour through Chicago was likewise heavier than in February, 1924, although lighter than in the preceding month. Production for February was seasonally lower. A summary of the situation as reported by firms in the Seventh district is indicated below:

CHANGES IN FEBRUARY, 1925, FROM PRECEDING MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY 1925	FEBRUARY 1924	JANUARY 1925	FEBRUARY 1924
Production (bbls.).....	-11.9	+13.7	38	38
Stocks of flour at end of month (bbls.).....	+ 5.1	-12.6	33	32
Stocks of wheat at end of month (bu.).....	-10.5	+ 1.4	33	32
Sales (volume).....	-20.9	+ 3.0	17	16
Sales (value).....	-13.9	+45.2	17	16

Grain Marketing—Although prices showed gradual recovery from February 14 until a second break occurred early in March, considerably smaller quantities of grain moved in and out of primary markets in February than in January. Receipts and shipments of wheat slightly exceeded the figures for February last year, but those of oats and corn fell below the totals for the corresponding month of 1923 and 1924. Holdings of oats at all points are rather burdensome, but the reduction of stocks of wheat, barley, and corn on farms more than offsets the gain in inventories at terminals so that the supply of breadstuffs in the United States is lower now than a year ago. Wheat in country mills and elevators in the United States totaled 69,065,000 bushels on March 1, 1925, compared with 98,283,000 bushels for the corresponding date in 1924. On the Chicago Board of Trade, forward contracting for wheat increased about 18 per cent in February over the prior month, but the trading in other futures declined. Exportations of wheat and rye expanded somewhat but those of barley, corn, and oats

tone in money markets and the payment of Income Taxes, has continued active in the past thirty days. Prices have held fairly firm with possibly a softening here and there. Public utility offerings are absorbed with avidity; municipals and industrials continue in favor; and sound first mortgage real estate bonds find a ready market. The additional issue of 4 per cent Treasury Bonds of 1944-54 offered at 100½ was oversubscribed both for the country and this district, \$51,177,300 being subscribed for the latter and \$48,361,700 allotted. The nine months' 3 per cent Certificates of Indebtedness were likewise oversold, subscriptions for this district being \$33,314,000 and allotments \$26,862,500.

failed to equal the January volume. Chicago quotations for grain trended sharply downward during March.

STOCKS ON FARMS MARCH 1

	RATIO TO PREVIOUS YEAR'S CROP	UNITED STATES		FIVE STATES INCLUDING SEVENTH DISTRICT	
		NUMBER OF BUSHELS	TOTAL VALUE	NUMBER OF BUSHELS	TOTAL VALUE
CORN					
1925.....	32.9	801,609	\$917,842	264,221	\$290,970
1924.....	37.8	1,153,847	882,693	427,513	288,747
1923.....	37.6	1,093,306	792,647	441,092	282,411
OATS					
1925.....	35.7	550,342	293,883	241,887	125,587
1924.....	34.3	447,366	203,104	188,180	80,314
1923.....	34.6	421,118	178,554	186,764	74,991
WHEAT					
1925.....	13.1	113,928	193,450	12,066	21,416
1924.....	17.3	137,717	134,963	22,799	22,997
1923.....	18.0	156,087	162,955	19,399	22,035
BARLEY					
1925.....	23.0	43,127	36,572	7,648	6,814
1924.....	22.7	44,930	26,059	6,860	4,325
1923.....	23.3	42,469	23,868	7,385	4,391
HAY*					
1925.....	33.2	37,386	479,662	10,337	123,257
1924.....	31.4	33,455	454,988	6,407	98,475
1923.....	32.7	36,610	440,784	6,644	96,994

*Government farm price for February 15 used in determining values. In thousands of tons.

Movement of Live Stock—The slaughter of cattle and lambs reached the low point of the year in February with feeding stations west of the Missouri river still contributing the larger percentage of the offerings. Cattle receipts in early March, however, began to show a slight gain over the prior month because of the seasonal volume of marketings from the western part of the corn belt and reflecting also the beginning of the movement from southwestern ranges. Hog slaughter continued to move seasonally downward.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, February, 1925.....	199,594	1,064,792	245,634	118,491
Public Stock Yards in U. S. February, 1925.....	624,508	3,063,008	725,309	360,654
January, 1925.....	778,812	3,909,140	786,367	370,258
February, 1924.....	601,360	3,227,375	725,266	314,045
February, 1923.....	583,551	2,819,017	707,622	286,251

Because of the supply of desirable grassers at public stock yards being rather limited at this time of year, the volume of reshipments of cattle, calves, sheep, and lambs back to feed lots declined from January but was slightly greater than that for February, 1924.

AVERAGE PRICES OF LIVE STOCK

	PER HUNDRED POUNDS AT CHICAGO		MONTH OF	
	WEEK ENDED MARCH 14, 1925	FEB. 1925	JAN. 1925	FEB. 1924
Native Beef Steers (average).....	\$10.35	\$ 9.35	\$ 9.10	\$ 9.30
Fat Cows and Heifers.....	6.60	5.65	5.25	5.50
Hogs (bulk of sales).....	13.75	11.05	10.40	7.10
Yearling Sheep.....	14.00	14.05	15.00	12.45
Lambs.....	16.60	17.50	18.10	14.70

Meat Packing—Because of the lessened volume of live stock marketed, production at slaughtering establishments showed the usual seasonal lowering in February. Employment declined 7.0 per cent in number, 7.1 per cent in hours

worked, and 8.5 per cent in total payrolls for the period covered by the last pay-date in February compared with the prior month. Reports from fifty-eight packers in the United States show that sales in dollars declined 6.2 per cent from January but totaled 10.8 per cent higher than a year ago. Owing to the approach and beginning of the lenten season, current demand failed to equal the supply, resulting in an increase in cold storage holdings of pork and lard during February and in stocks of beef on March 1 nearly as large as on February 1. Total inventories in the United States were larger than those for the corresponding date in 1924 and exceeded the five-year average for March 1. Prices of lamb and most beef did not change materially; lard, fat backs, and a few beef cuts declined; veal firmed slightly; but quotations for pork showed a decided advance over the January level at Chicago. Hog products continued to trend toward higher levels in March.

Demand from abroad slowed down considerably after the first week in February, due to the hesitancy on the part of foreign buyers in making commitments at prevailing prices. Conditions improved later in the month, and while a fair amount of consignments were made, the volume of meat and lard forwarded for export was less than in January. Prices have advanced in foreign markets during the last month but quotations for some products continue under Chicago parity. Stocks of spot and consigned goods in European markets on March 1 were indicated as on a level with holdings at the beginning of February.

Dairy Products and Poultry—The quantity of creamery butter manufactured by sixty-seven creameries in this district totaled 11.4 per cent less in February than in the preceding month and showed a decline of 7.3 per cent from the corresponding period a year ago. The weekly average output in the United States advanced slightly as indicated by statistics issued by the American Association of Creamery Butter Manufacturers, but for the calendar month, due to fewer working days in February, production declined from January. Sales of butter showed a recession of 6.3

February output of coal in Illinois totaled only 4,898,650 tons, the smallest amount mined in that month on record and 39.7 per cent below the January figure; last year the decline in February was 23.8 per cent. The number of mines now closed in Indiana and Illinois is greater than usual at this time of year and operating schedules of others have been considerably reduced. Because of the curtailment in output steam coals have been scarce, which has strengthened their position to some extent, but aside from this element of firmness the mid-west bituminous market is dull. Prices of domestic coals remained fairly stable during February, but have softened since the first week in

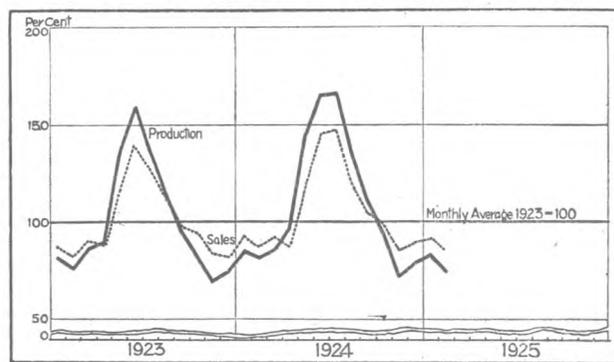
INDUSTRIAL EMPLOYMENT CONDITIONS

A continued improvement in manufacturing activity of the district was evidenced by the employment reports for February which showed increases in both men and payrolls for all but one of the industrial groups represented. The gains for plants employing an aggregate of 384,000 men were 1.5 per cent in the number employed and 4.0 per cent in total payrolls. The one decline, recorded for the food and food products group, was almost entirely due to seasonal curtailment in the meat packing operations. Metals and metal products are still increasing their working forces,

per cent in volume from the prior month and were 0.3 per cent lower than in February, 1924, according to reports sent direct to this bank by seventy companies in the district. During the five weeks ended March 7, Wisconsin factories produced 13.3 per cent more cheese than in the prior period, but the figures show a reduction of 0.7 per cent from the total for corresponding weeks of 1924.

A smaller quantity of butter, cheese, and poultry, but a greater number of eggs was received at Chicago than in January. Receipts for all four commodities were somewhat under those of a year ago. Inventories in the United States declined seasonally during February, but holdings of butter, cheese, and poultry exceeded those of a year ago and were higher than the five-year average for March 1. Chicago quotations for butter, fowls, and chickens advanced from the January level, but prices for eggs, cheese, geese and ducks declined. Prices for eggs strengthened somewhat after reaching very low levels early in March, but those of butter advanced steadily until March 11 and then eased slightly.

INDEX OF CREAMERY BUTTER OUTPUT BY FACTORIES IN THE SEVENTH DISTRICT



Based on reports to this bank from 81 creameries. February, 1925, figures partly estimated. Latest figures, February, 1925: Production, 74.3; Sales, 86.3.

COAL

March; screenings are firm in price and some increases have been recorded.

Partly owing to the shorter month, but mostly because of a lighter demand, production of both bituminous and anthracite coal for the United States declined in February. Bituminous production aggregated 38,987,000 tons, a decrease from January of about 25 per cent; 7,176,000 tons of anthracite coal were mined or 3 per cent less than in the preceding month. For the week ended March 7 bituminous output registered a gain for the first time since the week ended January 10.

the cumulative gains since last November amounting to 7.8 per cent in men and 15.7 per cent in payrolls. Other industrial groups showing an improvement that began several months ago are, textiles and textile products, chemicals, and leather products. The vehicle group, which has shown curtailed employment since last October, in February put on 2 per cent more men and added 7.4 per cent to its payrolls. Manufacturers of building materials as a whole are preparing for an increased demand, employing additional

men for the first time in many months. Of the heavy increases reported for lumber and its products, the greater part was contributed by the furniture industry in which the gains for the month were unusually marked.

Aside from manufacturing activity, however, the demand for labor remains practically unchanged and unemployment

still prevails. At state employment offices, the ratio of the number of applicants to positions available underwent a slight decline, indicative of some improvement in this situation. Thus for Illinois, the ratio declined from 188 to 174, and in Indiana from 130 to 128, during the month of February.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	FEBRUARY 15	JANUARY 15	PER CENT CHANGE	FEBRUARY 15	JANUARY 15	PER CENT CHANGE
	All groups (10).....	383,399	377,747	+1.5	\$9,864,172	\$9,483,216
Metals and metal products (other than vehicles).....	150,193	147,903	+1.5	3,642,389	3,453,624	+5.5
Vehicles.....	44,278	43,414	+2.0	1,310,371	1,220,564	+7.4
Textiles and textile products.....	29,790	29,018	+2.7	725,330	683,541	+6.1
Food and related products.....	49,000	49,808	-1.6	1,298,823	1,354,516	-4.1
Stone, clay, and glass products.....	11,295	10,921	+3.4	319,910	311,210	+2.8
Lumber and its products.....	36,802	35,271	+4.3	861,058	796,247	+8.1
Chemical products.....	10,400	10,139	+2.6	272,957	260,534	+4.8
Leather products.....	18,845	18,508	+1.8	437,388	419,149	+4.4
Rubber products.....	3,130	3,115	+0.5	84,909	81,258	+4.5
Paper and printing.....	29,666	29,650	+0.1	911,037	902,573	+0.9

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—General improvement, though partly seasonal, was recorded for February in the automobile industry. Production schedules increased for the second successive month, the output of 252,785 passenger cars by identical American manufacturers representing a gain of 18.7 per cent over January; last year February production of 343,444 cars increased 16.9 per cent over the preceding month. Manufacture of trucks gained not only over January but also over a year ago; 34,234 were produced in February by companies whose output in January aggregated 28,041 and 32,805 in February, 1924.

Distribution of automobiles, at both wholesale and retail, likewise increased in February, with retail sales making greater gains than wholesale. Cars sold to dealers by firms producing about 65 per cent of the February output showed an increase of 20.6 per cent over January, while the sales of these dealers to users gained 32.6 per cent. In the preceding month retail sales were 78.7 per cent of those made by the producers to their dealers and in February the ratio stood at 86.6. Distribution in the Middle West improved over the preceding month and a year ago, as revealed in reports sent to this bank by seventy-eight dealers; sales of used cars also increased considerably. Thirty-six dealers report that 43.3 per cent of their February retail business was done on the deferred payment plan. Although stocks are being augmented constantly for the spring trade, they are being kept well below the inventories of last year.

DISTRIBUTION OF AUTOMOBILES

Changes in February, 1925, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY	FEBRUARY	JANUARY	FEBRUARY
	1925	1924	1925	1924
New cars				
Wholesale—				
Number sold.....	+28.1	+10.8	46	44
Value.....	+36.5	+20.5	46	44
Retail—				
Number sold.....	+47.6	+13.2	70	70
Value.....	+58.5	+31.0	70	70
On hand Feb. 28—				
Number.....	+16.1	-47.9	78	78
Value.....	+13.8	-38.1	78	78
Used cars				
Number sold.....	+29.9	+38.0	74	73
Saleable on hand—				
Number.....	+1.9	+9.6	75	73
Value.....	+5.4	+3.1	75	73

Agricultural Machinery and Equipment—Domestic sales of agricultural machinery and equipment were greater in February than in January, the figures for both months showing quite marked improvement over the corresponding totals for 1923 and 1924. Production in February was

equivalent to 65.5 per cent of the estimated normal for that month and increased 2.7 per cent over a year ago.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in February, 1925, from the previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY	FEBRUARY	JANUARY	FEBRUARY
	1925	1924	1925	1924
Domestic sales.....	+43.0	+26.4	111	111
Sales billed for export.....	9.2	-0.2	111	111
Total sales.....	+32.8	+22.0	111	111
Production.....	+4.6	+2.7	100	101

Sales based on dollar amounts. Production computed from employment.

Iron and Steel Products—No appreciable change has taken place in the steel situation during the past month. Specifications on first quarter tonnages have continued in good volume and in Chicago territory exceed shipments, but contracting for second quarter requirements remains limited. On February 28 the unfilled orders on the books of the United States Steel Corporation amounted to 5,284,771 tons, an increase of 4.9 per cent over January 31. Despite a curtailment in output at Youngstown where sheets, the present weak spot in the market, are an important product, operations for the country averaged about the same as in January; at Chicago, where demand has been well sustained, mills continue to run at capacity. February output of steel ingots for the United States totaled 3,700,004 tons, which, owing to the shorter month, is smaller than the January amount; average daily production, however, increased slightly over the preceding month. Pig iron output was the largest of any February on record, while the daily average gained 5.6 per cent over January; for Illinois and Indiana the increase was 11.1 per cent. The development of another buying movement in pig iron has not yet appeared and the market is featureless.

Prices vary little from those prevailing in January and orders for the second quarter have been booked at current levels. Sheets are an exception to this condition, concessions being made to automobile manufacturers. Some softening in pig iron prices has taken place in certain localities, but Chicago prices remain at the same level. As a result of these few reductions the *Iron Trade Review* composite average of fourteen leading iron and steel products declined gradually from \$41.22 on February 11 to \$40.83 on March 11. The trend of scrap iron prices also continues downward.

Iron and steel casting foundries in the Seventh district again increased their shipments in February, the forwardings of twenty-seven reporting firms gaining 2.0 per cent

in tonnage and 4.3 per cent in value over January, and 27.4 and 6.7 per cent, respectively, in the comparisons with February, 1924. Production declined 5.9 per cent from the preceding month but was 13.3 per cent greater than a year ago. Orders booked by stove and furnace manufacturers in the district have continued to mount and February shipments also were somewhat heavier than in January. Stocks were lower than in either the preceding month or February a year ago.

Shoe Manufacturing, Tanning, and Hides—February shipments of shoes, conforming to the usual tendency at this season, exceeded those for January and were 4.5 per cent greater than current production which aggregated slightly less than in the prior month according to reports received from thirty-five manufacturers in the Seventh district. Total inventories reported for March 1 by thirty factories represented 83.6 per cent of the volume of shipments from these plants in February, and orders on the books of twenty-six concerns over five weeks' future business based on their current rate of output. The collection situation has not changed materially from that a month ago.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN FEBRUARY, 1925, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JANUARY 1925	FEBRUARY 1924	JANUARY 1925	FEBRUARY 1924
Production	- 2.7	+ 4.4	35	34
Shipments	+ 4.1	+ 5.5	35	34
Inventories	+ 0.6	-10.0	30	28
Unfilled orders	-27.3	- 1.3	26	25

Representative tanners in the district report the sale of leather not quite equal to that for January, because of fewer working days in February, but the aggregate value billed increased slightly over the figures for the corresponding period a year ago. A majority of concerns increased daily production although a few companies had a smaller total output in February than in the prior month. Prices of belting and harness strengthened; those of other kinds of leather held moderately firm compared with quotations for January.

Although activity in the hide market increased at low-

ered prices after the middle of February, the volume of trading did not fully offset the result of inactivity earlier in the month and the number of packer green hides and calf skins that moved at Chicago during February failed to equal the total for the prior period.

Furniture—A very good demand for furniture prevailed through February in the Seventh district; new business received by twenty-one manufacturers declined only slightly from the preceding month, while the volume of orders booked was larger by 35.4 per cent than a year ago and 28.7 per cent above February, 1923. Shipments increased 15.9 per cent over January, but even at this high rate it would require more than eight weeks for a clearance of the order books. On February 28 the amount of unfilled orders on hand was more than two-thirds greater than last year and 25.0 per cent above January 31. Production schedules for February gained slightly over both the preceding month and the corresponding month of 1924.

Raw Wool and Finished Wools—Demand for domestic wools remained indifferent throughout February, with concessions offered on the limited amount of business transacted. Although the low stocks of wool in the hands of the larger dealers undoubtedly acted as a deterrent to any decided reductions, prices eased from 5 to 10 per cent during the month, the declines in the finer grades of wool being greater than in the coarser wools. The weakness of the foreign markets was a factor contributing to this state of the market, as was also the slow development of the finished goods trade.

Buying of men's wear materials for the fall season has been conservative, although some mills in this district report the volume of new business booked as very satisfactory. On March 10 the American Woolen Company opened its lines of women's wear goods for next fall. Staples were emphasized at this showing, the wide range of colors offered satisfying the demand for novelty, with twills, flannels, pile sheen fabrics, and suede finished goods the popular materials. So few repeat numbers were shown that price comparisons are not available.

BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

Conditions in the lumber industry in the Seventh district underwent little change during February—a general dullness still prevailing. Lumber moved somewhat more readily into the hands of distributors, with receipts and shipments at Chicago respectively 3.0 and 3.6 per cent above those in January; consumers, however, were buying for immediate requirements only and offering resistance to any price advances. In fact, the few instances wherein large orders were placed by contractors and railroads, generally involved considerable price reductions. Furniture manufacturers were among the most active buyers of hardwoods, but industrial users, as a whole, placed no large orders for either hard or softwoods. As reported by twenty-three manufacturers and dealers of the district, the aggregate sales were 6.6 per cent below the January volume, and were 14.9 per cent less than in February, 1924. Stocks in hands of dealers, especially softwoods, showed a slight increase for the month.

In the cement industry, stocks made further accumulation. Demand remained slow and production while steadily declining continued to exceed shipments. Reports for the United States show that total production was 7.4 per cent lower and shipments 17.8 per cent higher

than during the previous month, the volume of stocks gaining 12.3 per cent. In comparison with these items of a year ago, production shows a decline of 3.9 per cent, and shipments and stocks show increases of 1.4 and 12.4 per cent, respectively.

Brick manufacturers report activity as satisfactory and fully up to expectations for the winter months, with plants operating to capacity.

Building Construction—The building contracts awarded in the Seventh district during February aggregated \$52,305,061, an increase of 42.0 per cent over January and 14.3 per cent over February last year. The cumulative total for the first two months this year is within 6 per cent of the corresponding volume for 1924, residential contracts constituting 42 per cent of this total as against 48 per cent a year ago. Permits also made substantial gains for the month, those issued in fifty cities of the district increasing 47.2 per cent in number and 37.4 per cent in cost. Gains over February, a year ago, were respectively 23 and 24 per cent while cumulative figures show that the estimated cost so far this year is nearly 30 per cent ahead of the first two months of 1924.

MERCHANDISING CONDITIONS

Wholesale Trade—The volume of goods sold at wholesale in the Seventh district during February, as reflected by direct returns to this bank, was smaller this year than last. Individually, less than thirty per cent of the reporting firms registered gains over February, 1924, so that for the second successive month the five commodity groups—grocery, hardware, dry goods, drug, and shoe dealers—all showed decreases from a year ago.

As in the four preceding years for which comparable data are available (1921-1924) the February-January sales comparisons vary: in groceries, all but seven firms continued the downward trend noted since the beginning of the year; shoe dealers, on the other hand, with one exception reported expansion in business; and the other groups were more evenly divided between increases and decreases.

February collections like sales were smaller than in January, fifty-four out of sixty-nine firms reporting declines; in comparison with a year ago, the hardware group averaged the one increase.

Inventories on February 28 for all groups except shoe dealers were higher than at the beginning of the month, net increases ranging from 0.7 per cent for groceries, in which less than half the individual stores showed gains, to 12.5 per cent for hardware with only one store reporting a decline. Grocery stocks continue well above a year ago,

but the majority of other firms are carrying lighter inventories.

Department Store Trade—February returns to this bank from reporting department stores in the district in general showed a seasonal drop in sales from the preceding month, with the average decline for the group somewhat more marked than usual. Furthermore, for the first time since October total sales fell below the corresponding month of the preceding year.

For all but three stores February collections were smaller than during January—a seasonal trend accompanying the reduction in business characteristic of the winter months. The ratio of 40.7 per cent for February collections to accounts outstanding at the end of January is the lowest in several months, and compares with 44.2 per cent, the corresponding 1924 figure.

As is customary during February, increases in stocks were general, inventories at the close of the month amounting for the district to 9.8 per cent more than on January 31. Comparisons with a year ago were about evenly divided between increases and decreases so that aggregate stocks for the group were at practically the same level as on February 29, 1924. The stock turnover for the first two months of 1925 has averaged 26.1 as compared with 26.3 for last year. Outstanding orders for new goods were higher at the end of February than on January 31 for over half the stores.

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	Feb., 1925	Jan., 1925	Feb., 1924	Jan., 1924	No. of Firms	Feb., 1925	Jan., 1925	Feb., 1924	Jan., 1924
Meat Packing—(U. S.)—										
Sales (in dollars) ¹	64	96.5	102.9	87.7	95.2					
Casting Foundries—										
Shipments (in dollars).....	28	87.3	83.7	82.4	71.9					
Stoves and Furnaces—										
Shipments (in dollars).....	17	59.9	54.2	82.2	62.3					
Agricultural Machinery & Equipment—(U. S.)²—										
Domestic Sales (in dollars).....	130	122.0	84.6	96.7	69.9					
Exports (in dollars).....	130	106.2	115.4	105.6	109.8					
Total Sales (in dollars).....	130	118.5	89.2	98.0	75.9					
Production.....	124	99.4	95.0	99.1	97.8					
Agricultural Pumps—(U. S.)²—										
Shipments (in dollars).....	19	107.4	108.6	96.0	93.9					
Furniture—										
Orders (in dollars).....	21	178.5	191.6	136.9	186.4					
Shipments (in dollars).....	21	139.2	119.7	142.4	116.6					
Shoes⁴—										
Production (in pairs).....	35	155.9	160.2	147.7	145.2					
Shipments (in pairs).....	35	160.9	154.6	152.1	128.8					
Electric Energy—										
Output of Plants (KWH).....	9	162.6	177.9	161.7	169.5					
Industrial Sales (KWH).....	9	172.2	170.8	172.0	160.7					
Flour Production—										
(In bbls.).....	39	110.6	125.7	97.1	108.1					
Output of Butter by Creameries⁵—										
Production.....	81	74.3	82.5	81.5	83.6					
Sales.....	81	86.3	91.2	87.7	92.4					
Freight Carloadings—(U. S.)—										
Grain and Grain Products.....		112.3	129.9	129.5	121.8					
Live Stock.....		97.0	111.0	103.6	110.9					
Coal.....		108.8	126.3	121.1	125.1					
Coke.....		149.0	148.7	147.0	133.8					
Forest Products.....		146.1	126.1	147.1	124.7					
Ore.....		31.6	27.0	26.6	23.3					
Merchandise and Miscellaneous.....		124.9	114.1	119.7	110.0					
Total.....		117.3	114.5	117.7	111.0					
Iron and Steel—										
Pig Iron Production⁵—										
Illinois and Indiana.....		167.5	150.7	140.6	127.7					
United States.....		137.0	129.8	126.5	116.2					
Steel Ingot Production—(U. S.) ⁶		138.2	137.3	135.1	119.4					
Unfilled Orders U. S. Steel Corp.....		88.2	84.0	82.0	80.0					
Automobiles—(U. S.)—										
Production: Passenger Cars.....										
Trucks.....		178.6	147.5	243.4	207.9					
Trucks.....		123.8	99.2	117.6	109.3					
Shipments:⁸ Carloads.....										
Driveaways.....		183.3	161.6	249.6	222.0					
Boat ⁷		81.3	56.9	108.5	105.7					
Boat ⁷		8.8	10.3	12.6	30.2					
Excise Tax Collections⁸—										
New Automobiles.....		97.9	116.0	119.5	208.2					
New Automobile Trucks.....		13.0	28.4	65.4	113.0					
Parts and Accessories.....		34.7	50.3	32.2	87.3					
Stamp Tax Collections⁹—										
Sales or Transfers of Capital Stock.....		162.8	200.4	103.5	220.6					
Sales of Produce on Exchange—Futures		88.4	75.4	31.2	31.1					
Wholesale Trade—										
Net Sales (in dollars):										
Groceries.....	43	62.5	65.8	67.0	68.5					
Hardware.....	21	82.5	79.5	85.7	83.3					
Dry Goods.....	14	75.3	78.9	89.6	98.7					
Drugs.....	14	88.9	95.4	91.8	96.6					
Shoes.....	7	32.6	29.9	41.3	43.3					
Retail Trade (Dept. Stores)—										
Net Sales (in dollars):										
Chicago.....	9	99.4	118.1	117.7	106.0					
Detroit.....	4	127.2	120.6	129.3	125.1					
Des Moines.....	3	103.4	110.5	89.9	97.8					
Indianapolis.....	5	104.7	130.2	112.0	129.8					
Milwaukee.....	5	114.6	122.3	117.2	121.1					
Outside.....	39	80.8	85.1	86.6	82.4					
Seventh District.....	65	107.3	112.7	111.6	111.7					
Retail Trade—(U. S.)—										
Department Stores.....	359	100	109	102	109					
Mail Order Houses.....	4	116	108	96	98					
Chain Stores:										
Grocery.....	28	246	245	198	203					
Drug.....	9	161	155	143	141					
Shoe.....	6	149	107	93	99					
Five and Ten Cent.....	5	209	151	140	126					
Music.....	4	120	92	97	84					
Candy.....	5	207	162	167	154					
Cigar.....	3	140	122	124	119					
U. S. Primary Markets¹⁰—										
Grain Receipts:										
Oats.....		72.1	118.2	99.4	87.3					
Corn.....		141.4	242.0	291.9	204.2					
Wheat.....		61.8	76.5	61.3	49.4					
Grain Shipments:										
Oats.....		69.6	77.7	71.0	78.4					
Corn.....		81.4	92.8	140.9	125.6					
Wheat.....		51.1	61.3	34.1	36.6					
Building Construction—										
Contracts Awarded (in dollars):										
Residential.....		132.7	100.4	112.9	173.4					
Total.....		95.2	67.2	83.3	89.7					
Permits:										
Chicago.....		258.3	128.1	163.4	145.2					
Cost.....		313.5	241.9	215.3	162.6					
Indianapolis.....		181.2	124.2	126.2	102.1					
Cost.....		178.7	90.5	254.6	94.9					
Des Moines.....		162.7	91.2	124.5	75.5					
Cost.....		248.3	64.4	89.2	53.8					
Detroit.....		133.8	108.7	116.8	82.7					
Cost.....		141.3	136.7	162.8	103.0					
Milwaukee.....		115.3	119.3	124.3	108.3					
Cost.....		147.6	101.0	77.9	82.0					
Other (45).....		99.0	66.3	71.4	63.1					
Cost.....		136.7	99.5	108.8	76.1					
Fifty Cities.....		129.8	97.7	105.4	86.8					
Cost.....		198.7	153.8	159.9	111.5					

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. 7th F. R. District; 9. First Illinois internal revenue district; 10. Monthly average receipts 1919=100.