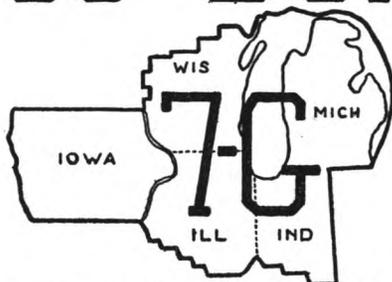


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 8, No. 10

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

October 1, 1925

BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION of basic commodities declined in August to the lowest level of the year but was considerably higher than during the summer of 1924. Distribution of goods at wholesale and retail continued in greater volume than a year ago. Seasonal growth in the demand for credit, arising partly from financing of the crop movement, was reflected in an increase in the volume of commercial borrowing.

PRODUCTION—The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, declined 4 per cent in August, but was 15 per cent higher than a year ago. Output of steel and of bituminous and anthracite coal and activity in the woolen industry increased in August, while mill consumption of cotton and the production of flour and lumber decreased. Employment and earnings of factory workers were larger in August than in July, but continued smaller than in June. Building contracts awarded during August, owing chiefly to large awards in New York, exceeded all previous records. Crop reports of the Department of Agriculture at the beginning of September, as compared with forecasts a month earlier, indicated somewhat larger yields of spring wheat, oats, barley, hay, and tobacco, and smaller yields of corn and potatoes. The mid-September cotton crop esti-

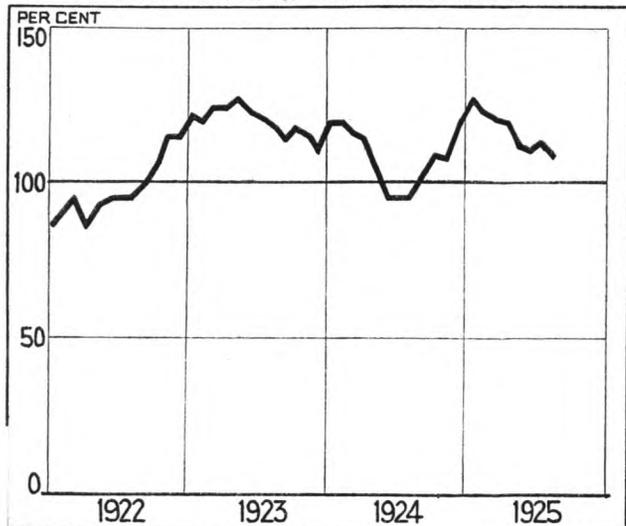
mate was 13,931,000 bales compared with a forecast of 13,740,000 bales on September 1.

TRADE—Wholesale trade was 5 per cent larger in August than in July owing to seasonal increases in the sales of dry goods and shoes, and sales of all lines except groceries were greater than those in August, 1924. Sales at department stores and at mail order houses showed less than the usual increases in August but continued in greater volume than last year. Stocks of merchandise at department stores increased in August and for the first time this year were considerably larger than in the corresponding month a year ago. Wholesale firms in all leading lines except drugs and hardware reported smaller stocks on August 31 than a month earlier.

Total freight car loadings were larger during August than in any month since last October. Coal shipments, preceding the anthracite strike, were especially heavy, less-than-carload-lot shipments continued to increase, and the movements of live-stock and grains were seasonally greater than in July, although smaller than in August, 1924.

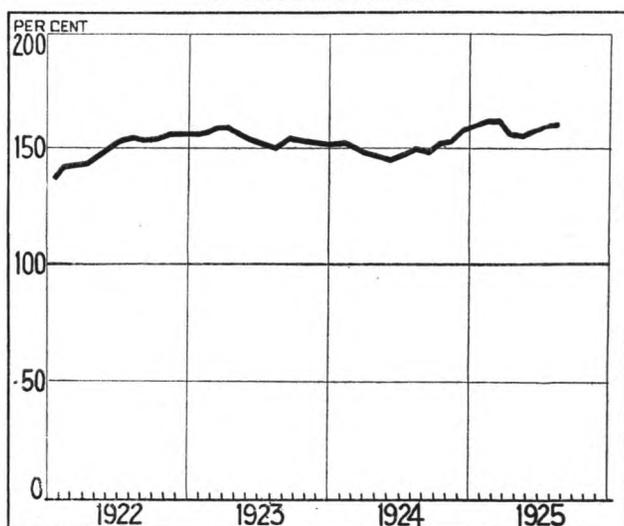
PRICES—Wholesale prices showed a further slight advance in August and were near the high level reached in the spring of this year. Prices of agricultural commodities, which in recent months have been above the average for

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, August, 1925: 108.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913 = 100, base adopted by the Bureau). Latest figure, August, 1925: 160.4.

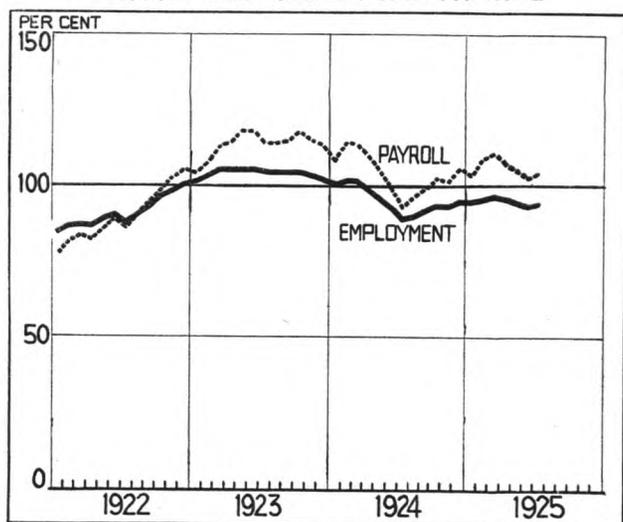
Compiled September 26, 1925

all commodities, increased further, while prices of other commodities declined slightly. Between the end of August and the latter part of September prices of bituminous coal, pig iron, rubber, and cotton advanced, and prices of spring wheat, corn, raw sugar, and wool declined.

BANK CREDIT—At member banks in leading cities loans chiefly for commercial and agricultural purposes showed further seasonal increases during the first half of September and at the middle of the month were about \$275,000,000 higher than at the end of July. Investment holdings remained in about the same volume as during previous months, but loans on securities increased and on September 16 were near the highest level of the year.

A further growth in the total of reserve bank credit in

FACTORY EMPLOYMENT AND PAYROLL



Index for 33 manufacturing industries (1919 = 100). Latest figures, August, 1925: Employment, 93.9; Payroll, 104.8.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

BUSINESS in the Middle West is entering the fall months with general conditions favorable and sentiment optimistic. Much of the improved feeling has arisen out of the agricultural situation where yield prospects, though somewhat reduced by high temperatures and drought in August, give indication of increased purchasing power.

For the most part developments during August were not striking, but tended toward expansion. Automobile production and distribution were maintained at a high rate by the majority of manufacturers and dealers; coal output in this district for the first time in 1925 exceeded the corresponding volume a year ago; in the iron and steel industry, demand is gradually broadening. Building contracts awarded during August were in excess of those for July, although permits issued showed a decline; both were larger than last year. Marked improvement featured the shoe and leather industries. Agricultural machinery and equipment sales, still heavier than last year, showed seasonal declines from July.

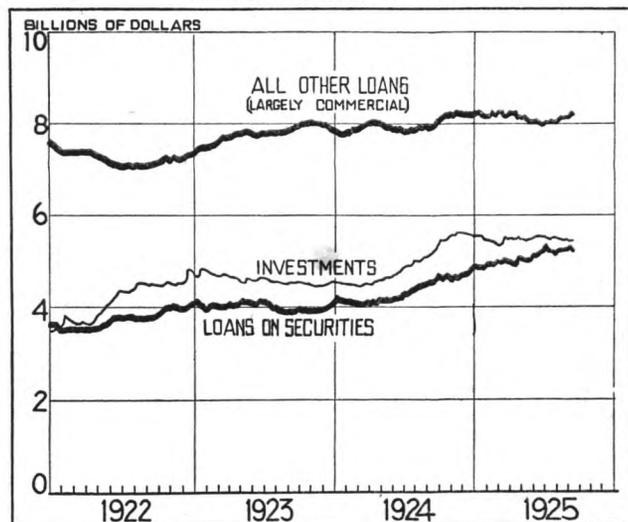
Merchandising statistics indicated for wholesale trade much the same trends as in 1924, but in general on a larger scale. Developments in department store trade were mostly seasonal; mail order sales were the heaviest for any August in several years; and chain store business set new records for the month.

Features in the financial situation during August were a strengthening demand for credit accommodations and the upward movement of rates. Other changes were the new record reached in the number of savings accounts and the

use occurred during the five-week period ending September 23. Member bank borrowings increased in the early part of September, and after a temporary decline during the period of treasury financing increased to a larger total than at any time since the beginning of 1924. The seasonal growth in the demand for currency during August was reflected in an increase of \$65,000,000 in total money in circulation.

Money rates showed a firmer tendency during the last week of August and the first three weeks of September. The prevailing rate on prime commercial paper remained at $4\frac{1}{4}$ per cent but there was an increased proportion of sales at $4\frac{1}{2}$ per cent.

MEMBER BANK CREDIT



Weekly figures for member banks in 101 leading cities. Latest figures, September 16, 1925; All Other Loans, 8,297 million; Investments, 5,464 million; Loans on Stocks and Bonds, 5,301 million.

drop from July in the volume of check payments which, however, kept well ahead of last year. Commercial failures in the district amounted to 196 as compared with 183 a year ago, though with a total liability twice as heavy. The bond market was quiet during August but in September has displayed more activity.

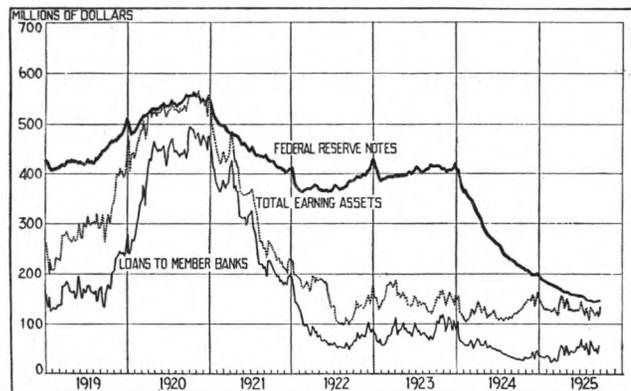
CREDIT CONDITIONS AND MONEY RATES

The firmer tone of the Chicago money market noted in our last report has been sustained during the past month and to a minor degree accentuated, certain lines calling on banks for heavier accommodation. Rates have moved moderately upward, commercial paper now being quoted at 4 to $4\frac{1}{2}$ per cent, with by far the largest volume of business at $4\frac{1}{4}$ per cent, compared with $3\frac{3}{4}$ to $4\frac{1}{2}$ the middle of August; collateral loans $4\frac{1}{2}$ as against 4 to $4\frac{1}{4}$; and customers' over-the-counter loans bringing $4\frac{1}{2}$ per cent, compared with a range of $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent given on August 15. From other sections of the district reports indicate an increasingly optimistic attitude on the part of bankers and business in general, some banks rediscounting with the Federal Reserve bank in an increasing volume to keep pace with credit needs of their customers, while others have sufficient funds at their command to meet a more active demand.

Earning assets of the Federal Reserve Bank of Chicago showed a general downward tendency during the first four weeks following August 19, a total of \$114,513,000 on September 16 comparing with \$133,456,000 on the earlier date. Loans to member banks declined somewhat more sharply between these same dates, the volume changing from

\$66,267,000 to \$43,579,000. For the week ended September 23, however, increases of about \$15,000,000 in loans to member banks and of about \$3,000,000 in government securities raised the volume of earning assets to a figure approximately the same as on August 19. During the period Federal Reserve notes in actual circulation decreased by \$858,000, although slight increases over the preceding weeks were registered on September 9 and 23.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Latest figures, September 23, 1925, in thousands of dollars: Federal Reserve Notes, 145,182; Total Earning Assets, 133,536; Loans to Member Banks, 58,779.

Loans and discounts of reporting member banks in the Seventh district alternately rose and fell during the five-week period ended September 16, the aggregate on that date showing a \$26,765,000 increase, of which about \$8,000,000 was contributed by banks in cities other than Chicago and Detroit. Investments of reporting members continued to show a declining tendency during the early weeks of the period, but increases for the last two weeks brought the aggregate figure on September 16 to a level \$5,832,000 above that of August 12; this represents the approximate increase for Chicago and Detroit member banks, as other cities reported practically no change. Net demand deposits receded from the high point reached on August 12, until the week ended September 16, when a heavy gain more than offset the previous losses. Time deposits also registered a slight increase over the earlier date.

Chicago commercial paper brokers sold 11.1 per cent less paper in August than in the prior month, and their outstandings at the close of the month were 3.6 per cent under the volume of July 31. Customary selling rates mounted from $3\frac{3}{4}$ @4 per cent, as reported for July, to 4 @ $4\frac{1}{4}$ per cent during August, the highest quoted rate being $4\frac{1}{2}$ per cent and the lowest $3\frac{3}{4}$ per cent. Demand for paper in August was fair and the supply moderately good. Commercial paper outstandings throughout the country of twenty-five brokers aggregated \$721,000,000 at the close of August, compared with \$727,199,000 on July 31.

Chicago brokers operating in the open bill market during the period August 20 to September 16, purchased on a weekly average basis a volume of bills aggregating 39.5 per cent less than in the prior five-week period. A similar comparison for sales reveals a reduction in the volume of 13.7 per cent, resulting wholly from curtailed purchases by out-of-town banks. Brokers' portfolios on September 16 held a volume of bills less by 15.4 per cent than on August 19. The supply of bills available during the period was poor and demand only fair. The movement of bills offered rates was fair to poor; best demand was for 90-day maturities. Advances in rates during the period brought 90-day bills to $3\frac{5}{8}$ per cent bid and $3\frac{1}{2}$ per cent offered on September 16, as compared with $3\frac{3}{8}$ per cent and $3\frac{1}{4}$ per cent, respectively, on August 19.

The volume of acceptances executed during August by reporting Seventh district banks averaged a decline of 11.2 per cent from July, but purchases of bills were 42.4 per cent larger; sales were slightly more than one-half those of the preceding month. Aggregate holdings at the close of August were 27.9 per cent heavier than on July 31, the volume of the banks' own bills held advancing 47.9 per cent. The liability of the acceptors for bills outstanding at the month-end was 6.6 per cent less than at the close of July. The Federal Reserve bank's purchases of bankers' acceptances in August totaled \$20,679,033, compared with \$20,051,004 in July, while the month-end holdings advanced from \$26,171,482 to \$26,709,473.

Agricultural Financing—Twenty-two Joint Stock Land banks had a total of \$185,763,211 in loans outstanding on August 31 in the Seventh district—\$2,245,390 more than a month earlier. Four Federal Land banks show an increase of \$100,786,227, representing 64.6 per cent of the volume on July 31. At the four Federal Intermediate Credit banks the outstanding loans rose from \$1,312,826 to \$1,619,248, an expansion of 23.3 per cent.

Volume of Payment by Check—The volume of payment by check for August in thirty-six clearing house centers in the district amounted to \$5,176,773,000, or 9.6 per cent less than for the previous month but 10.7 per cent more than for August, 1924. In the four larger cities—Chicago, Detroit, Milwaukee, and Indianapolis—the decrease for the month averaged 10.1 per cent as against 6.9 per cent in the thirty-two smaller cities. A gain of 11.0 per cent in comparison with the volume of payment by check during August, 1924, was reported for the smaller cities, while the expansion in the four larger cities amounted to 10.6 per cent.

Savings—September 1 balances, as reported by 196 savings banks in this district, totaled 0.6 per cent larger than at the beginning of August. Illinois alone averaged a decline, the 0.6 per cent drop from the preceding month bringing deposits for that state to the lowest level of the year; Indiana and Wisconsin totals were higher than the month before but below the July 1 figures; Iowa and Michigan, on the other hand, exceeded any previous records. All five states continued to register gains over a year ago, the district increase of 4.3 per cent being the most marked this year.

In number of accounts, new records for Iowa, Michigan, and Wisconsin raised the total for the entire group to 0.4 per cent above the peak reached August 1, and 3.3 per cent above last year. Increases of one per cent in the average size of account for Michigan and Wisconsin, with declines of less than one per cent in the other states, effected a net gain during the month of 0.2 per cent; the increase of one per cent over September 1, 1924, reflects gains in Indiana and Michigan only.

Bonds—The bond market though still quiet is showing more activity than a month ago. The dullness resulting from the vacation period continued into early September, but since Labor Day greater interest has been evident, the public apparently more willing to buy, although institutional demand is not heavy. The feeling generally prevalent among dealers reporting direct to this bank is that a satisfactory investment demand will develop during the fall months, at present or only slightly advanced prices. Municipals have been particularly dead, but recently have shown a slight improvement, with corporation securities following a similar trend. Sound first mortgage real estate bonds continue in good demand.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Reports from agents representing 150,766 farmers in the Seventh district indicate that high temperatures and drought during August tended to reduce somewhat the yields of fall crops but hastened the date of their maturity. Early planted corn has already ripened and the remainder of the crop will be safe if frosts come no earlier this year than usual. Potatoes are being dug but the yield in most counties is averaging less per acre than a year ago. The Bureau of Agricultural Economics estimates cucumber pickle production for the five states including the Seventh district as 5,556,000 bushels, compared with 1,627,000 bushels in 1924; cabbage for kraut is estimated at 53,800 tons (corrected figure) compared with 56,900 tons a year ago. Celery production in Michigan will probably aggregate 764,000 crates compared with 999,000 crates last season. Michigan is gathering only 24,158 tons of grapes compared with 51,000 tons last year, but the apple crop both there and in Illinois exceeds that in 1924. Wisconsin, Michigan, and Indiana raised 104,300 tons of Danish cabbage while a year ago they had but 76,300 tons. According to county agents, more than half of the wheat has been marketed, although there is a noticeable tendency among farmers in some counties in Illinois and Indiana to hold for higher prices. Reports sent direct to this bank indicate 10 to 15 per cent fewer hogs available in the district for fall and early winter marketing than at this time last year.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av. 1920-24
	FORECAST 1925	FINAL 1924	FORECAST 1925	FINAL 1924	
Corn	1,055,773	721,019	2,885,108	2,436,513	2,934,649
Oats	562,804	608,284	1,461,945	1,541,900	1,327,642
All Wheat	63,554	67,980	699,569	872,673	837,116
Potatoes	55,674	81,801	344,391	454,784	417,848
Barley	35,864*	31,570*	221,713	187,875	182,382
Hay**	14,825	22,352	93,603	112,450	107,207
Tobacco***	46,088	39,248	1,247,011	1,240,513	1,330,876

*Five states including Seventh Federal Reserve District.
 **In thousands of tons.
 ***In thousands of pounds.

Composite condition of crops for the five states including the Seventh district on September 1 (100 equals 10-year average) was 96.0 per cent and for the United States 93.3 per cent, according to the Bureau of Agricultural Economics.

Grain Marketing—Receipts of oats at primary centers in the United States were approximately three times as large in August as in the prior month; arrivals of corn nearly doubled but those of wheat showed only a small increase over July. In comparison with a year ago the quantity of wheat arriving at terminals was 54 per cent smaller, that of corn declined slightly, while receipts of oats rose 69 per cent. A greater number of bushels of wheat and oats but a smaller tonnage of corn moved out of these interior markets during August than in July. Visible supplies of all grains, excepting corn, have shown a seasonal increase in the United States during the past month. Present holdings of bread grains are considerably less than a year ago but stocks of corn, oats, and barley have increased. Contracts placed by members of the Chicago Board of Trade, calling for deliveries at future dates, represented a larger quantity of all grain, except corn, than in July.

Exportations of barley, corn, wheat, and oats increased in August while those of rye declined, according to preliminary figures furnished by the United States Department of Commerce. Quotations for wheat continued to strengthen at Chicago during August and the early part of

September, but prices of corn and oats showed a downward trend.

Flour—Although the majority of reporting firms indicated increased production over July, declines shown by the larger mills effected a decrease in aggregate production of wheat flour during August by thirty-four mills in this district; output of all other flour gained, however, in the comparisons with the preceding month and a year ago. Sales volume for August fell below that of the prior month and movement of flour through Chicago, according to the report of the Chicago Board of Trade, was less than in July, which is contrary to the trend in previous years.

CHANGES IN AUGUST, 1925, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1925	AUGUST 1924	JULY 1925	AUGUST 1924
Production (bbls.).....	+ 0.1	-10.4	35	35
Stocks of flour at end of month (bbls.)	+ 9.0	+ 9.8	31	29
Stocks of wheat at end of month (bu.)	+34.7	- 4.4	31	29
Sales (volume)	- 2.5	-10.0	15	13
Sales (value)	+ 2.8	+ 9.6	15	13

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

Movement of Live Stock—A heavy movement from western ranges resulted in the showing of a decided gain over July in receipts of cattle and lambs at public stock yards in the United States. The slaughter of cattle was unusually heavy for this season and exceeded totals for each month since December. A smaller number of hogs was marketed in August than during any other corresponding period since 1920.

LIVE STOCK SLAUGHTER

	CATTLE		LAMBS AND SHEEP		CALVES
	August, 1925	HOGS	August, 1925	August, 1924	
Yards in Seventh District, August, 1925.....	246,532	596,330	321,425	86,866	
Public Stock Yards in U. S. August, 1925.....	831,346	1,586,277	977,824	449,601	
July, 1925.....	800,221	1,803,835	938,584	452,065	
August, 1924.....	715,643	2,016,593	977,845	375,921	

Reshipments of cattle, calves, and lambs from public stock yards in the United States to feed lots showed the usual seasonal increase over July; greater numbers of cattle and calves but slightly smaller quantities of lambs were put on feed during August than a year ago.

AVERAGE PRICES OF LIVE STOCK

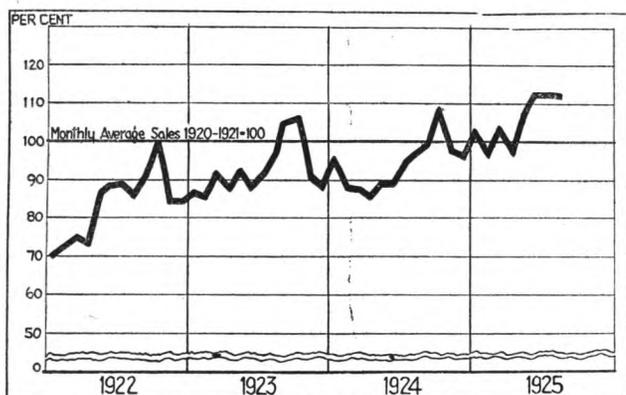
PER HUNDRED POUNDS AT CHICAGO

	WEEK ENDED		MONTHS OF	
	SEPT. 12, 1925	AUGUST 1925	JULY 1925	AUGUST 1924
Native Beef Steers (average).....	\$11.50	\$12.10	\$12.05	\$ 9.60
Fat Cows and Heifers.....	5.65	6.20	6.90	5.65
Hogs (bulk of sales).....	11.90	13.15	13.40	9.30
Yearling Sheep.....	11.75	11.25	12.00	9.70
Lambs (average).....	15.25	14.80	15.00	13.50

Meat Packing—The beef and mutton sections were more active in August, but a sharp decline in the pork department resulted in smaller quantities of meat being produced at packing establishments in the United States than in the prior month. Employment increased 1.9 per cent in number, 0.6 per cent in hours worked, and declined 0.2 per cent in value for the last payroll of the month compared with corresponding figures for July. Domestic demand for pork continues seasonally good, that for dry salt meats is fair, while the market for dressed beef has improved sufficiently to prevent any accumulation of stocks. Sales reported in dollar amounts by sixty-three slaughtering companies in the United States aggregated 0.2 per cent less for August than for July and were 10.8 per cent above figures for the corresponding period last year. September 1 inventories showed a decline from holdings in the United States at the beginning of the preceding month and September 1 a year ago, and were less than the 1920-24 average stocks for this season. Prices of choice beef and veal firmed during Au-

gust while pork, lamb, and the commoner grades of beef and veal moved to somewhat easier levels. Quotations were showing a slightly stronger tone by the middle of September.

SALES OF PACKING HOUSE PRODUCTS IN THE UNITED STATES



Based on reports (in dollar amounts) by 64 companies. Latest figure, August, 1925: 112.0.

The export situation has improved during the last thirty days, partly because of less active competition from Denmark, and partly owing to the building up of stocks in Germany before the new tariff act becomes effective in that country. English demand for boxed meats gained slightly

COAL

A continued active demand for the domestic sizes of bituminous coal prevailed through August in the Middle West, but after the first of September a week of warm weather caused a decided slackening in interest and no revival has so far taken place. For the first time this year, production of bituminous coal in Illinois showed an increase in August over the corresponding month in 1924; output of 5,676,490 tons represented a gain of 32.2 per cent over July and of 7.0 per cent over a year ago; the amount is also larger than that mined in August, 1923. Prices have been well maintained and trend upward; the average spot price of bituminous coal, according to *Coal Age*, was \$2.22 on September 5, compared with \$1.97 on August 4 and \$2.01 on September 8, 1924. A recent reduction in output due to

and shipments of fats to the Continent increased also, so that the total quantity of product forwarded by American packers for export exceeded that in July. August clearances from United States ports, however, showed a slight decline in volume from those of the prior month. Prices abroad are on a more satisfactory basis to American producers than they were a month ago.

Dairy Products and Poultry—Reports sent direct to this bank by sixty-two creameries show aggregate production of butter in the Seventh district 11.4 per cent less than in July and 0.2 per cent above a year ago. Statistics issued by the American Association of Creamery Butter Manufacturers point to a seasonal downward trend since early August in output for the United States. The tonnage of creamery butter sold by sixty manufacturers in the Seventh district totaled 13.2 per cent less than in July and increased 4.3 per cent over the aggregate for the corresponding period last year. Receipts of cheese at Wisconsin markets indicate that production in that state for the five weeks ended September 5 was 9.7 per cent under that in the prior period but 13.4 per cent greater than a year ago; sales declined 7.5 per cent compared with the five weeks ended August 1, but increased 16.5 per cent over the volume between corresponding dates in 1924. Net receipts of butter and eggs at Chicago receded from those in July, but arrivals of cheese and dressed poultry were heavier. Prices of dairy products and poultry have advanced after reaching a low point toward the end of August.

lessening of domestic demand has strengthened steam coal prices to some extent.

Output of bituminous coal for the United States gained during August over the preceding month and the corresponding month in 1924; for the week ended August 29, output of 11,133,000 tons represented the highest amount mined since the week ended January 24. In anticipation of the strike September 1, anthracite production mounted to 2,251,000 tons for the week ended August 29; supplies of anthracite appear ample for present requirements. Statistics furnished by the Ore and Coal Exchange of Cleveland on the distribution of bituminous coal from Lake Erie ports to American lake ports indicate a slight increase in August over July and a decided gain over a year ago.

INDUSTRIAL EMPLOYMENT CONDITIONS

Employment at industrial plants in the Seventh district aggregated about the same number of workers on August 15 as a month earlier, but showed an average increase of 3.2 per cent in payrolls. The upward trend in payrolls was apparent throughout the district, the separate reports for Illinois and Wisconsin as well as for the other three states combined averaging practically the same percentage gain. The increases were also well distributed among the industries, only two of the reporting groups showing a contraction; these were textiles and textile products and the food products groups, both of which are experiencing a seasonal

slackening after the marked gains registered for the two previous months. An expansion occurred in the number of men employed as well as in earnings of four of the industrial groups—metals and metal products, and chemical, rubber, and paper products.

Reports on outdoor employment are generally favorable. Building and construction work continue to use as large a volume of men as before, and many of the coal mines have resumed operations. The ratio of applicants to places available at the free employment offices showed a definite contraction during August both in Illinois and Indiana.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE-EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	AUGUST 15	JULY 15	PER CENT CHANGE	AUGUST 15	JULY 15	PER CENT CHANGE
All groups (10).....	370,460	369,920	+0.1	\$9,646,922	\$9,351,467	+ 3.2
Metals and metal products (other than vehicles).....	143,424	140,255	+2.3	3,490,801	3,279,158	+ 6.5
Vehicles.....	40,628	40,669	-0.1	1,197,775	1,190,828	+ 0.6
Textiles and textile products.....	28,388	29,306	-3.1	716,371	725,342	- 1.2
Food and related products.....	51,234	52,964	-3.3	1,360,246	1,408,258	- 3.4
Stone, clay, and glass products.....	13,698	13,706	-0.1	403,738	387,377	+ 4.2
Lumber and its products.....	32,535	32,759	-0.7	808,408	754,745	+ 7.1
Chemical products.....	9,347	9,241	+1.1	255,533	242,050	+ 5.6
Leather products.....	17,373	17,470	-0.6	411,743	384,395	+ 7.1
Rubber products.....	3,553	3,358	+5.8	93,730	82,797	+13.2
Paper and printing.....	30,280	30,192	+0.3	908,577	896,517	+ 1.3

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Owing to the partial closing-down during August of certain plants for the preparation of new models, automobile production and distribution statistics showed decided declines for the month; the majority of companies, however, maintained a high rate of activity. Output of passenger cars by identical manufacturers in the United States totaled 214,308 for August, a decrease of 38.3 per cent from the preceding month and of 13.7 per cent from August, 1924; production by these manufacturers at their plants in Canada aggregated 7,431, compared with 11,140 in July and 5,398 a year ago. Truck output for the United States during August by firms manufacturing 38,720 trucks in the prior month, was 35,261; the figure for August, 1924, was 26,509. Canadian production of trucks by American firms showed a substantial increase over the same month last year.

A reflection of curtailed output is seen in shipments and sales data furnished by companies that manufactured somewhat less than half the cars produced in August; forwardings by these firms to their dealers averaged a decline of 60.4 per cent from the prior month, while sales by the dealers to users decreased 21.5 per cent. The ratio of retail sales to receipts from manufacturers rose from 98.5 per cent in July to 195.0 per cent for August.

Reports from distributors in the Middle West show that more cars were sold at wholesale during August than in the preceding month or a year ago. Retail distribution registered declines in these comparisons, but the falling-off in volume can be mostly attributed to the small number of sales by dealers who were awaiting new models.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	Changes in August, 1925, from previous months		COMPANIES INCLUDED	
	PER CENT CHANGE FROM		JULY 1925	AUGUST 1924
New cars	JULY 1925	AUGUST 1924	JULY 1925	AUGUST 1924
Wholesale—				
Number sold	+11.8	+119.2	35	34
Value	+23.8	+110.2	35	34
Retail—				
Number sold.....	-23.2	-10.3	60	58
Value	-11.0	+ 4.7	60	58
On hand August 31—				
Number	-11.8	- 0.8	63	60
Value	- 4.4	+ 2.2	63	60
Used cars				
Number sold	- 3.7	+ 5.7	61	59
Salable on hand—				
Number	- 1.8	+ 7.6	59	56
Value	- 2.7	+ 0.2	59	56

Agricultural Machinery and Equipment—Sales of heavy machinery (tractors, threshers, and combined harvesters) billed during August to customers in the United States and foreign countries represented a 2.9 per cent greater total value than those for July; other kinds of equipment declined 12.5 per cent; pumps increased 0.6 per cent, while sales of barn supplies were smaller by 11.1 per cent. Factories operated at 73.2 per cent of the estimated normal for August. Employment showed an increase over the prior month.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	Changes in August, 1925, from previous months		COMPANIES INCLUDED	
	PER CENT CHANGE FROM		JULY 1925	AUGUST 1924
	JULY 1925	AUGUST 1924	JULY 1925	AUGUST 1924
Domestic sales billed.....	-8.9	+23.7	95	93
Sales billed for export....	+6.6	+79.4	95	93
Total sales billed.....	-5.9	+32.8	95	93
Production	+3.1	+50.3	90	88

Sales based on dollar amounts. Production computed from employment.

Iron and Steel Products—The gradual improvement that has prevailed in the iron and steel industry for some weeks is being well maintained and the outlook for fall promises further increase in demand. Although railroad buying did not materialize during August, purchases by other lines of

industry were good and incoming tonnage to mills has been steady; since the first of September there has been some development of car and rail buying. Unfilled orders of the United States Steel Corporation on August 31 of 3,512,803 tons were only slightly smaller than at the end of July and were in excess of the same date in 1924. Both steel ingot and pig iron production showed gains in August over the preceding month and a year ago, reversing the trend of the past four months. Daily output of pig iron for the United States averaged 87,241 tons daily during August, a gain of 1.5 per cent over July and of 43.2 per cent over August last year; a further decline of 2.4 per cent was shown for the Illinois and Indiana district in the month-to-month comparison and an increase of 87.1 per cent over the same month a year ago. Average daily production of steel ingots for the country in August was 131,694 tons, or 10.9 per cent above July and 34.1 per cent greater than August, 1924.

In prices there is a tendency toward greater firmness of the rates that have ruled for several weeks, although the composite average price of fourteen iron and steel products had declined from \$37.45 on August 19 to \$37.35 on September 16, according to *Iron Trade Review*; a year ago the average was \$38.95. Since the first of September there have been two increases of fifty cents each in the price of pig iron at Chicago. Scrap iron prices, although exceptionally strong during August, have weakened the past few weeks.

Twenty-six iron and steel casting foundries in the Seventh district showed shipments less than in either the prior month or August, 1924, while the amount of metal consumed declined from July but increased over a year ago. Thirteen stove and furnace manufacturers report the aggregate of both shipments and orders booked as larger than in the preceding month or the corresponding month last year; stocks on hand August 31 were below the same date of July, and of August, 1924; production expanded during the month but is at a lower rate than a year ago.

Shoe Manufacturing, Tanning, and Hides—Factories in the Seventh district showed a seasonal increase in production and shipments of shoes during August compared with the average for the three preceding months. Shipments were 5.7 per cent greater than current production and both items exceeded the volume for the corresponding period last year. Manufacturers inventoried 70.9 per cent as many shoes on September 1 as were forwarded to their customers during August. The quantity of unfilled orders on hand should supply about five and one-half weeks' business at the present rate of output.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	JULY 1925	AUGUST 1924	JULY 1925	AUGUST 1924
Production	+19.3	+16.9	30	29
Shipments	+18.1	+ 1.8	30	29
Inventories	- 4.9	+37.4	22	21
Unfilled orders.....	-13.5	- 3.0	21	20

Orders for harness and belting increased during August and the total value of leather billed to customers showed a gain over July. Tanneries, in general, lowered production slightly from the prior month, although a few companies indicated an increase; the rate for nearly all concerns was considerably above that a year ago. Prices continued firm.

Tanneries in the district restricted August purchases to current needs, so that the market for packer green hides and calf skins was less active at Chicago than in the preceding month. Chicago shipments of hides and skins exceeded corresponding totals for July.

Furniture—A substantial volume of orders appeared on the books of furniture manufacturers in the Seventh district during August; the majority of companies indicated gains over July, although aggregate orders of twenty firms showed a decrease of 11.0 per cent. Gains of 28.6 and 33.4 per cent were reported over August, 1924, and 1923, respectively. August shipments exceeded those of the preceding month by 23.1 per cent and a year ago by 26.7 per cent; they were smaller than current orders, however, so that unfilled orders on hand August 31 amounted to more than at the end of July. The average rate of operations of eighteen firms rose from 81.9 per cent of capacity in July to 84.7 per cent for August; in the corresponding month a year ago the rate was only 73.4 per cent of capacity.

Raw Wool and Finished Woolens—A moderate amount of buying in domestic wools took place during August, sales approximating those of July, but the market in gen-

eral was without feature. Prices showed no tendency to strengthen and levels at the end of the month were slightly lower; in fact, the situation appears somewhat uncertain, with frequent concessions reported. Territory fine wools have been moving in better volume than fleece wools. Mill buyers are extremely cautious and continue to satisfy present requirements only; they are beginning, however, to evince an increasing interest in combing wools. Foreign markets are holding up fairly well, although no keen interest has been displayed.

The worsted branch of the goods market has improved in recent weeks and the tone is considerably better than a year ago; woolen goods, on the other hand, seem somewhat less active. Only a fair volume of orders has been booked by manufacturers for the spring season. Competition is strong, so that mills have been obliged to make close prices in order to obtain sufficient business for the winter months.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Lumber sales during the month of August, as reported by ninety-four manufacturers and dealers in the Seventh district, aggregated \$3,894,377, an increase of 16.1 per cent over the same month a year ago; retail sales for 263 yards similarly showed a gain of 13.4 per cent. Sales in board feet for the forty-three wholesale and retail firms that reported on this item, averaged an increase of 10.2 per cent. In comparison with conditions of the previous month, the lumber industry experienced no outstanding changes; trade at country yards registered a slight recession, while manufacturers and wholesalers aggregated some increase in dollar sales but a decrease in the number of board feet. Stocks for both wholesalers and retailers practically equaled those at the close of July and were somewhat higher than a year ago. The ratio of outstanding accounts to sales reflected an improvement over last year, the percentage changing from 323.7 to 288.6 in retail trade and from 115.2 to 111.2 for wholesalers. The demand for lumber was good from practically all industries exclusive of the car construction companies. Prices remained fairly stable except at mills, where advances have been made. The receipts of lumber at Chicago increased and shipments decreased, with the net volume of receipts 32.2 per cent larger than in July and 12.8 per cent above that of a year ago.

The demand for brick continued high during August and, although plants were operated at capacity, there was little

accumulation of stocks. From Iowa, where business previously has been more quiet, reports indicate a considerable increase in shipments over the prior month. In the cement industry demand is active but stocks remain heavy. As reported for the United States, production increased 5.0 per cent over July, shipments gained 1.4 per cent, and stocks declined 14.3 per cent. In comparison with a year ago, both production and shipments were about 9 per cent larger, while stocks increased 12 per cent.

Building Construction—Building contracts awarded in the Seventh district during August aggregated \$79,052,485, exceeding those reported for July by 14.2 per cent; contracts for residential construction alone totaled 22.2 per cent more than for the previous month. With this exception, however, the August figures were the lowest since last February. The increases over the corresponding month of last year, while still heavy, indicate a definite decline from the earlier months. Permits issued in fifty cities of the district registered a decline of 2.3 per cent in number and 6.7 per cent in cost in comparison with July; in the five larger cities, the declines were 3.5 and 3.7 per cent, respectively. Total number of permits exceeded those of August a year ago by 5.6 per cent and the cost indicated a gain of 13.9 per cent. In Chicago alone, the estimated cost of permits issued increased over July by 9.0 per cent and over a year ago by 41.6 per cent.

MERCHANDISING CONDITIONS

Wholesale Trade—August sales for the five commodity groups comprising the wholesale trade survey made by this bank followed the same trends this year as last, dry goods, drug, and shoe dealers with few exceptions registering expansion in business, but the majority of grocery and hardware firms reporting declines from July; in each of the three earlier years for which comparable data are available (1921-1923) all groups made substantial increases. In comparison with August, 1924, gains were shown by about two-thirds of the firms in each group except groceries which for the fifth successive month averaged a decline.

Collection comparisons like those for sales were similar to the 1924 changes, most of the firms having received smaller amounts during August than in July; by groups the decrease for dry goods amounted to the same as last year, less for groceries and hardware, and more for shoes; in drugs heavier collections at two stores offset the otherwise general decline. For dry goods, hardware, and drugs, collections averaged larger than a year ago.

Accompanying the decline from July in collections was a general increase in accounts outstanding, so that as in 1924 amounts on the books August 31 exceeded the previous month for dry goods, drug, and shoe dealers; in hardware the decline of 0.2 per cent reflects individual decreases at only half the stores and compares with 1.2 per cent in 1924; the grocery group averaged a drop of 1.0 per cent, although three-fifths of the stores reported increases. For half the hardware firms and the majority of drug and shoe firms accounts receivable were higher than last year.

Stock comparisons vary, about half the grocery, hardware, and dry goods firms being inventoried lower on August 31 than at the beginning of the month and about the same proportion of firms below a year ago; the drug group averaged a decline of 0.8 per cent from July 31, but continued, as noted since March, above last year; for shoes, both comparisons showed marked reductions.

Department Store Trade—Developments in department store trade during August were largely seasonal, with the volume of sales increasing from the July low point, inven-

tories evidencing a general stocking-up, and collections dropping to the smallest amount for the year.

Individually, of the ninety-one firms reporting to this bank, fifty-five sold more goods in August than during the preceding month; in comparison with a year ago, fifty-eight showed gains and thirty-one declines; while cumulative sales for the first eight months of 1925 are larger than last year for somewhat over half the group.

The increase in stocks by all except eight of the sixty-four stores furnishing data on this item reversed the downward trend followed since March; comparable figures available since 1919 indicate for August of each year the beginning of an upward movement which extended well into the fall. Over three-fifths of the stores were carrying heavier inventories on August 31 than a year ago, exceptions in two of the larger cities, however, reducing the net increase for the district to 0.7 per cent. For forty-five firms August sales represented 26.3 per cent of average stocks during the month, as compared with 25.1 per cent in August, 1924; for several months a similarly higher rate of stock turnover has been noted. Fifteen out of twenty-six stores had larger orders for new goods unfilled at the end of August than the month before.

In collections the decline from July of 13.9 per cent reflects the midsummer trade quiet, and compares with

similar reductions in the three immediately preceding years when August was the low month. About two-thirds of the stores reported collections heavier than a year ago, but amounting to 38.7 per cent of accounts outstanding at the beginning of the month, or about the same ratio as last year.

Mail Order Trade—Combined sales during August of Chicago's two leading mail order houses exceeded the corresponding volume in 1924 by 20.8 per cent—next to that in July, the largest increase for the year. For one firm sales were the heaviest for any August on record and for the other within 6 per cent of the 1919 peak. The increase of 3 per cent over July reflects expansion at only one house, and compares with more marked gains last year and in 1919 and 1921, but with an increase of 2 per cent in 1922 and slight decreases in 1920 and 1923. As during July, business was reported very good in all branches, with outdoor merchandise in especial demand.

Chain Store Trade—The seven chain store systems reporting August sales to this bank set new records for the month in aggregate volume of trade. Only three, however,—the two musical instrument firms and one drug firm—exceeded last August in average business per store. Gains over July were shown by all except the shoe chain.

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	Aug. 1925	July 1925	Aug. 1924	July 1924
Meat Packing—(U. S.)—					
Sales (in dollars) ¹	64	112.0	112.2	97.3	94.7
Casting Foundries—					
Shipments (in dollars).....	28	73.1	74.2	74.4	78.2
Stoves and Furnaces—					
Shipments (in dollars).....	17	99.1	77.1	99.1	72.6
Agricultural Machinery & Equipment—(U. S.)²—					
Domestic Sales (in dollars).....	123	135.3	148.6	109.2	111.8
Exports (in dollars).....	123	187.2	175.6	111.3	93.1
Total Sales (in dollars).....	123	144.0	153.0	109.6	108.8
Production.....	116	108.5	105.2	76.2	78.3
Agricultural Pumps—(U. S.)²—					
Shipments (in dollars).....	19	138.0	137.2	97.8	92.5
Furniture³—					
Orders (in dollars).....	21	145.7	167.3	108.7	137.3
Shipments (in dollars).....	21	147.6	120.8	118.6	90.8
Shoes⁴—					
Production (in pairs).....	35	156.1	130.9	133.2	114.4
Shipments (in pairs).....	35	161.1	136.4	162.2	124.4
Electric Energy—					
Output of Plants (KWH).....	9	171.8	167.8	148.3	142.8
Industrial Sales (KWH).....	9	222.7	212.4	170.2	162.0
Flour Production—					
(In bbls.).....	39	107.9	107.8	120.7	98.6
Output of Butter by Creameries⁵—					
Production.....	81	135.0	151.0	134.9	165.6
Sales.....	81	120.4	138.3	119.2	147.4
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....	139.8	114.1	157.8	122.1	
Live Stock.....	91.5	82.7	94.6	90.7	
Coal.....	121.0	105.0	95.5	88.8	
Coke.....	107.6	102.5	78.1	77.6	
Forest Products.....	125.7	119.0	120.5	111.3	
Ore.....	168.5	174.6	134.6	153.2	
Merchandise and Miscellaneous.....	140.2	135.7	128.1	123.4	
Total.....	134.2	126.5	120.7	115.0	
Iron and Steel—					
Pig Iron Production: ⁶					
Illinois and Indiana.....	123.4	126.4	65.9	64.9	
United States.....	104.1	102.6	72.7	68.7	
Steel Ingot Production—(U. S.) ⁶	116.8	105.3	87.1	64.1	
Unfilled Orders U. S. Steel Corp.....	58.6	59.0	54.9	53.2	
Automobiles—(U. S.)—					
Production: ⁷					
Passenger Cars.....	158.7	257.2	184.0	172.9	
Trucks.....	136.4	149.8	102.5	94.9	
Shipments: ⁸					
Carloads.....	232.3	218.0	144.0	129.8	
Driveaways.....	109.8	127.4	72.0	66.7	
Boat ⁹	433.4	520.5	222.2	215.1	
Excise Tax Collections⁸—					
New Automobiles.....		194.7	103.7	120.4	
New Automobile Trucks.....		30.3	27.7	57.8	
Parts and Accessories.....		50.3	41.3	73.0	
Stamp Tax Collections⁹—					
Sales or Transfers of Capital Stock.....	124.6	136.6	87.2	108.6	
Sales of Produce on Exchange—Futures	59.0	83.6	45.1	54.4	

	No. of Firms	Aug. 1925	July 1925	Aug. 1924	July 1924
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	43	71.6	75.3	74.1	75.5
Hardware.....	21	95.3	104.0	93.2	99.2
Dry Goods.....	14	93.9	78.4	91.2	79.5
Drugs.....	14	103.7	94.3	93.0	91.0
Shoes.....	7	48.3	33.8	47.2	35.1
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	9	119.6	143.0	135.9	108.7
Detroit.....	4	130.6	114.2	118.6	103.2
Des Moines.....	3	106.4	100.0	99.1	97.2
Indianapolis.....	5	106.6	107.7	98.8	98.0
Milwaukee.....	5	114.2	117.2	113.3	112.5
Outside.....	39	94.5	80.9	86.1	78.6
Seventh District.....	65	113.6	107.0	107.3	98.2
Retail Trade—(U. S.)—					
Department Stores.....	359	98	96	93	91
Mail Order Houses.....	4	89	89	74	69
Chain Stores:					
Grocery.....	27	241	262	201	206
Drug.....	9	171	166	152	148
Shoe.....	6	120	122	108	113
Five and Ten Cent.....	5	195	183	172	163
Candy.....	5	202	181	180	177
Music.....	4	128	104	91	72
Cigar.....	3	142	136	138	128
U. S. Primary Markets¹⁰—					
Grain Receipts:					
Oats.....		258.2	85.6	150.4	51.9
Corn.....		117.9	65.1	126.3	122.4
Wheat.....		139.6	132.8	296.1	129.1
Grain Shipments:					
Oats.....		100.2	95.4	51.8	44.0
Corn.....		62.2	70.2	75.7	73.5
Wheat.....		85.3	74.3	171.0	54.3
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....		206.3	168.8	165.2	127.2
Total.....		143.8	126.0	113.4	99.4
Permits:					
Chicago.....	Number	258.5	280.7	223.3	227.7
Cost.....		357.7	328.2	252.7	225.1
Indianapolis.....	Number	262.3	257.5	249.6	241.4
Cost.....		154.4	214.0	301.8	278.1
Des Moines.....	Number	172.5	199.0	188.2	196.1
Cost.....		73.0	121.3	139.5	261.8
Detroit.....	Number	206.4	226.0	204.4	203.1
Cost.....		223.6	271.1	172.2	175.0
Milwaukee.....	Number	208.3	202.5	208.7	207.1
Cost.....		160.0	180.9	224.5	200.3
Others (45).....	Number	225.0	225.9	204.0	216.2
Cost.....		164.9	198.4	185.4	189.6
Fifty Cities.....	Number	221.7	227.0	210.0	213.8
Cost.....		239.4	256.7	210.3	202.7

1. Monthly average 1920-1921 = 100; 2. Monthly average 1923 = 100; 3. Monthly average 1919-1920-1921 = 100; 4. Monthly average of mean of production and shipments in 1919 = 100; 5. Average daily production; 6. Monthly average 1920 = 100; 7. Base figures (1920) partly estimated; 8. 7th F. R. District; 9. First Illinois internal revenue district; 10. Monthly average receipts 1919 = 100.