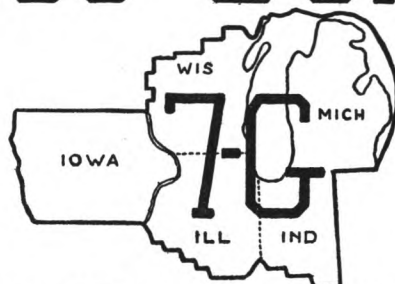


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

Volume 8, No. 9

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

September 1, 1925

BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION in basic industries turned upward in July after a continuous decline since January. Wholesale prices advanced further and the distribution of commodities continued in large volume.

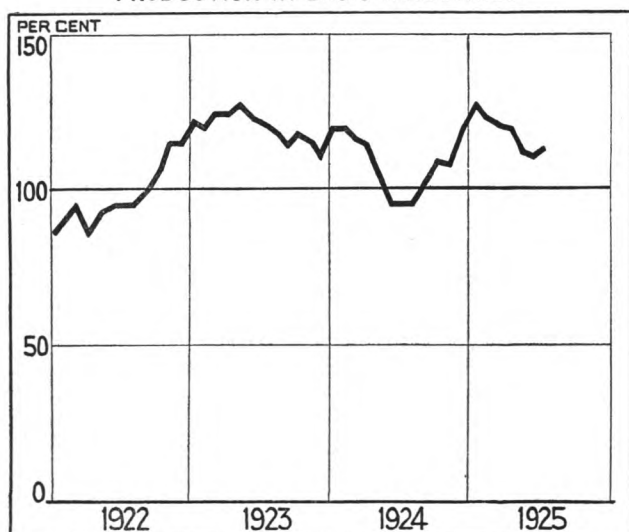
PRODUCTION—The Federal Reserve Board's index of production in basic industries, which makes allowance for usual seasonal variations, advanced by about 2 per cent in July to a point nearly 20 per cent above the low level of a year ago. Increased output was shown for lumber, coal, and cement; cotton consumption declined less than usual at this season, while the output of the iron and steel industry and the activity in the wool industry continued to decrease. In nearly all the industries activity was greater than in July of last year. Among industries not represented in the index the production of automobiles, rubber tires, and silk continued to be large; volume of factory employment and earnings of industrial workers declined further in July, seasonal increases in the clothing, shoe, and meat packing industries being more than offset by decreases in the other industries. Building contracts awarded in July were in only slightly smaller volume than the exceptionally large total reached in June and the total for the first seven months of this year exceeded that for any previous corresponding period.

Estimates by the Department of Agriculture indicated a less favorable condition of all crops combined on August 1 than a month earlier. Expected yields of corn, wheat, rye, tobacco, and hay were somewhat smaller than in July, while the indicated production of oats, barley, and white potatoes was larger. According to present indications the yields of all principal crops, except corn and barley, will be smaller than last year. The mid-August cotton crop estimate was 13,990,000 bales as compared with a forecast of 13,566,000 bales on August 1.

TRADE—Freight car loadings during July were larger than in June and exceeded those of any previous July, and weekly figures for August indicated a continued large volume of loadings. Sales at department stores showed less than the usual seasonal decline in July and were 3 per cent larger than a year ago, and mail order sales were considerably above those of July, 1924. Wholesale trade continued at the June level and was 6 per cent above the corresponding period a year ago.

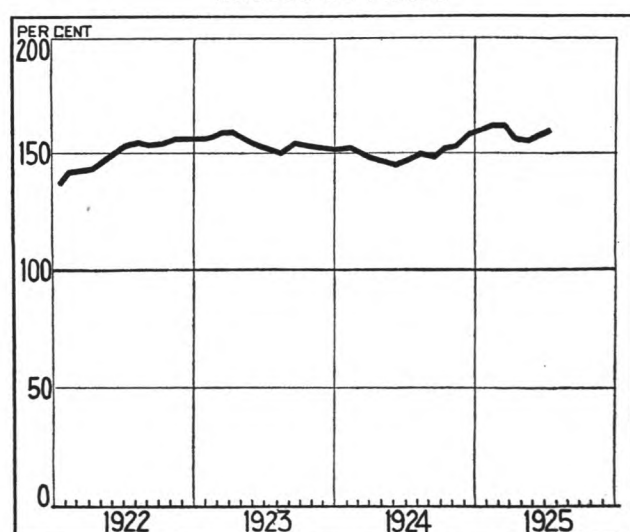
PRICES—Wholesale prices advanced further by nearly 2 per cent in July, according to the index of the Bureau of Labor Statistics. Prices of farm products and of miscellaneous commodities rose over 4 per cent, reflecting chiefly increases in live stock and rubber, while in the

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, July, 1925: 112.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, July, 1925: 159.9.

Compiled August 27, 1925

other commodity groups price changes were relatively small. The general level of prices in July was 9 per cent higher than a year ago, the rise being chiefly in agricultural commodities. In August raw sugar, potatoes, silk, metals, and fuels advanced, while grains, leather, hogs, and rubber declined.

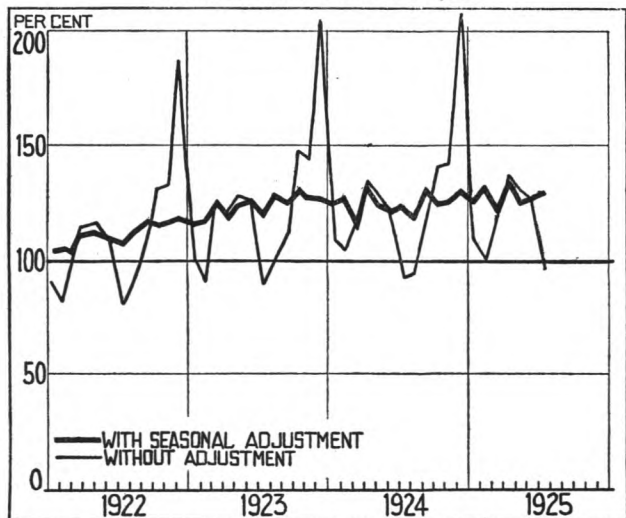
BANK CREDIT—Demand for commercial credit at member banks in leading cities increased in August and the volume of commercial loans on August 12 was larger than at any time since the middle of May, but still considerably below the level at the beginning of the year. Loans on securities increased between the middle of July and the middle of August, while the banks' investments

showed little change for the period.

Discounts for member banks increased at all the reserve banks in recent weeks and the total on August 19 was the largest in more than a year and a half. The reserve banks' holdings of securities and bills bought in the open market continued to decline, but total earning assets in the middle of August were near the high point for the year.

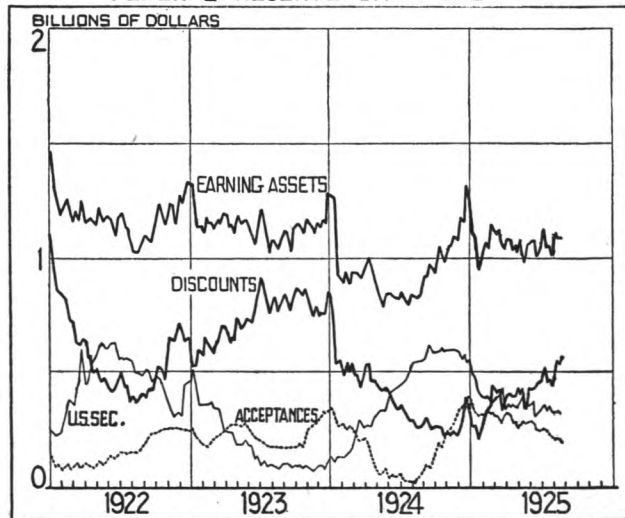
During the latter part of July and the first half of August conditions in the money market were somewhat firmer. The prevailing rate on prime commercial paper, which had remained at $3\frac{3}{4}$ to 4 per cent since early in May, advanced in August to $4\frac{1}{4}$ per cent.

DEPARTMENT STORE SALES



Index of sales of 333 stores in 117 cities (1919=100). Latest figures, July, 1925; with seasonal adjustment, 128; without adjustment, 96.

FEDERAL RESERVE BANK CREDIT



Weekly figures for 12 Federal Reserve banks. Latest figures August 19, 1925: Total Earning Assets, 1,091 million; Discounts, 559 million; Acceptances, 195 million; United States Securities, 323 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

BUSINESS conditions in the Middle West have maintained considerable activity, the seasonal lull characteristic of midsummer, effecting less pronounced changes than usual, and several industries indicating decided improvement. Especially noticeable in the latter group has been the increase in demand for coal and the consequent heavier output. Iron and steel markets likewise for this section became more favorable, July sales registering a gain over the preceding month. Similarly, the success of the July furniture mart contributed to the improved tone.

Several activities, more affected by seasonal reaction, were nevertheless at a higher level than a year ago. Thus, the merchandising statistics, while reflecting summer quiet, showed a larger volume of goods sold both at wholesale and retail than in July, 1924. Building contracts awarded during the month were less than in June, but much heavier than last year, as were also permits issued. Agricultural machinery output, slightly lowered since June, maintained its gain compared with a year ago, while large exports brought total sales for the month above the June figure. Automobile production, seasonally lower, continued, however, well ahead of 1924. In fact, operations at most industrial plants, except such seasonally active factories as clothing and canning, slackened during July but in general with a less marked change than last year.

Encouraging agricultural features are the excellent corn prospects, and the estimates for several vegetable crops well above the 1924 yields; oats and wheat threshings totaled less than a year ago.

There were a larger number of commercial failures in the

Seventh district during July than in the preceding month, aggregating, however, considerably less in volume of liability; both number and amount exceeded July, 1924. A slight increase in the number of savings accounts set a new record, but heavy withdrawals reduced the amount of deposits. The volume of canceled checks for July was less than for the preceding month although above a year ago.

CREDIT CONDITIONS AND MONEY RATES

After the first of August a distinctly firmer tone was evident in the Chicago money market; this was reflected in a rather general marking up of rates by the larger institutions of about one-half of one per cent, though published quotations remain practically unchanged from a month ago. Bankers in agricultural sections of the district report generally bettered conditions with the harvesting of wheat and oats and continued favorable prospects for corn. Slightly heavier credit requirements are indicated in some areas, while others report no change from last month. Current rates in Chicago are as follows: Commercial paper $3\frac{3}{4}$ to $4\frac{1}{2}$ per cent, collateral loans 4 to $4\frac{1}{4}$, and over-the-counter accommodation $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent.

Total earning assets of the Federal Reserve Bank of Chicago tended downward after July 15, with considerable week-to-week fluctuation, until August 19 when a gain of 26 million over the prior week brought the total to \$133,456,000 compared with \$126,633,000 July 15. Loans to member banks have likewise shown considerable weekly variation in volume, with, however, no clearly defined trend. Federal Reserve notes in actual circulation decreased \$6,491,000 between July 15 and August 12, but

showed on the latter date a slight increase over the preceding week, the first gain since December 24, 1924. On August 19, however, Federal Reserve notes dropped nearly half a million from the preceding week.

Total loans and discounts of reporting member banks in the Seventh district have changed little since the middle of July, though the aggregate for Chicago and Detroit reporting members on August 12 was slightly below that on July 15. In other selected cities, the August 12 figure exceeded July 15 by a small amount, and the aggregate for all reporting members was less than on the corresponding reporting date in the preceding month by about 8 million, but over 33 million above the previous week. Investments of reporting members have exhibited a declining trend, though changes from week to week have been on a very small scale. Net demand deposits on August 12 reached a new high point for the year in the aggregate for all reporting members in the district and for Chicago and Detroit members, the total for other selected cities being somewhat below July 15 and considerably less than earlier in the year. Time deposits changed little during the month, a slightly downward trend appearing in the weekly figures for Chicago and Detroit members and in the aggregate for all reporting members in the district; in other selected cities, however, weekly changes were almost negligible.

Seventh district commercial paper brokers had July sales 35.7 per cent in advance of June, while outstandings of dealers reporting the item declined 8.4 per cent between June 30 and July 31. Selling rates, although not quotably changed from those prevailing in June at $3\frac{3}{4}@4$ per cent, tended, nevertheless, closer to the 4 per cent mark than in that month. Demand for paper in July was but fair; the supply continued good. Paper outstanding throughout the country by twenty-three dealers aggregated \$653,423,000 on July 31, compared with \$684,972,000 on June 30.

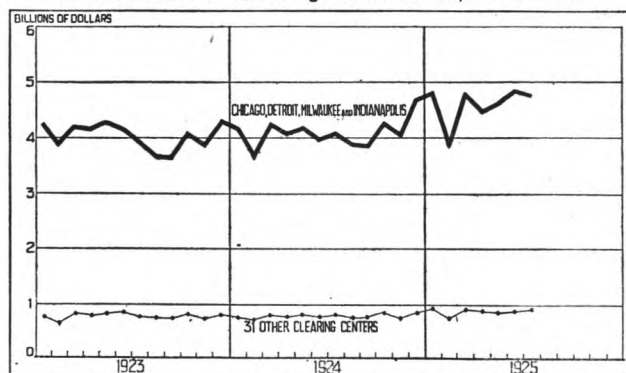
Chicago dealers purchased, on a weekly average basis, 1.2 per cent fewer bills in the open market during the five-week period ended August 19 than in the prior period of four weeks. This decline was the result of smaller purchases from sellers other than acceptors and indorsers. Sales, on the weekly average basis, were reduced 19.4 per cent, this resulting from lessened purchasing activity by non-bank buyers. The stock of bills held on August 19 was 45.7 per cent smaller than at the close of the preceding period. Rates on prime bills were practically identical on August 19 with those reported on July 15, 90-day bills being quoted at $3\frac{3}{8}$ per cent bid, and $3\frac{3}{4}$ per cent offered. The supply of bills continued limited, but somewhat improved over the prior period, while demand remained fair to good. Movement of bills at offered rates was fairly good, with demand best for maturities of 90-days and less. Commodities involved were packing house products, grain, and oil.

Reporting Seventh district banks executed a volume of acceptances totaling 31.2 per cent more in July than in the prior month. Purchases declining 45.6 per cent, and sales increasing 18.5 per cent resulted in holdings of bills as of July 31 less by 34.6 per cent than on June 30. The volume of their own bills held by these banks at the month-end was one-half that of a month previous. Liability of the banks at the close of the month for bills accepted by them was 1.3 per cent less than on June 30. This bank's operations in the bill market in July involved purchases totaling \$20,051,004, compared with \$21,307,674 in June; holdings of purchased acceptances were reduced from \$29,952,465 on June 30 to \$26,171,482 on July 31.

Agricultural Financing—A gain of \$1,665,667 over June 30 was shown on July 31 in the aggregate of loans outstanding in the five states embracing the Seventh district of twenty-two Joint Stock Land banks; for four Federal Land banks the increase on July 31 in the same comparison was \$897,938. Four Federal Intermediate Credit banks, with aggregate loans and discounts of \$1,312,826 on July 31, registered an increase of \$258,952 over the amount shown on the last day of June.

Volume of Payment by Check—The aggregate volume of payment by check in thirty-six clearing house centers in the district during July was \$5,724,532,000, a decline of 0.8 per cent from the preceding month, but exceeded the total in July, 1924, by 17.3 per cent. In the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, the decrease from June amounted to 1.5 per cent, but volume of payment by check was 18.5 per cent greater in these centers than in July a year ago. Thirty-two smaller cities reporting debits to individual accounts gained 2.9 per cent in July, this year, over June and 11.5 per cent over July, 1924.

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, July, 1925, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 4,797,111; 31 other Clearing House Centers, 917,811.

Savings—Withdrawals of savings during July, as is customary after the interest payment period, more than offset new deposits so that the aggregate volume of accounts for 196 reporting banks in this district dropped 2.1 per cent below the July 1 total. Individually, 118 banks reported decreases during the month, and by states, Iowa averaged the only increase, 0.2 per cent. In comparison with a year ago, however, all states continued to register gains, reflecting separate increases at 141 banks and amounting for the entire group to 3.7 per cent.

The number of accounts exceeded the previous peak on July 1 by 0.1 per cent and was 3.2 per cent ahead of last year, all states contributing to the latter gain, and Indiana, Michigan, and Wisconsin to the former. The average size of account at the beginning of August was 2.2 per cent below the preceding month's figure but 0.5 per cent larger than in 1924.

Bonds—The July reinvestment demand spent itself rather quickly this year and by the middle of the month there were signs of poorer distribution and a tendency toward lower price levels, with the higher grade bonds showing the greatest decline. This is partly attributable to the fact that banks are liquidating a portion of their holdings to meet the coming seasonal demand for money. By the end of July and continuing during the first part of August, the weakness in the market had diminished slightly, and reporting dealers, as a whole, are preparing for an active fall demand.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Threshing returns show an average yield per acre both of wheat and oats considerably lower than the previous year in this district except in southern Wisconsin where the yield is larger. Intermittent local rains slowed down threshing in many sections, but resulted in less deterioration than in 1924. With corn already advanced to the milk stage by August, prospects for early maturity of the crop seem more favorable than a year ago, according to the reports sent direct to this bank by agents representing 158,178 farmers in 118 counties of the district. Second cuttings of forage are expected to show better yields than anticipated a month ago.

On August 1, the Bureau of Agricultural Economics estimated the amount of sweet corn grown for manufacture in 1925 at 614,300 tons for the five states including the Seventh district compared with 262,400 tons raised last year; cabbage for kraut is expected to yield 5,210 tons in 1925 against 6,240 tons in 1924. Indiana, Illinois, Iowa, and Michigan according to the same authority will probably produce 448,700 tons of canning tomatoes while a year ago these states gathered only 304,200 tons. Wisconsin and Michigan are raising 20,000 tons of snap beans for manufacture compared with 5,900 tons in 1924. Sugar beet and broom corn estimates for the important states of the district have been revised slightly upward in the last month, and the estimate of production of dry beans in Michigan has been raised to 7,283,000 bushels. Other autumn crops were in fairly good condition on August 1, although greater moisture was needed in a few localities. Agents report farm holdings of old corn so small in most of the counties that many farmers consider the present cost of live stock too high to warrant any extensive expansion of feeding operations until the outcome of the corn crop with respect to both yield and prices is definitely established.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av. 1920-24
	FORECAST 1925	FINAL 1924	FORECAST 1925	FINAL 1924	
Corn	1,060,500	721,019	2,950,340	2,436,513	2,934,649
Oats	535,558	608,284	1,387,349	1,541,900	1,327,642
Winter Wheat	59,331	65,262	415,697	590,037	591,957
Spring Wheat	4,104	2,718	262,749	282,636	245,159
Barley	33,854*	31,570*	113,596	187,875	182,382
Rye	14,235*	18,589*	51,968	63,446	70,410
Potatoes (White)	56,661	81,801	353,266	454,784	417,848
Tobacco**	44,329	39,248	1,234,096	1,240,513	1,330,876
All Hay***	13,794	22,352	91,015	112,450	107,207

*Five states including Seventh Federal Reserve District.

**In thousands of pounds.

***In thousands of tons.

Composite condition of all crops on August 1 (100= average) was 93.6 per cent for the country according to the United States Bureau of Agricultural Economics.

Grain Marketing—Corn and oats arrived in smaller volume during July at interior primary points in the United States than in the prior month; wheat showed the usual seasonal increase over June. Greater quantities of oats and wheat were received at terminals than during the corresponding month last year; the tonnage of corn, however, was only about half that in July, 1924. A larger amount of wheat and oats, but a smaller quantity of corn was shipped out of these markets during July than in June. Visible supplies of wheat and oats have increased in the United States during the last thirty days. Present stocks of oats and barley exceed those of a year ago while the holdings of wheat, corn, and rye total less than the corresponding figures for August, 1924. Contracts placed by

members of the Chicago Board of Trade during July, calling for deliveries at future dates, represented a lesser quantity of grain than those in June and were also under a year ago. Preliminary figures indicate that exportations of wheat and corn declined in July while those of barley, oats, and rye increased slightly.

Prices of wheat and corn continued to strengthen at Chicago during the first half of August, but quotations for oats receded to somewhat easier levels.

Flour—The arrival of the new crop of wheat is reflected in increased flour production for July by mills in the Seventh district, noticeably larger sales, and greatly augmented holdings of wheat. The gain in output over June was in contrast to last year when a decline was shown in the month-to-month comparison, but the increase approximates that of the three years previous to 1924. The movement of flour through Chicago during July was larger than in the preceding month or June, 1924.

CHANGES IN JULY, 1925, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1925	JULY 1924	JUNE 1925	JULY 1924
Production (bbls.)	+ 9.2	+ 9.4	35	35
Stocks of flour at end of month (bbls.)	+ 2.8	+ 2.3	31	29
Stocks of wheat at end of month (bu.)	+159.1	+44.7	31	31
Sales (volume)	+ 43.0	+ 5.0	16	15
Sales (value)	+ 32.6	+26.8	16	15

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

Movement of Live Stock—With the movement from the ranges gaining momentum as autumn approaches, receipts of cattle and lambs at public stock yards in the United States showed the usual increase in July over the prior month; arrivals of hogs, however, were seasonally less than in June. The volume of hog marketings continues materially smaller than in 1924 but greater numbers of cattle and lambs were received at the principal slaughtering centers during July and the first half of August than in the corresponding period a year ago.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, July, 1925	225,841	662,420	288,029	102,276
Public Stock Yards in U. S. July, 1925	800,221	1,803,835	938,584	452,065
July, 1925	716,138	2,298,010	907,866	474,083
July, 1924	721,211	2,605,398	959,493	419,956

Shipments of cattle and lambs from stock yards to feed lots showed a seasonal increase over June; in comparison with a year ago they were larger for cattle and smaller for lambs.

AVERAGE PRICES OF LIVE STOCK

	PER HUNDRED POUNDS AT CHICAGO		MONTHS OF	
	WEEK ENDED AUGUST 15, 1925	JULY 1925	JUNE 1925	JULY 1924
Native Beef Steers (average)	\$12.40	\$12.05	\$10.75	\$ 9.45
Fat Cows and Heifers	6.35	6.90	7.00	6.05
Hogs (bulk of sales)	13.25	13.40	12.50	7.75
Yearling Sheep	11.50	12.00	13.00	10.85
Lambs (average)	14.90	15.00	14.90	13.85

Meat Packing—Activities increased in the beef and mutton departments, but showed a decided decline in the pork section which accounted for a smaller quantity of meat and fat being produced at slaughtering establishments in the United States during July than in the prior month. Employment declined 4.3 per cent in numbers, 2.8 per cent in hours worked, and 2.7 per cent in total value for the last payroll in the month compared with the corresponding figures for June. The domestic demand for smoked meats was seasonally good, for pork, lamb, and choice beef

steady, but inquiries for dry salt meat and the commoner grades of beef tended to lag. Statistics compiled from figures sent direct to this bank by fifty-three packers in the United States show that sales in dollars totaled 3.2 per cent less for July than for the prior period but increased 18.0 per cent over those a year ago. August 1 inventories at packing houses and cold storage warehouses in the United States aggregated less than at the beginning of July and were under corresponding figures for last year or the five-year average for that date.

Quotations for well finished beef and veal continued to strengthen at Chicago during July and the early part of August because of the limited number of corn fed animals arriving for slaughter; liberal marketing of grassers, however, caused prices of commoner grades of cattle to ease. Prices of pork and lard rose to peak levels during the first half of July; after mid-month they eased off slightly but returned to strong positions early in August and then declined. Most of the quotations for lamb showed a decline from those prevailing the first week in July.

Because of inactive foreign demand during the greater part of July, American packers forwarded a considerably smaller quantity of product for export than in June. Inquiry from abroad improved slightly toward the early part of August. European quotations for lard and a few other packing house products continue somewhat under a parity with those in the United States. Stocks of consigned goods in foreign markets were indicated slightly smaller on August 1 than at the beginning of the prior month.

A marked improvement in the demand for domestic sizes of coal took place in the Illinois and Indiana district after the 20th of July. The increase in buying came somewhat earlier than usual this year and may be attributed in part to the publicity given the possibility of a strike and in part to the announcement of an advance in prices of domestic sizes on August 1. As a result of the heavier demand, output of coal in this district was increased; the 4,295,450 tons mined in Illinois during July represented an increase of 27.1 per cent over June, and was the largest amount

COAL

Dairy Products and Poultry—Seasonal influences reduced butter production in the Seventh district 5.1 per cent from June and injury to pasture by dry weather in July resulted in an 8.5 decrease in output from the corresponding month last year, according to a compilation made from the figures sent to this bank by seventy creameries. Statistics of the American Association of Creamery Butter Manufacturers indicate lighter production for July than for the prior month or a year ago. Output since the first of August has expanded somewhat because of the more favorable condition of the succulent feeds. Sales reported by seventy-two manufacturers in the Seventh district totaled 3.1 per cent less for July than for June and 2.8 per cent under July, 1924.

Firmer price levels for the manufactured product, together with a greater milk flow, markedly increased the output of Wisconsin cheese after the end of July so that the production for the five weeks ended August 8, 1925, rose 8.6 per cent above that for the prior period and was 11.2 per cent greater than between corresponding dates of 1924.

Net receipts of butter and cheese declined slightly at Chicago during July, and considerably smaller quantities of eggs and poultry arrived than in June. Holdings of dairy products and eggs in cold storage warehouses in the United States showed an increase on August 1 over the prior month and a year ago; stocks of poultry, however, were under those for July 1. By the middle of August, the quotations for butter, eggs, and poultry eased slightly.

mined in any month since February. The market for screenings has been weak, with consequent easing in prices.

July output of bituminous coal in the United States is estimated at 39,252,000 tons, an increase of 5.6 per cent over the preceding month and 17.8 per cent more than a year ago; anthracite output also gained in both comparisons. Distribution of bituminous coal from Lake Erie ports to American lake ports increased 287,696 tons over June and exceeded July, 1924, by 485,732 tons; the decline from July, 1923, was 622,262 tons.

INDUSTRIAL EMPLOYMENT CONDITIONS

Industrial plants in the Seventh district employing approximately 367,600 men on June 15 had increased their forces 0.2 per cent by the middle of July. This gain, however, was largely influenced by expanding operations at Wisconsin canning factories, Illinois industries having curtailed employment by 1 per cent, and the other states taken together by nearly 3 per cent. In payrolls the Wisconsin gain was more than offset by cuts in other parts of the district so that the aggregate amount July 15 was 2.4 per cent below the previous month.

Of the individual industries, six groups registered declines from June in volume of wages and four of these in the number employed. Decreases were most pronounced

in the metals and metal products and the vehicle groups, both of which reduced operations generally throughout the district. The reductions in stone, clay, and glass products were largely seasonal, and less drastic than in 1924. In the chemical industries likewise changes were more slight than last year.

As noted for June, the textile group and the food products group registered heaviest expansion, the former due to Illinois gains in men's and women's clothing output for fall trade. In leather products the increase in number of employes reversed the downward trend followed for several months, and like the increase in payrolls contrasts with declines in 1924.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	JULY 15 1925	JUNE 15 1925	PER CENT CHANGE	JULY 15 1925	JUNE 15 1925	PER CENT CHANGE
All groups (10).....	368,172	367,561	+0.2	\$9,313,359	\$9,545,464	-2.4
Metals and metal products (other than vehicles).....	140,814	145,649	-3.3	3,303,199	3,531,093	-6.5
Vehicles	40,373	42,023	-3.9	1,187,390	1,265,341	-6.2
Textiles and textile products.....	29,167	27,310	+4.9	721,924	658,880	+9.6
Food and related products.....	51,690	47,751	+8.2	1,387,912	1,314,319	+5.6
Stone, clay, and glass products.....	13,460	13,492	-0.2	385,546	405,356	-4.9
Lumber and its products	32,616	32,450	+0.5	747,276	788,470	-5.2
Chemical products	9,398	9,605	-2.2	242,243	250,736	-3.4
Leather products	17,201	17,089	+0.7	382,792	375,432	+2.0
Rubber products	3,358	3,265	+2.8	82,797	82,694	+0.1
Paper and printing.....	30,095	28,427	+5.9	872,280	873,143	-0.1

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—For the third consecutive month a decline was recorded in production of passenger cars, July output of identical American manufacturers aggregating 357,830, or 1.9 per cent below June. The recession is seasonal, however, and production continues well ahead of 1924, the gain for July in the year-to-year comparison being 48.3 per cent. Last year after a three months' decline July output showed a gain of 8.2 per cent over the preceding month. Output of trucks during July this year by manufacturers whose June production was 36,846, totaled 40,493, an increase of 9.9 per cent; the gain over a year ago was 58.0 per cent.

For the first time since February, cars sold by dealers to users were fewer in number than those received by dealers from manufacturers; the July ratio of dealers' sales to receipts from manufacturers producing 60.1 per cent of total July output, was 99.3, compared with 100.9 for June and 124.8 in July, 1924. Cars sold at retail declined 8.7 per cent from the preceding month, while shipments by manufacturers to dealers decreased 7.3 per cent.

The following table indicates that distribution in the Middle West was greater than in July last year, although retail sales fell below those of June. Inventories increased considerably over the preceding month but remain smaller than a year ago. Recently many reductions have been made in the prices of cars.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in July, 1925, from previous months.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1925	JULY 1924	JUNE 1925	JULY 1924
New cars				
Wholesale—				
Number sold	+ 7.6	+73.2	43	42
Value	+ 3.9	+50.4	43	42
Retail—				
Number sold	-23.1	+ 6.0	65	64
Value	-25.5	+ 3.7	65	64
On hand July 31—				
Number	+20.6	-11.8	68	67
Value	+11.4	-24.0	68	67
Used Cars				
Number sold	- 8.4	+19.3	64	62
Salable on hand—				
Number	- 9.0	- 3.0	64	62
Value	- 7.2	-12.1	64	62

Agricultural Machinery and Equipment—An increase in exports of farm equipment resulted in manufacturers showing a larger volume of business for July than in June despite a seasonal decline in the amount billed to customers in the United States. The domestic and foreign sales of heavy machinery (threshers, tractors, and combined harvesters) totaled 4.5 per cent above June while the aggregate for all other lines increased 3.1 per cent. Sales of agricultural machinery and equipment for the half year ended June 30, 1925, show a gain of 25.5 per cent over the amount billed during the corresponding six months of 1924 and an increase of 20.8 per cent over those for the first half of 1923. Production has lowered slightly since June, although it continues at a higher level than last year. Employment for July was equivalent to 69.8 per cent of the estimated normal rate for that month.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in July, 1925, from previous months.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1925	JULY 1924	JUNE 1925	JULY 1924
Domestic sales billed.....	- 1.4	+34.6	101	101
Sales billed for export.....	+27.7	+69.2	101	101
Total sales	+ 3.1	+40.1	101	101
Production	- 0.9	+41.3	96	96

Sales based on dollar amounts. Production computed from employment.

Iron and Steel Products—More favorable conditions are apparent in the iron and steel industry than existed last year at this time, while mills in the Chicago district noted a decided betterment over the preceding month also, with sales much heavier in spite of the fact that railroad buying

has not materialized as expected. Although July sales for the country were moderate, unfilled orders declined still further, and production curtailment continued, all of these factors showed improvement over July, 1924. Unfilled orders of the United States Steel Corporation totaled 3,539,467 tons on July 31, or 4.6 per cent less than on June 30 but 11.1 per cent above a year ago. Production of steel ingots for the United States averaged 3.7 per cent less daily than in the preceding month and 64.4 per cent more than for July last year. Daily average output of pig iron showed a decrease of 3.6 per cent for the United States in the month-to-month comparison and of 7.3 per cent for the Illinois and Indiana district, while increases of 49.3 and 94.9 per cent, respectively, were reported over July, 1924.

The price situation is now more stable, especially as regards sheets, and scrap iron and steel prices have been climbing upward. With the exception of one slight decline the week of August 5, the composite average price of fourteen leading iron and steel products as reported by *Iron Trade Review* has been maintained at \$37.45 since July 1; the average on August 20, 1924, was \$39.37.

Shipments of twenty-six iron and steel casting foundries in the Seventh district declined 12.6 per cent in tonnage from the preceding month and 13.0 per cent in value; in comparison with July, 1924, an increase of 1.5 per cent in tonnage was reported and a decrease of 7.3 per cent in value. Production, as measured by metal consumption, was 11.0 per cent less than in June but 14.6 per cent above a year ago. Reports from sixteen stove and furnace manufacturers indicate shipments 16.8 per cent heavier than in the preceding month and 15.1 per cent more than in July last year. Orders booked declined 19.9 per cent from June but gained 4.4 per cent in the year-to-year comparison. Production schedules were higher than a year ago but showed a seasonal decline from June.

Shoe Manufacturing, Tanning, and Hides—A smaller quantity of shoes was made in the Seventh district during July than in the prior month; shipments exceeded production, however, and were greater than in June. Stocks on August 1 approximated 89 per cent of the number forwarded during the preceding period, according to a compilation made from the reports sent this bank by twenty-nine manufacturers. Unfilled orders represented about eight weeks' business at the July rate.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JUNE 1925	JULY 1924	JUNE 1925	JULY 1924
Production	-5.2	+14.1	35	34
Shipments	+3.1	+ 9.6	35	34
Inventories	-6.8	- 4.0	29	28
Unfilled orders.....	-9.1	+ 9.9	26	25

The majority of tanners reported a gain in output during July although a number of concerns showed some decline. The aggregate value of the leather billed to customers exceeded that in June and was ahead of the corresponding month last year.

Sales of packer green hides at Chicago aggregated but little below June and the market for calf skins continued fairly active, despite higher quotations for both than those prevailing a few weeks ago. Chicago shipments of hides and skins totaled less for July than for the prior month.

Furniture—A reflection of the favorable results of the July furniture mart in Chicago is seen in the record of orders booked by nineteen furniture manufacturers in the Seventh district; the aggregate gain for July over the preceding month was 45.3 per cent, 28.6 per cent over the same month a year ago, and 13.2 per cent over July, 1923. New business was 8.3 per cent less than in January, 1925,

when the last mart was held. Shipments declined 5.1 per cent from June, but exceeded July, 1924, by 34.3 per cent and were 9.5 per cent less than in July, 1923. The amount of unfilled orders on hand at the end of July totaled 30.9 per cent above June 30, and 31.8 per cent above the same date in 1924. At the rate of July shipments, about seven weeks' business remained on the books at the end of the month, which about equals last year's balance. Production schedules have been increased from 76.8 per cent of capacity in June to 80.8 per cent for July.

Raw Wool and Finished Woolens—Although sales did not equal those of June, a fair amount of activity prevailed during July in the domestic wool market. Since the first of August, however, trading has been rather quiet. Prices

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Reports received by this bank from seventy-six lumber manufacturers and dealers in the Seventh district indicate that sales volume during July this year was heavier than in the same month of 1924; a gain of 12.1 per cent was shown in the dollar value of July sales by these firms, while thirty-seven firms report an aggregate increase of 11.4 per cent in the number of board feet sold. Fifty-one retail firms with 113 yards in this district had sales totaling 8.2 per cent more in amount than in July last year. Two-thirds of the retail dealers report that stocks were about the same at the end of July as on June 30, and about half the firms report them the same as a year ago; of the balance, the majority indicate that inventories were larger in both comparisons. Most of the wholesale dealers and manufacturers had stocks smaller than or equaling those of the preceding month, and heavier than at the end of July last year. Accounts outstanding on July 31 of forty-five retail firms were 277.3 per cent of July sales, while last July the ratio was 290.8; the average ratio for sixty-six manufacturers and dealers, both wholesale and retail, was 183.4 for July this year and 196.6 in 1924. Large orders came from automobile, furniture, and box factories, also from maple flooring plants. Prices changed little but displayed a tendency upward. Receipts of lumber at Chicago were slightly less than in June, but shipments increased, while gains were shown in both items over July, 1924, and 1923.

Operations of brick plants in the Seventh district were maintained at capacity throughout July and shipments by

MERCHANDISING CONDITIONS

Wholesale Trade—The tendency toward trade quietness expected during the summer months is apparent in current returns from reporting wholesalers in this district. By commodity groups, grocery dealers alone averaged heavier sales during July than in June, twenty-two out of thirty-five firms showing increases; about half the hardware dealers, on the other hand, and the majority of dry goods, drug, and shoe firms registered declines from the preceding month.

Comparisons with sales during July, 1924, are favorable, most of the hardware and drug dealers reporting gains, dry goods firms evenly divided between increases and decreases, the grocery group averaging about the same as last year, and shoe sales more closely approaching last year's volume than during the first six months of 1925.

Collections received during July were less than in June for the majority of dealers in all groups except drugs, and for grocery, hardware, and shoe dealers were below a year ago. Accounts on the books of forty grocery firms on August 1 exceeded the previous month's outstandings by

remained firm during most of July, but have eased during the past four weeks. One of the features of the period was the selling of the Jericho clip of about a million pounds at 42 cents a pound.

The chief event of interest in the goods market has been the opening by the American Woolen Company of its Spring, 1926, lines of worsted and woolen goods for men's wear. As far as comparisons are possible, woolen goods showed very little change in price, while worsteds, both staple and fancy, were considerably less. A recent cut of 10 per cent in wages and lower prices of raw materials have no doubt made these reductions possible. It is too early to foretell the results of the openings as to volume of business.

Chicago firms kept pace with output, so that stocks did not change; in Iowa, shipments averaged somewhat less than in the preceding month. Conditions in the industry appear better than a year ago at this time. Cement plants in the district report stocks much heavier than at the end of July last year and new business scarce. For the United States, July production of cement exceeded that of June by 1.7 per cent and July, 1924, by 11.5 per cent; shipments gained 3.6 and 9.1 per cent, respectively, in these comparisons; while stocks were 14.7 per cent lower than in the preceding month but 13.0 per cent above a year ago.

Building Construction—In the Seventh district a seasonal decline took place in July building construction, contracts awarded during the month totaling \$69,231,933, a decrease from the preceding month of 45.7 per cent; last year the July-June comparison showed a decline of 29.8 per cent. An increase of 26.8 per cent was registered over July, 1924, and with the exception of July, 1919, and 1922, this was the highest amount of contracts awarded during that month on record. Individually, all five of the states including the Seventh district reported less building activity than in the preceding month, while Illinois, Michigan, and Wisconsin gained over a year ago and Indiana and Iowa showed declines in that comparison. July building permits issued in fifty cities of the district exceeded the corresponding month in 1924 by 6.2 per cent in number and 26.6 per cent in estimated cost; in comparison with June, a slight increase of 0.2 per cent in number was reported, but the estimated cost declined 5.8 per cent.

2 per cent; dry goods and shoe dealers averaged a drop of about 4 per cent, hardware 2 per cent, and drug dealers less than one per cent; for the last two named groups, accounts receivable are heavier than a year ago.

In grocery and hardware stocks the reductions noted since March continued, August 1 inventories for twenty dealers in the former group being 1.1 per cent below July 1 stocks and 4.8 per cent lower for fifteen hardware firms; increases for the others amounted to about one per cent for drugs, 6 per cent for shoes, and 7 per cent for dry goods. Comparisons with a year ago vary, grocery stocks maintaining an excess over the 1924 volume but by a smaller margin, drug dealers averaging the largest increase thus far in 1925, and the three other groups continuing below last year.

Department Store Trade—Eighty-eight department stores reporting July sales to this bank averaged a decrease of 24 per cent from June. Individually, all but eight firms shared in the decline—a seasonal feature characteristic of midsummer trade.

For the majority of stores, however, the volume of goods sold exceeded a year ago, the 7.5 per cent gain for the district being less than the June increase but comparing with about 4 per cent, the cumulative gain for the year so far.

Collections likewise showed a seasonal decline, reports with few exceptions indicating a smaller amount received during July than in June. For twenty-five firms out of thirty-nine, collections were heavier than a year ago and amounted to 41.3 per cent of accounts outstanding at the beginning of the month, as compared with 40.9 per cent, the corresponding ratio in 1924; for two-thirds of the same firms, accounts on the books July 31 were below last year, and for fifty-five out of sixty-one firms they were lower than at the end of the first six months of 1925.

As is customary in July, stocks were generally reduced; with but eleven firms reporting increases during the month, inventories at the end of July for fifty-eight stores averaged 2.4 per cent below June 30. Aggregate stocks for the district were practically the same as last year's volume, but reflected declines at over half the stores; for thirty-eight firms, July sales amounted to 26.0 per cent of average

stocks during the month, a slightly higher ratio than in July, 1924.

Orders for new goods on July 31 were larger than at the end of June for most firms reporting this item.

Mail Order Trade—July mail order trade was exceptionally good, one of Chicago's two leading houses showing a larger volume of goods sold than in the preceding month, and combined sales dropping 8.5 per cent, the smallest July-June decline since 1920. For both firms the increases over July, 1924, exceeded those for any previous month this year, extending according to one report to all departments with marked demand for outdoor merchandise, sporting goods, and automobile sundries, especially tires. Invoices are being kept low.

Chain Store Trade—For each of the chain store systems reporting to this bank, July sales exceeded in dollar amount the corresponding month in the six immediately preceding years during which comparable data have been received. In comparison with June, 1925, the two musical instrument firms, the shoe chain, and two drug firms registered increases, while a third drug and one grocery showed declines.

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	July 1925	June 1925	July 1924	June 1924
Meat Packing—(U. S.)—					
Sales (in dollars) ¹	64	108.6	112.2	94.7	89.0
Casting Foundries—					
Shipments (in dollars).....	28	74.1	84.9	78.2	80.6
Stoves and Furnaces—					
Shipments (in dollars).....	17	73.5	68.4	72.6	83.5
Agricultural Machinery & Equipment—(U. S.)²—					
Domestic Sales (in dollars).....	123	150.3	152.4	111.8	110.3
Exports (in dollars).....	123	176.7	138.4	93.1	113.1
Total Sales (in dollars).....	123	154.8	150.1	108.8	110.8
Production.....	116	105.6	106.5	78.3	83.3
Agricultural Pumps—(U. S.)²—					
Shipments (in dollars).....	19	141.8	132.8	92.5	96.5
Furniture³—					
Orders (in dollars).....	21	165.6	116.2	137.3	83.8
Shipments (in dollars).....	21	120.7	120.8	90.8	93.8
Shoes⁴—					
Production (in pairs).....	35	130.5	137.7	114.4	122.0
Shipments (in pairs).....	35	139.7	135.5	124.4	125.3
Electric Energy—					
Output of Plants (KWH).....	9	167.8	162.7	142.8	141.0
Industrial Sales (KWH).....	9	212.4	210.9	162.0	161.8
Flour Production—					
(In bbls.).....	39	108.2	99.1	98.6	102.8
Output of Butter by Creameries⁵—					
Production.....	81	150.3	158.4	165.6	165.3
Sales.....	81	128.2	132.3	147.4	145.3
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		114.1	92.1	122.1	96.1
Live Stock.....		82.7	79.5	90.7	89.5
Coal.....		105.0	94.5	88.8	85.6
Coke.....		102.5	99.1	77.6	80.1
Forest Products.....		119.0	127.1	111.3	117.9
Ore.....		174.6	167.9	153.2	157.3
Merchandise and Miscellaneous.....		135.7	132.8	123.4	119.1
Total.....		126.5	121.7	115.0	111.2
Iron and Steel—					
Pig Iron Production: ⁵					
Illinois and Indiana.....		126.4	136.4	64.9	81.6
United States.....		102.6	106.4	68.7	80.6
Steel Ingot Production—(U. S.) ⁶		105.3	109.4	64.1	73.3
Unfilled Orders U. S. Steel Corp.....		59.0	61.9	53.2	54.4
Automobiles—(U. S.)—					
Production: Passenger Cars.....		251.0	260.2	171.9	157.7
Trucks.....		149.8	137.6	96.3	104.6
Shipments: ⁶ Carloads.....			219.9	129.8	124.5
Driveaways.....			146.5	66.7	64.2
Boat ⁷			370.9	215.1	215.8
Stamp Tax Collections⁸—					
Sales or Transfers of Capital Stock.....		136.6	158.2	108.6	99.2
Sales of Produce on Exchange—Futures.....		83.6	64.4	54.4	25.0

	No. of Firms	July 1925	June 1925	July 1924	June 1924
Wholesale Trade—					
Net Sales (in dollars)—					
Groceries.....	43	75.5	73.4	75.5	78.4
Hardware.....	21	104.0	110.6	99.2	102.3
Dry Goods.....	14	78.6	85.2	79.5	70.7
Drugs.....	14	94.3	101.3	91.0	91.9
Shoes.....	7	32.0	35.1	36.6
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	9	143.0	159.7	108.7	134.6
Detroit.....	4	114.2	167.9	103.2	136.8
Des Moines.....	3	100.0	128.2	97.2	104.3
Indianapolis.....	5	108.2	137.9	98.0	127.3
Milwaukee.....	5	117.5	147.5	112.5	139.7
Outside.....	39	80.6	99.7	78.7	95.1
Seventh District.....	65	107.1	140.9	98.2	124.1
Retail Trade—(U. S.)—					
Department Stores.....	359	96	126	91	120
Mail Order Houses.....	4	86	101	69	89
Chain Stores:					
Grocery.....	27	262	257	206	200
Drug.....	9	166	167	148	143
Shoe.....	6	122	152	113	140
Five and Ten Cent.....	5	183	187	163	162
Candy.....	5	181	184	177	169
Music.....	4	104	99	72	75
Cigar.....	3	136	134	128	131
U. S. Primary Markets⁹—					
Grain Receipts:					
Oats.....		85.6	88.4	51.9	69.5
Corn.....		65.1	117.8	122.4	115.8
Wheat.....		132.8	72.3	129.1	54.0
Grain Shipments:					
Oats.....		95.4	92.2	44.0	69.9
Corn.....		70.2	92.1	73.5	96.8
Wheat.....		74.3	55.4	54.3	46.3
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....		168.8	254.1	127.2	164.9
Total.....		126.0	231.8	99.4	141.6
Permits:					
Chicago.....		280.7	276.5	227.7	274.3
Cost.....		328.2	381.0	225.1	394.9
Indianapolis.....		257.5	225.6	241.4	255.9
Cost.....		214.0	374.2	278.1	164.6
Des Moines.....		199.0	206.9	196.1	187.3
Cost.....		121.3	117.1	261.8	142.8
Detroit.....		226.0	219.0	203.1	194.9
Cost.....		271.1	247.5	175.0	205.2
Milwaukee.....		202.5	203.4	207.1	211.0
Cost.....		180.9	175.6	200.3	174.0
Others (45).....		225.7	235.9	216.2	221.8
Cost.....		198.1	194.5	189.6	151.5
Fifty Cities.....		226.9	226.6	213.8	219.2
Cost.....		256.6	272.3	202.7	245.2

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