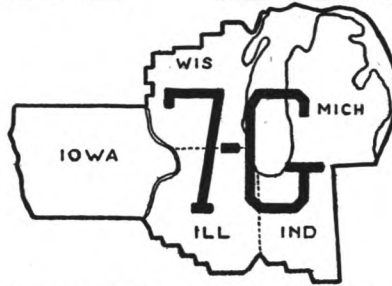


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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August 1, 1925

BUSINESS CONDITIONS IN THE UNITED STATES

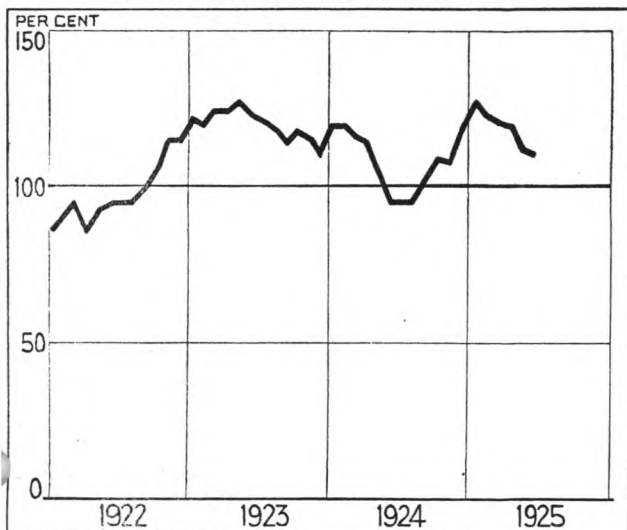
PRODUCTION of basic commodities and factory employment declined further in June, while railway freight shipments and the volume of wholesale trade increased. Wholesale prices, after declining for two months, advanced in June.

PRODUCTION—Production in basic industries, as indicated by the Federal Reserve Board's index, declined about one per cent in June to the lowest level since the autumn of 1924, but was 17 per cent above the low point of last summer. Output of pig iron, steel ingots, lumber, news print, and petroleum, and mill consumption of cotton declined in June, while production of bituminous coal, sole leather, and wheat flour increased. The number of automobiles manufactured during June was slightly less than in May. Factory employment declined one per cent and factory payrolls over 2 per cent between May 15 and June 15, reflecting substantial declines in the automobile, boot and shoe, textile, and iron and steel industries. Building contracts awarded during June were larger in value than during May and almost equaled the peak figure for April. In square feet of floor space the June awards were a little smaller than those for May. Residential contracts in June were the smallest for any month since February, but greatly exceeded those of a year ago.

The Department of Agriculture estimate of the condition of all crops combined on July 1 showed some improvement from the month before. The corn crop forecast places it at approximately 550,000,000 bushels above last year. The July 15 cotton crop estimate was 13,588,000 bales, compared with a forecast of 14,339,000 bales on June 25.

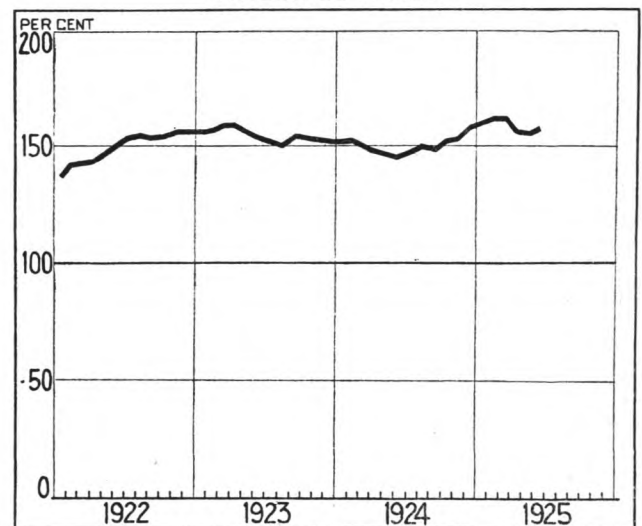
TRADE—Freight car loadings were larger during June than during May, as is usual at that season, and also considerably exceeded the figures for June, 1924, the low point of last year. Sales at department stores during June were seasonally smaller than in May, but totaled 5 per cent more than last year. It should be borne in mind, however, that in June of this year there were four Sundays as compared with five in the preceding month, as well as in June, 1924. Mail order sales were 6 per cent larger than in May and exceeded the amount of June, 1924. Sales of wholesale firms were 5 per cent greater than in May and larger than in any June in the last five years. Department store stocks were reduced further in June, but were slightly larger than a year ago. Wholesale stocks of groceries, shoes, and hardware were smaller at the end of June than a month earlier, but those of dry goods and drugs were larger. Compared with a year ago stocks of groceries and drugs were larger in value, while stocks of dry goods, shoes and hardware were smaller.

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figures, June, 1925: 110.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figures, June, 1925: 157.4.

Compiled July 27, 1925

PRICES—Wholesale commodity prices advanced 1.4 per cent in June, according to the Index of the Bureau of Labor Statistics, following declines in April and May. The largest increase for any commodity group was for the miscellaneous group which includes crude rubber; prices of farm products, foods, and fuel and lighting also advanced, while prices of building materials declined considerably. In the first half of July quotations on flour, beef, hogs, wool, copper, petroleum, hides, and rubber increased, while prices of sugar, bituminous coal, and hardwood lumber declined.

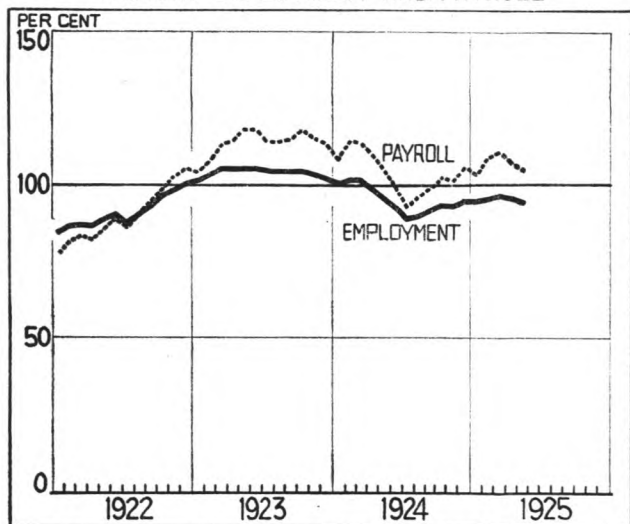
BANK CREDIT—At member banks in leading cities the volume of loans on securities continued to increase after the middle of June and during the first half of July was at a higher level than at any previous time. Demand for bank credit for commercial purposes was relatively inactive and the volume of commercial loans at reporting member banks remained near the low level for this year,

although considerably above the amount for the corresponding period in 1924.

At the reserve banks the seasonal demand for credit and currency was reflected in increased borrowing by member banks which carried discounts at the beginning of July to the highest level in more than a year, and notwithstanding the subsequent decline the total on July 22 was still at a relatively high level. Total earning assets on that date showed little change as compared with the figures for four weeks earlier.

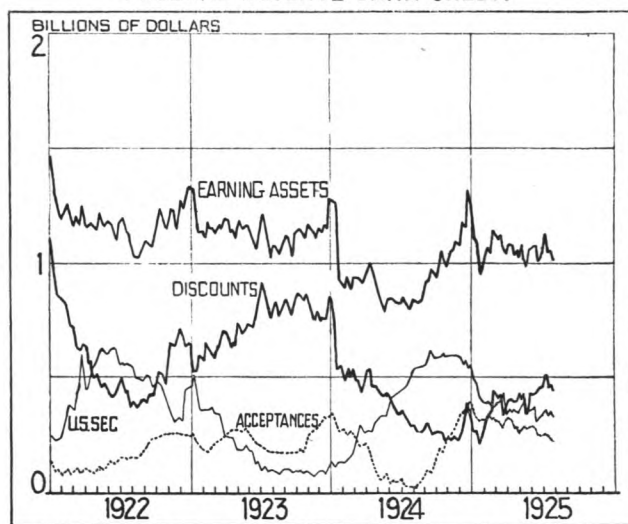
Firmness in the money market at the close of the fiscal year was followed by an easing of money after the first week of July. In the latter part of the month there was again evidence of firmer money conditions. These changes were reflected chiefly in the movement of rates for call money, quoted rates on prime commercial paper and on bankers' acceptances remaining throughout the period at $3\frac{3}{4}$ -4 per cent and $3\frac{1}{4}$ per cent.

FACTORY EMPLOYMENT AND PAYROLL



Index for 33 manufacturing industries (1919=100). Latest figures, June, 1925: Employment, 94.2; Payroll, 105.2.

FEDERAL RESERVE BANK CREDIT



Weekly figures for 12 Federal Reserve banks. Latest figures, July 22, 1925: Total Earning Assets, 1,015 million; Discounts, 443 million; Acceptances, 225 million; United States Securities, 335 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE second half of 1925 opened with the volume of business and industry in the Middle West much larger than a year ago. Of the various activities covered by this survey, the majority reflected increased operations in June over the corresponding month in 1924, exceptions being coal mining, the output of flour and dairy products, and wholesale distribution of groceries and shoes.

Furthermore, the seasonal declines this year were much less pronounced and in some cases absent, whereas last year the comparisons for June with the preceding month in general indicated a downward trend. The recession at iron and steel plants during June and the curtailment in automobile production were considerably less than corresponding decreases in 1924, and were so nearly offset by gains in other industries, especially textile and food production, that aggregate employment figures were kept close to the May level in contrast to decided drops during June last year. The slight increase over May in agricultural machinery output compares with a decrease in 1924. In building construction also the May-June comparison is significant, the gain in contracts awarded being over twice as marked as in 1924, and raising the total for the month to a new record.

Distribution statistics, as well as figures on the volume

of payment by check, indicate expansion in activity, contrary to trends followed a year ago.

For most commodities, stocks were reduced during June, largely in preparation for the July 1 inventory taking. As compared with a year ago, coal and automobile stocks are lower, and building materials higher; goods in the hands of wholesalers and retailers are in general lower in proportion to sales. Data available on collections would indicate somewhat better conditions than last year.

Outstanding agricultural developments during June were the striking improvement in corn, the harvesting of small grains in volume somewhat less than in 1924, and the placing of most fruit crop estimates below a year ago.

The number of business failures in the Seventh district in June, as well as the aggregate amount of liability involved, exceeded the May figures and those for June, 1924. In general credit conditions remained about the same as a month earlier. Savings deposits reached a new peak on July 1.

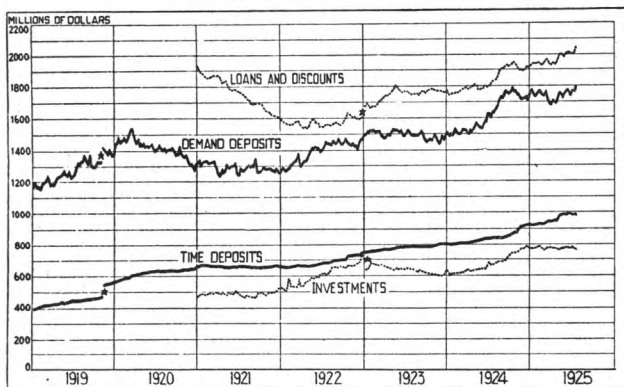
CREDIT CONDITIONS AND MONEY RATES

With the exception of a brief period around July 1, when a slight hardening of the Chicago money market was evident, credit conditions in the district have undergone no radical change during the past month. The slight

firming—the result of heavier requirements to meet mid-year settlements, which while relatively heavy were insufficient to strain the market or to effect any quotable change in rates—was quickly followed by a return to extremely easy conditions. Current quotations are as follows: Commercial paper, $3\frac{3}{4}$ to $4\frac{1}{4}$ per cent, collateral loans, 4 to $4\frac{1}{4}$ per cent, and over-the-counter accommodation, $4\frac{1}{4}$ to $4\frac{1}{2}$. The effect of the improved agricultural outlook with respect to corn has created better sentiment on all sides, and especially in the greater part of the agricultural areas of the district.

Total earning assets of the Federal Reserve Bank of Chicago have shown little fluctuation since the middle of June, \$126,663,000 on July 15, comparing with \$126,526,000 on June 17, the corresponding reporting date in that month, but dropped about \$10,000,000 on July 22. On July 1 they rose to an aggregate of \$144,629,000, followed the subsequent week by a decline to approximately the previous level. Loans to member banks have been in greater volume subsequent to June 17, than at any time since the early months of 1924, and on July 1 the \$70,968,000 shown marked the highest aggregate since January 2, 1924. Loans to members on July 22, however, totaled \$48,111,000 representing a decrease of about \$5,500,000 from the figure given on June 24. Federal Reserve notes in actual circulation continue to decrease in volume; on July 22 they amounted to \$150,644,000 as against \$155,794,000 on the corresponding reporting date in June.

POSITION REPORTING MEMBER BANKS—7TH DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, July 15, 1925, in thousands of dollars: Loans and Discounts, 2,048,292; Demand Deposits, 1,796,482; Time Deposits, 978,526; Investments, 759,710.

Reporting member banks in Chicago and Detroit showed a declining trend in aggregate loans and discounts until July 8, when a considerable increase was shown, followed by a further gain July 15 of approximately \$21,000,000 over the preceding week, which carried the total to a figure \$34,000,000 higher than that shown on June 17, the corresponding reporting date in that month. Loans for commercial purposes in Chicago underwent a considerable decline between these dates, but in Detroit the trend was in the opposite direction. Investments of reporting member banks in the district declined about \$16,500,000 on July 15 as compared with June 17, almost entirely attributable to lessened holdings reported by Chicago and Detroit members. Demand deposits of Chicago and Detroit reporting members on July 15 touched the highest point for several months, and were on that date nearly \$30,000,000 above June 17. The net increase in the agree-

gate for all reporting members in the district in the same comparison was about \$26,000,000. The trend of time deposits has been downward during recent weeks, the aggregate shrinkage for all reporting members in the district amounting to \$13,149,000, on between June 17 and July 15.

The turnover of commercial paper by reporting Seventh district dealers was 29.5 per cent less in June than in the preceding month. Paper outstanding, on the other hand, advanced 3.7 per cent for the corresponding month-end comparison. Selling rates remained stationary, prevailing at $3\frac{3}{4}$ to 4 per cent. Demand for paper was very slow, the condition being ascribed by some dealers to the desire on the part of purchasers for more profitable means of investment, as well as demand for money to cover interest and dividend disbursements. The supply of paper was correspondingly increased and was declared by two dealers to be the best of any month this year. Throughout the country, twenty-three commercial paper dealers had outstanding paper aggregating \$686,931,000, on June 30, compared with \$692,542,000 on May 31.

Dealers in the Chicago bill market reporting to this bank purchased acceptances aggregating 14.2 per cent more in the four-week period ended July 15 than in the preceding period of four weeks ended June 17. Sales, however, declined 25.4 per cent for this same comparison, representing reduced volume of purchases by all classes of buyers except out-of-town banks. Holdings of bills on July 15 were 85.7 per cent above those of June 17. Rates remained unchanged, 90-day bills being bid at $5\frac{3}{8}$ per cent and offered at $3\frac{3}{4}$ per cent at the close of the period. The supply of bills was limited, and demand was fair to good, with movement of bills at offered rates free. Best demand was for longer maturities than usual. Commodities involved were packing house products, grain, and ores.

Extensive reductions during June characterized all phases of acceptance operations by reporting Seventh district banks. The volume of bills accepted was 42.6 per cent smaller than in May, purchases of acceptances declined 33.5 per cent, and sales were off 19.1 per cent. Aggregate June 30 holdings and holdings by the banks of their own acceptances were reduced 15.2 per cent and 17.7 per cent, respectively. The liability of the banks for bills outstanding at the close of June was 21.3 per cent less than on May 31. Acceptance operations of the Federal Reserve bank in the market during June involved purchases of \$21,307,674, with month-end holdings reduced from \$39,022,560 to \$29,952,465.

Agricultural Financing—Twenty-two Joint Stock Land banks with aggregate loans of \$181,852,154 outstanding on June 30 in the five states including the Seventh district showed an increase of \$2,029,969 over the total of May 30. Four Federal Land banks increased their aggregate of loans outstanding in the same territory to \$155,168,986 compared with \$154,170,036 at the end of May, and four Federal Intermediate Credit banks reported total loans and discounts of \$1,053,874 as against \$922,752 at the close of the prior month.

Volume of Payment by Check—Thirty-six clearing house centers in the Seventh district reported aggregate volume of check payment in June as \$5,769,440,000, a gain of 5.2 per cent over May, and 20.3 greater than in the corresponding month a year ago. The increase in the total of the four larger reporting centers, Chicago, Detroit, Milwaukee, and Indianapolis, was 5.7 over May, and 22.0 above June, 1924,

and for thirty-two smaller cities reporting debits the increases as compared with the preceding month and with June, 1924, were 2.3 per cent and 11.8 per cent, respectively.

Savings—Crediting of semi-annual interest on July 1 accentuated the upward trend apparent this year in savings deposits, the total for 196 reporting banks in this district reaching a new peak, 1.3 per cent in excess of the June 1 aggregate. This gain reflected individual increases at 144 banks, and by states new records for Indiana, Iowa, and Michigan, with totals for Illinois and Wisconsin close to their January 1, 1925, high points. In comparison with a year ago, 140 banks reported larger balances, the average increase for the entire group amounting to 3.9 per cent, the most marked gain since November.

In number of accounts, Illinois and Iowa exceeded previous records, and Michigan aggregated within one per cent

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Prospects for corn in this district have improved to such an extent during the past month that many believe with the continuance of favorable growing weather a bumper crop may be harvested this autumn. Harvesting of small grains has progressed rapidly and in some cases the yields have been a little better than anticipated earlier in the season, although total production is smaller than last year. The yield of hay was below average but some of the deficiency has been offset by the heavy carry-over from a year ago.

Many truck crops show a reduction in acreage from 1924 and the condition of some of the earlier varieties was adversely affected by the weather, but stands of later plants are fairly good. Early canning peas made poor yields but the prospect for the late crop is more favorable, the sweet corn pack is expected to be larger than average; acreage of tomatoes for manufacture now estimated 15.8 per cent above last year and present conditions appear conducive to a good yield.

The Bureau of Agricultural Economics estimates the production of broom corn in Illinois at 7,282 tons in 1925, compared with 9,030 tons a year ago. Sugar beet production for Michigan and Wisconsin is forecast as 923,000 tons compared with 1,217,000 tons harvested in 1924. Michigan is expected to harvest 6,283,000 bushels of beans, compared with 5,848,000 bushels last year.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of July 1.
(In thousands of bushels)

	SEVENTH DISTRICT		UNITED STATES		5 Yr. Av. 1920-1924
	FORECAST 1925	FINAL 1924	FORECAST 1925	FINAL 1924	
Corn	1,044,018	721,019	3,095,176	2,436,513	2,934,649
Oats	486,976	608,284	1,292,101	1,541,900	1,327,642
Winter Wheat...	53,713	65,262	403,851	590,037	591,957
Spring Wheat...	3,588	2,718	275,739	282,636	245,159
Barley	31,657*	31,570*	208,475	187,875	182,382
Rye	13,709*	18,589*	54,104	63,446	70,410
Potatoes (White)	51,924	81,801	349,566	454,784	417,848
Tobacco**	42,118	39,248	1,282,916	1,240,513	1,330,876
All Hay***	12,896	22,352	92,600	112,450	107,207

* Five states including Seventh Federal Reserve district.

** In thousands of pounds.

*** In thousands of tons.

The crop of apples in the states including the Seventh district seems about on a par with last year. Michigan and Indiana are producing more peaches than a year ago but decided reductions from the 1924 volume are shown by the crops of Michigan grapes, Illinois peaches, and Michigan and Indiana pears.

Composite condition of all crops on July 1 (100=

of its peak, June 1, but with Indiana and Wisconsin dropping below the average for the first six months of 1925, the total for the district rose only slightly above the preceding month.

The average size of account was 1.3 per cent higher than on June 1, and 1.2 per cent ahead of last year; all five states registered gains in the former comparison, and all but Iowa in the latter.

Bonds—A considerable increase in the number of new offerings has taken place in the Chicago bond market since July 1, with no appreciable change in the price level, however, indicating a sufficiently large amount of re-investment funds seeking employment, to absorb the new issues fairly well. Public utility and first mortgage real estate bonds continue in excellent demand, and tax exempts are reported as receiving considerable attention at the hands of investors. Foreign issues have displayed strength, with rising prices.

average) was Indiana 90.1; Illinois 97.0; Michigan 77.9; Wisconsin 94.7; Iowa 100.1; and the United States 95.2, according to the United States Bureau of Agricultural Economics.

Grain Marketing—Receipts of grain at interior points in the United States showed a seasonal increase over those in May and were greater than in June last year. June forwardings of oats and wheat from these primary markets failed to reach the volume of the prior month but those of corn increased. Visible supplies of grain in the United States declined during June, those of wheat and rye being less than corresponding figures for last year; holdings of corn, oats, and barley, however, considerably exceeded those at the beginning of July, 1924.

Contracts placed in June by members of the Chicago Board of Trade, calling for deliveries at some future date, represented a larger quantity of grain than in the prior month. Preliminary reports show a decline in exports compared with May. By the middle of July, prices had recovered somewhat from the slump at the end of June.

Flour—Receipts at Chicago during June of 1,046,000 barrels of flour and shipments of 661,000 barrels represented increases over both the preceding month and a year ago. Sales of reporting firms in the Seventh district also gained in these comparisons, while production of thirty-six mills rose from 50.4 per cent of capacity in May to 54.1 per cent in June.

CHANGES IN JUNE, 1925, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY 1925	JUNE 1924	MAY 1925	JUNE 1924
Production (bbls.)	+11.6	— 4.0		
Stocks of flour at end of month (bbls.)	— 9.1	—17.0	32	30
Stocks of wheat at end of month (bu.)	—39.9	—42.1	32	31
Sales (volume)	+ 5.1	+ 4.9	16	14
Sales (value)	+ 4.0	+44.1	16	14

Meat Packing—A larger quantity of meat and fat was produced by slaughtering establishments in the United States during June than in the prior month. Employment increased 4.3 per cent in numbers, 12.6 per cent in hours worked, and 10.4 per cent in total value for the last payroll in the month compared with corresponding figures for May, showing declines, however, of 6.7 per cent in personnel and 7.6 per cent in amount from a year ago. Sales reported in dollar amounts by fifty-eight packers in the United States aggregated 6.0 per cent greater than in May and 26.1 per cent above June, 1924; a part of the gain over a year ago is attributable to higher prices.

Although stocks of lard and dry salt meats increased during June, inventories of edible products at packing plants and cold storage warehouses in the United States totaled less on July 1 than at the beginning of the preceding month and were under the five-year average for this season.

Prices at Chicago continued to advance during June and the early part of July; quotations for lamb, however, showed an easing tendency about the middle of the latter month.

There has been little change in the export situation since last month; English demand for hams and picnics has improved somewhat, but European purchases of lard have declined so that the total quantity of forwardings by American packers for export did not change materially in June from that in May. Competition from other countries has been so keen that quotations for lard continue somewhat under a parity with those in the United States. Reports indicate that consignment stocks in Europe are gradually increasing in anticipation of fall and early winter needs.

Movement of Live Stock—Live stock slaughter showed a rather marked gain over May despite a decline in the receipts of calves and lambs. Greater numbers of calves and lambs but a lesser volume of cattle and hogs were received at public stock yards in the United States during June than in the corresponding period last year. Receipts of cattle and lambs expanded somewhat during the early part of July because of the seasonal movement from the western states; arrivals of hogs showed the usual decline subsequent to the bulge in June.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, June, 1925	215,384	853,510	270,463	136,028
Public Stock Yards in U. S. June, 1925	716,138	2,298,010	907,866	474,083
May, 1925	666,600	1,930,964	829,791	456,591
June, 1924	637,657	2,851,895	903,356	392,337

Shipments of cattle and lambs from stock yards to feed lots showed a recession from the preceding month, as well as from a year ago.

Dairy Products and Poultry—Butter production in the Seventh district showed a seasonal expansion of 9.9 per cent during June but fell 4.1 per cent below a year ago, according to reports sent direct to this bank by sixty-six creameries. Statistics issued weekly by the American Association of Creamery Butter Manufacturers indicate heavier production than in May although less than in June last year. Sales reported by sixty-seven manufacturers in the Seventh district totaled 13.0 per cent greater for June than for the prior month and 5.8 per cent under a year ago.

The output of Wisconsin cheese factories during the five weeks ended July 4 was 21.3 per cent larger than in the prior period but 0.3 per cent less than the corresponding figures for 1924.

Receipts of butter, cheese, and poultry increased at Chicago during June; a smaller quantity of eggs arrived than in the preceding month. Holdings of dairy products at cold storage warehouses in the United States rose above the June 1 level while stocks of poultry declined. By the middle of July, prices of dairy products and poultry began to show recovery from the reaction late in June.

COAL

No change of consequence has taken place in the coal situation of this district during the past month. Production continues unusually light, June output for Illinois aggregating only 3,379,770 tons, a decrease of 5.1 per cent from May and the lowest amount mined during any June for which figures are available, with the exception of 1922, when a general strike prevailed. Total output for the first half of 1925 fell 15.9 per cent below the amount for the corresponding period in 1924. There has been some slight shading of prices in industrial coals in order to meet competition, but for the most part price levels have remained steady.

Bituminous production during June in the United States exceeded that in May, as well as June a year ago; anthracite output was lower than in the preceding month and equaled approximately that of a year ago. Distribution of bituminous coal from Lake Erie ports to American lake ports gained over May and over June last year, but was considerably smaller than in 1923.

Commercial stocks of bituminous coal in the United States on June 1 aggregated 38,000,000 tons, or about a thirty-two days' supply, compared with 44,000,000 tons on hand March 1 this year, 51,000,000 tons on the corresponding date in 1924, and 42,000,000 tons on June 1, 1923.

INDUSTRIAL EMPLOYMENT CONDITIONS

Industrial employment in the Seventh Federal Reserve district changed but slightly in aggregate volume during the month ended June 15, plants which reported somewhat over 373,000 men at work the middle of May having reduced their forces by only 0.2 per cent with an accompanying cut of 0.3 per cent in payroll.

The various individual industries, however, showed considerable variation. The most marked developments, as in 1924 and more pronounced than then, were the seasonal expansion in the textiles group, reflecting especially the increase in men's clothing production, and in the food and related products group, the latter influenced by demands at canning and ice manufacturing plants.

Two other industries showing increases over May both in number of men employed and in payrolls were paper and printing, the 0.2 per cent gain reversing the downward trend apparent since March, and the stone, clay, and glass

products group in which slight gains maintained the level of operations reached as the result of the rapid increases of the four preceding months; for both groups the gains are in contrast to declines at this time a year ago. The payroll increase noted at lumber plants likewise contrasts with a decline in 1924. The increase in leather products, on the other hand, was less pronounced than last year, and was not general throughout the district.

Other industries registered declines in payrolls from the preceding month, the most marked—6.9 per cent for vehicles—reflecting a drop in output both of cars and locomotives, and of automobiles, partly offsets the gains shown for two months, but compares with more drastic curtailment in 1924. In metals and metal products, the decline in the number employed for the month nearly equals the cumulative decrease of the three preceding months, but is slight compared with a year ago.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	JUNE 15	MAY 15	PER CENT CHANGE	JUNE 15	MAY 15	PER CENT CHANGE
All groups (10)	372,289	373,104	-0.2	\$9,676,895	\$9,703,715	-0.3
Metals and metal products (other than vehicles).....	146,756	149,343	-1.7	3,584,220	3,704,614	-3.2
Vehicles	41,924	43,165	-2.9	1,264,634	1,358,204	-6.9
Textiles and textile products.....	27,875	25,944	+7.4	645,236	535,004	+20.6
Food and related products.....	49,156	47,349	+3.8	1,345,902	1,266,934	+6.2
Stone, clay, and glass products.....	13,306	13,158	+1.1	399,055	395,262	+1.0
Lumber and its products.....	35,040	35,485	-1.3	854,395	851,796	+0.3
Chemical products	9,419	9,700	-2.9	247,394	253,723	-2.5
Leather products	17,532	17,716	-1.0	385,040	384,163	+0.2
Rubber products	3,265	3,290	-0.8	82,694	87,612	-5.6
Paper and printing	28,016	27,954	+0.2	868,325	866,403	+0.2

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Passenger car output showed a further seasonal decline during June, but was well in advance of the same month a year ago. Production of identical American manufacturers totaled 364,751, a falling-off from May of 4.8 per cent and an increase over June, 1924, of 63.6 per cent. Truck production receded from the preceding month in greater proportion than passenger car, output for June by manufacturers whose May production was 42,522 totaling 36,846, a decline of 12.9 per cent, but a gain over a year ago of 33.2 per cent. For the first six months of 1925, passenger car output of 1,934,672 exceeded the corresponding period in 1924 by 4.8 per cent, while truck production gained 18.9 per cent in the same comparison.

A gradual lowering is apparent in the ratio of retail sales by dealers to the receipts from manufacturers by these dealers; for June, this ratio was 100.9, compared with 104.9 in May, 108.7 in April, and 144.7 in June last year; these percentages were computed from reports of firms whose output was 63.6 per cent of total June production.

Although June distribution of passenger cars in the Middle West declined somewhat from the preceding month, large gains were reported over June, 1924. The number of cars held by dealers and distributors is being kept very low. Reports of forty-three dealers show that sales made on the deferred payment plan averaged 51.1 per cent of their total retail sales.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in June, 1925, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY	JUNE	MAY	JUNE
	1925	1924	1925	1924
New cars				
Wholesale—				
Number sold.....	- 3.8	+135.2	45	43
Value	-13.1	+ 89.0	45	43
Retail—				
Number sold.....	- 5.5	+ 34.6	71	69
Value	- 6.9	+ 26.0	71	69
On hand June 30—				
Number	-24.0	- 48.1	74	72
Value	-22.7	- 42.9	74	72
Used cars				
Number sold.....	- 1.8	+ 19.5	72	70
Salable on hand—				
Number	-11.2	+ 1.8	71	69
Value	- 5.4	- 11.3	71	69

Iron and Steel Products—Little change took place in the iron and steel industry during June. Buying continued at approximately the same rate as in May and on a more or less hand-to-mouth basis. Conditions, both as to production and demand, were considerably better than in the corresponding month in 1924, but prices are lower than at that time and well below 1923 levels. Although large orders have not as yet been placed by the railroads, inquiries are more numerous; building construction continues good and the automobile industry is still active; the sheet market, especially in the Chicago district, has strengthened;

demand for pig iron is quiet. Unfilled orders of the United States Steel Corporation totaled 3,710,458 tons at the end of June, compared with 4,049,800 tons May 31, and 3,262,505 tons June 30, 1924.

As is to be expected at this season, production was further curtailed during June, but was at a much higher rate than this time last year. Average daily ingot output for the United States declined 7.3 per cent from May and gained 49.3 per cent over the same month a year ago. Total ingot production for the first half of 1925 exceeded the corresponding period in 1924 by 13.5 per cent. Pig iron output in June lost 5.7 per cent in the daily average for the country and 5.6 per cent in the Illinois and Indiana district.

Prices seem to have definitely firmed since the first of July and the *Iron Trade Review* composite average of fourteen leading iron and steel products has remained the same for four weeks, standing at \$37.45 on July 22. Pig iron prices have remained steady and, although scrap iron and steel have been rather irregular, the general level has changed little the past month. Sheet prices appear to have reached a firmer basis.

Production and shipments of iron and steel casting foundries in this district further declined during June, but showed gains over a year ago. The aggregate consumption of metal by twenty-nine firms reporting to this bank decreased 6.9 per cent from May and shipments were 9.3 per cent smaller in tonnage and 6.6 per cent less in value. In comparison with June, 1924, output increased 19.7 per cent, while shipments gained 13.4 per cent in tonnage and 5.3 per cent in value. Eighteen stove and furnace manufacturers report an aggregate loss of 4.5 per cent from May in shipments and an increase of 2.8 per cent over June last year. Production declined in both comparisons, while orders booked by fourteen firms showed an average increase of 9.1 per cent over a year ago and a decrease of 6.0 per cent from the preceding month.

Shoe Manufacturing, Tanning and Hides—The aggregate production and shipments reported by shoe factories in the Seventh district showed a slight increase in June and registered a considerable gain over corresponding figures for 1924. Shipments about equaled the number manufactured during the month, this fact accounting for the small decline in July 1 inventories compared with the prior period. Unfilled orders on the books of twenty-three companies amounted to about eight weeks' business at the June rate.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY	JUNE	MAY	JUNE
	1925	1924	1925	1924
Production	+0.8	+17.4	32	31
Shipments	+2.9	+10.1	32	31
Inventories	-1.5	- 6.1	27	26
Unfilled orders	+9.9	+ 8.2	23	21

Production of leather increased in the district during June and the aggregate value of sales billed by tanneries was above that in May or a year ago. Belting and harness sales ran ahead of those in June, 1924. Leather prices rule steady to strong.

With tanneries in the district purchasing greater quantities of raw material, packer green hides and calf skin markets were more active at Chicago during June than in May. Prices advanced to higher levels early in July.

Agricultural Machinery and Equipment—June sales of agricultural machinery increased, with the value billed in excess of the corresponding figures for 1923 and 1924. The demand for heavy machinery continued, influenced by the approach of the harvest season; the better volume of sales of this class of equipment as compared with last year, appears to have been largely responsible for the improvement shown in total billings over those for June, 1924. Employment approximated that in May, and was equivalent to only 67.3 per cent of the estimated normal rate for June.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	Changes in June, 1925, from previous months			
	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY	JUNE	MAY	JUNE
	1925	1924	1925	1924
Domestic sales billed....	+7.8	+40.3	112	112
Sales billed for export	+4.5	+15.0	112	112
Total sales	+7.4	+36.5	112	112
Production	-0.2	+28.3	105	104

Sales based on dollar amounts. Production computed from employment.

Furniture—As in June, 1924 and 1923, a decline from the preceding month was reported this year in orders booked

BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

Few large purchases of lumber were made during June in this district, but the total volume of business transacted was fair. Sales of twenty-six manufacturers and dealers reporting to this bank gained 1.2 per cent over May and 4.9 per cent over a year ago, the building industry and retail yards continuing to furnish the major portion of new business. Stocks are reported to be about the same as in the preceding month and heavier than a year ago. Prices remain somewhat unsettled; the collection situation has changed little. Receipts and shipments of lumber at Chicago increased over the preceding month and were larger than in either June, 1924 or 1923.

Both production and shipments of cement held up well during June. A slight reduction from May of 0.7 per cent was represented in total United States output of 15,387,000 barrels, but shipments of 17,501,000 barrels gained 4.6 per cent; both items showed increases over June, 1924. Stocks were reduced 12.4 per cent, but remain above a year ago. Demand in the Seventh district has been a little less than expected and output exceeds current needs.

Brick plants in the district report that June business was satisfactory and that shipments were heavy, with

by furniture manufacturers in the Seventh district, the June-May decrease of twenty-two firms aggregating 3.0 per cent. New business exceeded that of a year ago by 38.5 per cent and June, 1923, by 1.6 per cent, the first gain to be shown in the latter comparison since February. Shipments declined 11.7 per cent from May and 10.1 per cent from the corresponding month in 1923, but were 28.1 per cent heavier than in June last year. Because the increase in orders booked over shipments did not equal the amount of cancellations received during the month, unfilled orders on hand at the end of June declined 0.9 per cent from the preceding month; they were 12.3 per cent larger than a year ago. Curtailment of production continues, the rate of output declining from 78.7 per cent of capacity in May to 76.7 per cent in June.

Raw Wool and Finished Woolens—A more stabilized situation and greater activity prevailed in the wool market during June. The volume of sales increased, prices strengthened, while stocks on hand, although ample, continued below a year ago. More activity has been displayed in the Western states and the movement of foreign wools out of bond has increased. The openings of the London and Australian sales, which were awaited with interest by the wool trade in general, have had little effect on the market here.

Some improvement has developed in the goods market, reflecting to an extent the strengthening in the raw wool market. Demand continues good with those firms which have maintained normal operations this season. In general, manufacturers are preparing for mill openings of the Spring, 1926, materials.

plants running at full capacity. Production aggregates little more than forwardings, so that stocks are not accumulating. Prices have not changed from those quoted in May.

Building Construction — June established a record for the building industry in the Seventh district, contracts awarded totaling \$127,387,235, an increase of 30.4 per cent over the preceding month and 63.7 per cent over June a year ago; this amount also represents a gain of 14.3 per cent over April this year, the previous record month. For the first six months of 1925, total contracts awarded in the district amounted to \$516,009,744, compared with \$367,875,019 in the corresponding period of 1924, and \$378,245,793 in the first half of 1923. Of the five states including the Seventh district, Illinois, Indiana, and Michigan registered gains in June over May, with Iowa and Wisconsin showing losses; in comparison with a year ago, all of these states reported increased activity. Building permits for fifty cities of the district showed further declines during June in the month-to-month comparison, although aggregate increases were reported over June, 1924, in both number and estimated cost.

MERCHANDISING CONDITIONS

Wholesale Trade—A rather active tone featured wholesale trade in the Seventh district during June. Individually over two-thirds of the dealers reporting to this bank indicated a larger volume of goods sold than in the preceding month, in contrast to 1924 when grocery firms were the only group to register a gain over May.

Comparisons with June, 1924, for hardware, dry goods, and drug sales are the most favorable for the year so far; in groceries and shoes, however, the majority of firms reported declines. For the last two commodities, as well

as for dry goods, cumulative sales since the beginning of the year fall short of the first six months of 1924; the majority of hardware firms show declines for the half year but average for the group a net increase of 0.9 per cent; while drug sales have gained 1.3 per cent.

Stocks on June 30 for most of the hardware and grocery dealers were lower than at the end of May, net reductions during the month amounting to 2.8 per cent for the former and 5.4 per cent for the latter—a continuance of the downward trend noted since March. The majority of dry goods,

drug, and shoe firms, on the other hand, reported increases during the month. Comparisons with a year ago vary, drug and grocery firms with few exceptions carrying heavier stocks, but the three other groups inventoried lower. During the first half of 1925 stocks have averaged higher in proportion to sales than in 1924 for the majority of grocery and drug firms, but lower for over half the hardware and dry goods dealers. Ten firms furnishing data on advance purchases placed larger orders in June this year than last, two reporting to the contrary.

Collections during July were ahead of the amounts received during May for forty-six firms out of sixty-two, and for nearly half were above a year ago. Accounts outstanding at the end of June for the majority of firms were lower than on May 31 or than on June 30, 1924. Compared with sales during the month, accounts on the books of forty-four firms were lower than last year and for thirty higher, dry goods and hardware dealers falling largely in the latter group, with grocery, drug, and shoe firms about evenly divided between increases and declines.

Department Store Trade—Aggregate sales during June for ninety department stores reporting to this bank nearly equaled the preceding month's volume. Declines from May were reported by over half the firms, but they indicated a less marked contraction than is usual for June and were offset by gains, especially in some of the large cities.

The increase of 12.8 per cent over June, 1924, reflecting

gains at sixty stores and decreases at twenty-eight, is the most marked for the year, and brings the cumulative gain for the first six months of 1925 to 3.4 per cent above the corresponding 1924 volume.

All but nine stores reduced their stocks during June, continuing the downward trend apparent for some firms two months earlier, and generally followed during May; for the group the average drop of 5.4 per cent is practically the same as took place in the three immediately preceding years. Somewhat over half the stores were inventoried lower on June 30 than a year ago, averaging for the district, however, an increase of 0.1 per cent. The differences from a year ago are more evident considered in connection with the volume of goods sold, June sales for forty-two stores this year being 32.4 per cent of average stocks during the month, as compared with 28.7 in 1924.

Orders for new goods outstanding at the end of June were heavier than at the beginning of the month for over two-thirds of the firms reporting on this item.

June collections for forty-two stores represented 44.5 per cent of the accounts on the books May 31, or 1.6 points above last year's ratio. Twenty-nine out of sixty-one firms reported a larger volume collected during the month than in May; for all but fourteen of the same group accounts still on the books June 30 showed a net reduction from the first of the month.

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	June 1925	May 1925	June 1924	May 1924
Meat Packing—(U. S.)—					
Sales (in dollars) ¹	64	113.7	107.3	89.0	89.2
Casting Foundries—					
Shipments (in dollars).....	28	84.9	90.9	80.6	93.4
Stoves and Furnaces—					
Shipments (in dollars).....	17	68.3	71.0	83.5	90.6
Agricultural Machinery & Equipment—(U. S.)²—					
Domestic Sales (in dollars).....	121	154.6	143.4	110.0	112.8
Exports (in dollars).....	121	127.2	121.7	110.2	125.0
Total Sales (in dollars).....	121	150.6	140.2	110.0	114.7
Production.....	116	106.4	106.6	83.3	91.0
Agricultural Pumps—(U. S.)²—					
Shipments (in dollars).....	19	125.9	124.8	96.5	99.7
Furniture³—					
Orders (in dollars).....	21	116.2	120.0	83.8	95.5
Shipments (in dollars).....	21	120.8	136.9	93.8	114.7
Shoes⁴—					
Production (in pairs).....	35	137.0	136.1	122.0	127.9
Shipments (in pairs).....	35	137.5	133.7	125.3	133.5
Electric Energy—					
Output of Plants (KWH).....	9	162.7	163.8	141.0	150.7
Industrial Sales (KWH).....	9	210.9	195.0	161.8	167.6
Flour Production—					
(In bbls.).....	39	98.8	88.6	102.8	95.3
Output of Butter by Creameries⁵—					
Production.....	81	159.7	145.3	165.3	143.5
Sales.....	81	140.6	124.4	145.3	119.5
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		92.1	97.5	96.1	102.4
Live Stock.....		79.5	84.1	89.5	96.1
Coal.....		94.5	97.3	85.6	84.5
Coke.....		99.1	106.9	80.1	99.7
Forest Products.....		127.1	137.3	117.9	132.6
Ore.....		167.9	174.7	157.3	146.3
Merchandise and Miscellaneous.....		132.8	135.3	119.1	124.2
Total.....		121.7	125.3	111.2	115.3
Iron and Steel—					
Pig Iron Production:⁵					
Illinois and Indiana.....		136.4	144.6	81.6	107.0
United States.....		106.4	112.8	80.6	100.7
Steel Ingot Production—(U. S.)⁵					
Unfilled Orders U. S. Steel Corp.....		109.4	118.0	73.0	86.3
.....		61.9	67.6	54.4	60.5
Automobiles—(U. S.)—					
Production: Passenger Cars.....		260.2	271.2	157.7	202.3
Trucks.....		137.6	158.4	104.6	125.0
Shipments:⁶					
Carloads.....			236.6	124.5	169.7
Driveaways.....			145.5	64.2	83.5
Boat ⁷			398.0	215.8	245.8
Excise Tax Collections⁸—					
New Automobiles.....			166.6	140.7	195.6
New Automobile Trucks.....			28.4	69.3	93.6
Parts and Accessories.....			48.6	51.3	116.4
Stamp Tax Collections⁹—					
Sales or Transfers of Capital Stock.....		158.2	151.9	99.2	101.6
Sales of Produce on Exchange—Futures.....		64.4	99.6	25.0	30.1
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	43	73.0	67.7	78.4	72.3
Hardware.....	21	110.9	106.9	102.3	108.0
Dry Goods.....	14	86.0	72.6	70.7	71.1
Drugs.....	14	102.8	98.3	91.9	97.2
Shoes.....	7	32.0	36.2	36.6	42.4
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	9	159.2	133.1	134.6	137.3
Detroit.....	4	167.9	159.0	136.8	147.0
Des Moines.....	3	128.2	131.6	104.3	109.0
Indianapolis.....	5	137.6	136.5	127.3	135.8
Milwaukee.....	5	147.5	150.0	139.7	150.3
Outside.....	39	99.6	111.8	95.1	109.5
Seventh District.....	65	140.8	139.6	124.1	134.4
Retail Trade—(U. S.)—					
Department Stores.....	359	126	128	120	127
Mail Order Houses.....	4	101	95	89	90
Chain Stores:					
Grocery.....	27	257	254	200	214
Drug.....	9	167	163	143	150
Shoe.....	6	151	149	140	150
Five and Ten Cent.....	5	187	191	162	174
Candy.....	5	184	195	169	186
Music.....	4	99	96	75	82
Cigar.....	3	134	143	131	143
U. S. Primary Markets¹⁰—					
Grain Receipts:					
Oats.....		88.4	64.5	69.5	71.3
Corn.....		117.8	81.0	115.8	106.7
Wheat.....		72.3	58.7	54.0	51.1
Grain Shipments:					
Oats.....		92.2	105.5	69.9	80.2
Corn.....		92.1	68.4	96.8	116.6
Wheat.....		55.4	67.4	46.3	52.9
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....		254.1	253.5	164.9	192.9
Total.....		231.8	177.8	141.6	123.7
Permits:					
Chicago.....	Number	276.5	303.6	274.3	325.9
.....	Cost.....	381.0	484.3	394.9	376.1
Indianapolis.....	Number	225.6	251.2	255.9	282.4
.....	Cost.....	374.2	193.3	164.6	184.4
Des Moines.....	Number	206.9	206.9	187.3	271.6
.....	Cost.....	117.1	166.7	142.8	156.5
Detroit.....	Number	219.0	261.2	194.9	268.9
.....	Cost.....	247.5	247.0	205.2	242.8
Milwaukee.....	Number	203.4	197.3	211.0	234.6
.....	Cost.....	175.6	218.7	174.0	216.8
Others (45).....	Number	235.6	267.0	221.8	285.0
.....	Cost.....	192.6	238.4	151.5	210.6
Fifty Cities.....	Number	226.4	251.0	219.2	272.8
.....	Cost.....	271.7	315.0	245.2	270.4

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.