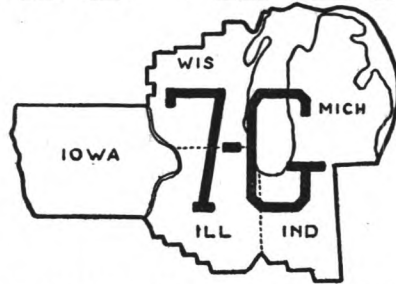


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

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BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION in basic industries and factory employment increased in September. Distribution of commodities, both at wholesale and at retail, continued in large volume, and the level of prices remained practically unchanged.

PRODUCTION—The Federal Reserve Board's index of production advanced 2 per cent in September, notwithstanding the suspension of anthracite mining. The volume of output increased considerably in the iron and steel, bituminous coal, and textile industries, while the decreases which occurred in some other industries were relatively small. Automobile production was larger than in August, but continued to reflect the effects of curtailment incidental to changes in models. Number of employees on factory payrolls in September was larger than in August in nearly all reporting industries. Building contracts awarded during September did not equal the record level of August, but continued large as compared with earlier months. Total contracts awarded during the first nine months of this year were nearly as large as for the entire year 1924.

Crop conditions, as reported by the Department of Agriculture, showed considerable improvement in September, and the indicated yields of cotton, corn, oats, barley, and hay were larger than a month earlier, while forecasts of wheat

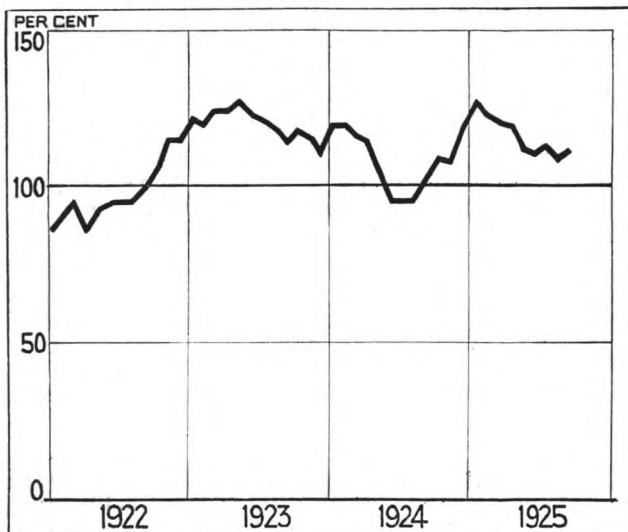
and tobacco production were slightly smaller. Marketing of crops increased further in September, but was smaller than last year.

TRADE—Wholesale trade was 9 per cent larger in September than in August, and sales in all lines except dry goods were larger than a year ago. Sales of department stores and mail order houses showed considerably more than the usual increase in September and were larger than a year ago. Stocks of merchandise at department stores also increased in September more than usual and at the end of the month were 4 per cent greater than a year ago. Wholesale firms in all leading lines except groceries reported smaller stocks on September 30 than a month earlier.

Total and merchandise freight car loadings in September were larger than during the same month of any previous year. Coal shipments were smaller than in August, owing to the anthracite strike, and shipments of coal and of grain products were smaller than in September of last year.

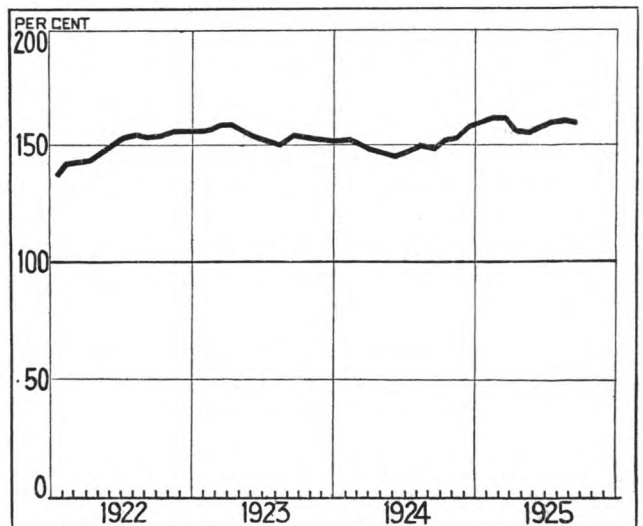
PRICES—The level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined slightly in September. Among groups of commodities, grains, woolen goods, and furniture showed price declines, while prices of coal and building materials advanced. In the

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, September, 1925: 111.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, September, 1925: 160.

Compiled October 27, 1925

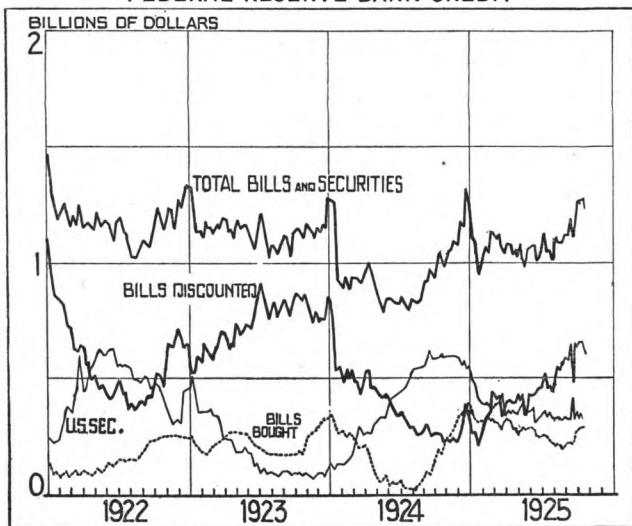
first half of October prices of grains, wool, and rubber increased, while prices of sheep, hogs, sugar, and cotton declined.

BANK CREDIT—At member banks in leading cities the volume of loans, both for commercial purposes and on securities, increased further between September 16 and October 14, and the middle of October total loans of these banks were nearly \$650,000,000 larger than at the end of July. During the same period demand deposits of these banks increased by about \$360,000,000 but were below the level of the beginning of the year, while the volume of their borrowings at the reserve banks increased by about \$200,000,000 to the highest point of the year.

Total volume of reserve bank credit outstanding was larger in October than at any other time during 1925, reflecting increases during the two preceding months both in discounts for member banks and in acceptances bought in open market. This growth has been due primarily to the seasonal increase during the period of about \$100,000,000 in currency in circulation and there has also been a considerable increase in member bank reserve balances, accompanying a growth in their deposits.

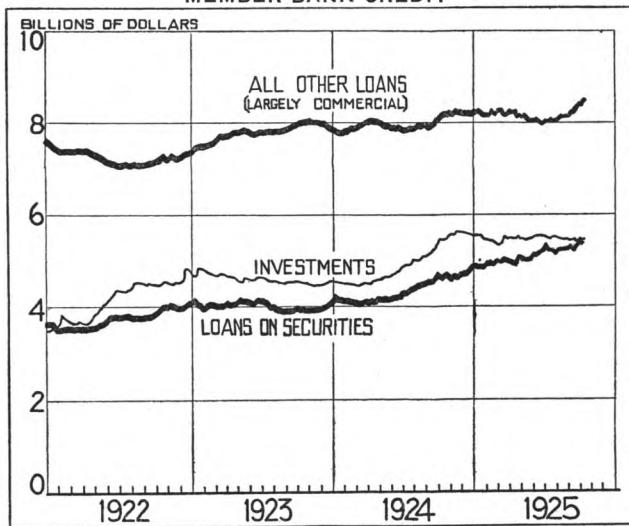
In October the rates on prime commercial paper were firmer and the renewal rate on call loans averaged higher than in September.

FEDERAL RESERVE BANK CREDIT



Weekly figures for 12 Federal Reserve banks. Latest figures, October 21, 1925: Total Bills and Securities, 1,230 million; Bills Discounted, 603 million; Bills Bought, 293 million; United States Securities, 324 million.

MEMBER BANK CREDIT



Weekly figures for member banks in 101 leading cities. Latest figures, October 14, 1925: All Other Loans, 8,488 million; Investments, 5,462 million; Loans on Stocks and Bonds, 5,376 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE last quarter of the year has opened with business activity in the Middle West broadening definitely. The movement is largely in response to seasonal developments, and is sufficiently moderate to avoid inventory accumulation. Furthermore, plentiful funds make possible an expansion without abnormal effect on money rates.

Of the separate industries extending operations during September may be noted the gain over August in automobile output, the steady increase in iron and steel production, and the larger volume of building contracts awarded. Smaller increases took place in the manufacture of farm machinery, slaughter house products, shoes, and furniture. Employment statistics confirm this general upward trend in industry. In agricultural districts also favorable factors are evident, good crops and their full maturity before frost giving indication of profitable returns. Both industrial and farming sections contribute to the increased demand for consumers' goods, as reflected by the larger volume of distribution both at wholesale and retail.

Comparisons with last year vary, the majority showing increases over September, 1924, but with important exceptions. Such are the smaller output of dairy products, the slower movement of live stock and corn, oats, and wheat, the reduced flour production and sales, and the lower estimates for several vegetable and fruit crops. Other decreases from last year are in the orders and shipments of stoves and in shoe production. The volume of coal mined in the district is decidedly below a year ago.

Among financial changes during September were the

continued increase in savings deposits, the larger volume of canceled checks, and the reduction in the amount of business failures.

CREDIT CONDITIONS AND MONEY RATES

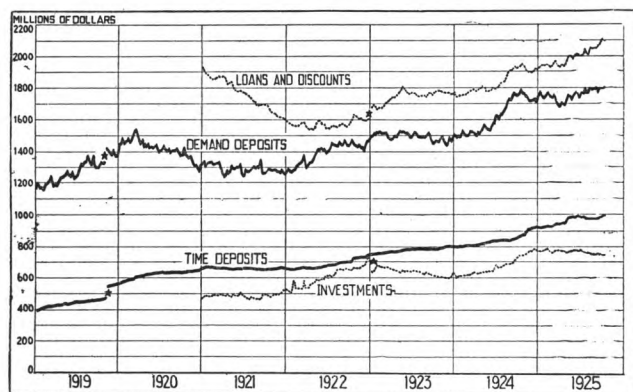
Conditions in the Chicago money market during the past month have reflected rather definite expansion in business and industry, and rates have moved moderately upward. Other sections of the district report a generally heightened demand for credit, with little change, however, in interest rates. Seasonal influences are largely responsible for the heavier credit requirements, though reports indicate that accommodation is being extended to many lines which do not necessarily need credit at this time of year. Current rates in Chicago are: Commercial paper $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent compared with 4 to $4\frac{1}{2}$ a month ago; collateral loans $4\frac{1}{2}$ to $5\frac{1}{4}$ per cent as against $4\frac{1}{2}$ per cent in September; and customers' over-the-counter loans 5 to $5\frac{1}{2}$, whereas last month this class of accommodation carried $4\frac{1}{2}$ per cent.

Total bills and securities held by the Federal Reserve Bank of Chicago have been in a distinctly larger volume since the middle of September. The aggregate of \$162,139,000 shown on October 7 was the highest figure since November 28, 1923, when \$162,147,000 was recorded. Since October 7 a downward movement has been operative, \$148,312,000 being reported on October 21. Total bills discounted rose steadily in amount each week from September 16 until October 14, when a decline of approximately nine million from the preceding week took place, followed by a gain of \$1,300,000 on October 21. Federal Reserve notes

in actual circulation, contrary to the declining trend of nearly two years' duration, have shown weekly increases since the middle of last month, amounting to \$147,323,000 on October 21, compared with \$145,182,000 September 23.

Loans and discounts of reporting member banks in the Seventh district have been on an expanding scale since early September, and the \$2,107,013,000 on October 7 established a new high point since 1921, when this bank began receiving member bank statistics on loans and discounts. A recession of about 9 million took place on October 14. All classes of loans have shared in the upward movement, those on stocks and bonds in Chicago, comprising the largest element in the week-to-week fluctuations, though accommodation for commercial purposes in Detroit as well as in Chicago has increased steadily in recent weeks. Investments of reporting members have exhibited rather extensive weekly changes, with no established trend; the figure of \$742,803,000 on October 14 compared with \$753,789,000 on September 9, the corresponding reporting date in that month. Net demand deposits during the month were without any definite movement; on October 14 they aggregated \$1,808,739,000, about 18 million in excess of the total on September 9. Time deposits, on the other hand, have expanded, the \$992,950,000 on October 14 exceeding by \$1,275,000 the previous high point on June 17 when \$991,675,000 was reported.

POSITION REPORTING MEMBER BANKS—7TH DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, October 14, 1925, in thousands of dollars: Loans and Discounts, 2,093,125; Demand Deposits, 1,808,789; Time Deposits, 992,950; and Investments, 742,803.

Seventh district commercial paper brokers sold 17.5 per cent more paper during September than in August, although their outstandings at the month-end were 0.6 per cent less than on August 31. Some hardening in rates was evidenced by the movement of the customary selling quotation from $4@4\frac{1}{4}$ per cent in August to $4\frac{1}{4}@4\frac{1}{2}$ per cent in September. Demand for paper in September was fair to good, the larger city banks, however, tending to remain out of the market. The supply of prime paper has been good. Paper outstanding throughout the country by twenty-six dealers aggregated \$708,374,009 on September 30, as compared with \$721,816,812 on August 31.

Returns from five reporting brokers operating in the open bill market in this district show an average weekly reduction of 21.1 per cent in volume of bills purchased during the five-week period ended October 21, as compared with the preceding four-week period. Their sales, however, were 30.4 per cent larger for this comparison, increases being shown in the purchases of all classes of customers except the Federal Reserve bank. Bills held at the close of

the period aggregated 41.8 per cent more than on September 16, five weeks previous. This apparent disproportion between decreased purchases and heavier sales and holdings arises from large inter-office transactions not treated as book sales or purchases. Rates on prime bills of the longer maturities were slightly higher during the latest period, reaching 4 per cent bid for 180-day bills, compared with $3\frac{3}{4}@3\frac{7}{8}$ per cent on September 16. Ninety-day bills were unchanged at $3\frac{5}{8}$ per cent bid. The supply of bills, as well as demand for them, was light, and movement of bills at offered rates was fair. Ninety-day bills were in best demand. Commodities involved were packing house products, cotton, canned goods, and grain.

The aggregate volume of acceptances executed by reporting accepting banks in this district was less by 15.5 per cent in September than in the month previous, although gains were shown by a few larger institutions as a result of an increased volume of grain and cotton bills, particularly the former. Purchases advanced 19.2 per cent, and sales were 25.7 per cent larger than in August. Acceptors held bills 34.4 per cent less in the aggregate than in the prior month, but bills of their own origination increased 4.3 per cent in amount. The liability of the banks for outstanding acceptances declined 10.8 per cent between August 31 and September 30. During September the Federal Reserve bank purchased \$20,173,328 of bankers' acceptances, compared with \$20,679,033 in August, and on September 30 held \$35,373,738; a month previous holdings aggregated \$26,709,473.

Agricultural Financing—Loans outstanding of twenty-two Joint Stock Land banks in the five states including the Seventh district on September 30 aggregated \$184,740,535, approximately one million under the corresponding figure at the end of August. Four Federal Land banks with outstanding loans in the same territory on September 30 of \$157,658,342, exceeded the August 31 aggregate by about \$1,200,000, while four Federal Intermediate Credit banks increased their total loans and discounts to \$1,898,025, compared with \$1,619,248.

Volume of Payment by Check—Thirty-six clearing house centers in this district reported volume of payment by check in September as \$5,355,319,000, representing an increase of 3.4 per cent over August, and an aggregate 15.3 per cent greater than in September a year ago. The total of the four larger cities in the district, Chicago, Detroit, Milwaukee, and Indianapolis, showed an increase of 4.2 above August and 16.6 per cent above September, 1924. In thirty-two smaller centers, September volume of check payment fell short of August by 0.3 per cent, but gained over the corresponding month a year ago by 8.8 per cent.

Savings—Aggregate savings deposits of 194 banks reported as of October 1, were 0.2 per cent heavier than at the beginning of September. Individually, 104 banks registered gains compared with September 1, and 90 declines; while by states Illinois and Iowa averaged the only decreases from the preceding month—0.2 per cent—and Indiana and Michigan set new records. In comparison with a year ago, the district gain of 4.4 per cent reflects increases in each of the five states and individual gains at 127 banks.

With nearly two-thirds of the banks reporting more accounts than on September 1, the total number for the district reached a new level, 0.3 per cent higher than the peak the month before, and 3.6 per cent above last year. The average size of account was reduced 0.1 per cent from September 1, though 0.8 per cent in excess of a year ago; in both comparisons, Illinois and Iowa showed declines, and in the former Indiana as well.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Fall crops reached full maturity before the arrival of killing frosts this autumn and harvesting is now in progress under fairly favorable weather conditions. Estimates of production continue to reflect some damage from drought in August but show little change from the calculations as of September 1. The quantity and quality of corn is better than a year ago but the yield of potatoes shows a decline. Orchards in Michigan, Illinois, and Iowa are estimated as bearing 19,961,000 bushels of apples compared with 16,533,000 bushels last autumn; of this yield, 3,105,000 bushels is designated as the probable size of the so-called commercial crop—that portion of the total which is available for market purposes—compared with only 2,297,000 a year ago. Michigan, Illinois, and Indiana have grown approximately 1,115,000 bushels of pears compared with 1,400,000 bushels for 1924. Truck gardeners in Indiana, Michigan, Wisconsin, and Illinois are gathering about 2,479,000 bushels of commercial onions, a decline of 438,000 bushels from last year. An increase in winter wheat acreage is expected in the Seventh district this fall.

CROP PRODUCTION

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

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av. 1920-24
	FORECAST 1925	FINAL 1924	FORECAST 1925	FINAL 1924	
Corn	1,070,331	721,019	2,917,836	2,436,513	2,934,649
Oats	566,695	608,284	1,470,384	1,541,900	1,327,642
Wheat	63,779	67,980	697,272	872,673	837,116
Potatoes	55,478	81,801	344,227	454,784	417,848
Barley	37,811*	31,570*	226,786	187,875	182,382
Hay**	15,832	22,352	98,135	112,450	107,207
Tobacco***	46,256	39,248	1,228,972	1,240,513	1,330,876

*Five states including Seventh Federal Reserve District.

**In thousands of tons.

***In thousands of pounds.

Flour—Because of a declining wheat market, buyers of flour were conservative in their purchases during September and sales by mills in this district were much smaller than in August and the corresponding month of 1924. Production increased slightly in these comparisons, while the average rate of operations for thirty-four firms rose from 68.1 in August to 72.1 in September. At Chicago, receipts and shipments of flour increased in the month-to-month comparison, but were smaller than in September, 1924.

CHANGES IN SEPTEMBER, 1925, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1925	SEPTEMBER 1924	AUGUST 1925	SEPTEMBER 1924
Production (bbls.).....	+ 1.7	—12.8	34	34
Stocks of flour at end of month (bbls.)	—10.8	—12.0	30	29
Stocks of wheat at end of month (bu.)	+11.8	—12.6	30	30
Sales (volume)	—10.6	—19.3	15	15
Sales (value)	—10.5	— 1.9	15	15

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

Grain Marketing—Interior primary markets in the United States received a greater quantity of wheat but lesser amounts of oats and corn during September than in August. Arrivals aggregated less than a year ago, although receipts of wheat and oats were greater than in September, 1923. The last named commodities moved out of terminals more rapidly than in August but reshipments of corn were a trifle slower. Visible supplies in the United States of all grains, excepting corn, have gained during the past month. Stocks of wheat, rye, and corn at the principal markets are below a year ago but oats and barley show a gain in holdings over last autumn. Slightly smaller quantities of wheat and oats than in August but larger amounts of corn and rye for future delivery were placed under contract during September by members of the Chicago Board of Trade. Preliminary figures issued by the United States Department of Commerce show that September grain exports increased over the preceding month. Although there were periods of slight strength,

the trend of grain prices, generally, was distinctly downward from August levels. Quotations tended to firm somewhat early in October.

Movement of Live Stock—Range cattle in large numbers continued to arrive at slaughtering establishments during September and early October but the supply of well finished corn fed steers diminished. Liquidation of hogs has been on a somewhat larger scale since August and the marketing of range lambs has been seasonally heavy. Receipts, however, show a decided reduction from last year.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, September, 1925	238,777	572,118	327,517	92,880
Public Stock Yards in U. S. September, 1925	828,645	1,645,136	980,814	397,821
August, 1925	831,346	1,586,277	977,824	449,601
September, 1924	876,548	1,959,044	1,097,165	435,161

The demand for feeder cattle, calves, and lambs increased in September although reshipments to feed lots were less than for the corresponding period in 1924.

AVERAGE PRICES OF LIVE STOCK

Per Hundred Pounds at Chicago.

	WEEK ENDED		MONTHS OF	
	OCT. 17, 1925	SEPTEMBER 1925	AUGUST 1925	SEPTEMBER 1924
Native Beef Steers (average).....	\$11.35	\$11.70	\$12.10	\$ 9.70
Fat Cows and Heifers.....	5.50	5.90	6.20	5.40
Hogs (bulk of sales).....	11.20	12.40	13.15	9.50
Yearling Sheep	10.85	11.50	11.25	9.40
Lambs (average)	15.20	15.10	14.80	13.30

Meat Packing—Slaughtering establishments in the United States produced a slightly greater quantity of meat during September than in August, an increase in the volume from the pork and mutton departments more than offsetting a decline in the beef section. Figures for the last payroll in September show a gain of 0.2 per cent in number, 0.7 per cent in hours worked, and 1.2 per cent in value over the previous month. Domestic demand for nearly all the edible products has tended to improve with cooler weather. Sales billed in dollar amounts to customers totaled 4.6 per cent above August and 14.1 per cent over September last year, according to statistics based on the figures reported direct to this bank by sixty-two meat packing companies in the United States. Beef, pork, lamb, and lard inventories in the United States declined during September and continued under a year ago and the 1920-24 average for this season. Average prices for picnics, clear bellies, pork loins, dry salt fat backs, steer loins, and the commoner grades of beef and lamb advanced; smoked meats and most cuts of beef and lamb held moderately firm; lard, dry salt bellies, fresh and sweet pickled hams declined slightly in September compared with August. Quotations for pork, lamb, and veal have trended toward somewhat lower levels in October.

Foreign demand and prices for meats tended to improve during the past thirty days with only a fair supply of export cuts available from our current stocks and slaughter. Continental importers purchased moderately large quantities of lard at satisfactory prices, from stocks already landed. Quotations for lard in France and England, however, are still somewhat under United States parity because of rather limited trading in those countries. American packers forwarded approximately the same quantity of meat and fat to European markets during September as in the preceding month. Preliminary figures show that clearances from United States ports increased slightly in September, the volume of lard and bacon being greater and that for hams and shoulders less than in August. Consigned stocks in European markets seem to have been reduced slightly from a month ago.

Dairy Products and Poultry—The volume of butter manufactured by sixty creameries in the Seventh district totaled 24.9 per cent less for September than for August and declined 11.8 per cent from a year ago. September

figures of the American Association of Creamery Butter Manufacturers indicate that production in the United States has been receding to seasonal levels with the make at the present time slightly under that for the corresponding period in 1924. The quantity of creamery butter billed to customers by sixty producers in the Seventh district showed a contraction of 16.6 per cent in September sales from those in August and of 4.3 per cent from a year ago. Receipts of cheese at Wisconsin markets indicate that production in the state for the four weeks ended October 3, 1925, declined 14.7 per cent from the prior period and was 1.3 per cent smaller than in 1924; sales output, however, showed increases of 3.4 per cent over August and 2.9 per cent above last year. Cold storage warehouses and packing

Contrary to the usual trend of the season, production of coal in this district was somewhat lighter in September than in August; output of Illinois mines was estimated as 5,555,000 tons for the month, a decrease of 2.1 per cent from the preceding month and of 22.7 per cent from September, 1924—last year a gain of 35.4 per cent was shown in the month-to-month comparison. The decline this year may be attributed mainly to the unduly stimulated demand during August in anticipation of the approaching strike in the anthracite fields and the possibility of a suspension also

INDUSTRIAL EMPLOYMENT CONDITIONS

Reports from representative industrial plants of the district indicate an expansion in manufacturing activity, the volume of employment at plants with an aggregate of about 380,000 men registering an increase of 1.6 per cent for the period August 15 to September 15. While the increases for firms located within the state of Illinois alone averaged a slightly higher gain, the trend was fairly uniform throughout the district as well as for a majority of the industries represented. Metals and metal products, which group comprises over a third of the total volume of employment reported for all the industrial groups, added 1.3 per cent to its forces during the month. Food products, chemicals, leather and leather products showed marked expansion. The work at stone quarries, brick yards, and cement plants, on the other hand, declined slightly, and paper mills and rubber products made definite curtailments in their employment.

Because the work at the industrial plants is generally

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	SEPTEMBER 15	AUGUST 15	PER CENT CHANGE	SEPTEMBER 15	AUGUST 15	PER CENT CHANGE
All groups (10).....	378,955	372,825	+1.6	\$9,461,219	\$9,701,064	— 2.5
Metals and metal products (other than vehicles).....	144,884	143,026	+1.3	3,378,992	3,479,602	— 2.9
Vehicles	42,932	42,330	+1.4	1,243,650	1,248,270	— 0.4
Textiles and textile products.....	29,062	28,809	+0.9	636,511	722,575	—11.9
Food and related products.....	52,695	49,820	+5.8	1,358,996	1,337,895	+ 1.6
Stone, clay, and glass products.....	13,424	13,472	—0.4	384,058	396,465	— 3.1
Lumber and its products.....	34,509	34,419	+0.3	846,293	850,417	— 0.5
Chemical products.....	10,667	10,435	+2.2	271,756	272,519	— 0.3
Leather products.....	17,412	16,747	+4.0	367,945	390,011	— 5.7
Rubber products.....	3,260	3,553	—8.2	82,772	93,730	—11.7
Paper and printing.....	30,110	30,214	—0.3	890,246	909,580	— 2.1

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Gains over both the preceding month and a year ago were recorded in automobile production statistics for the month of September. Total output of passenger cars by identical manufacturers in the United States was 262,000, an increase of 22.3 per cent over August—a month of unusually low production—

plants in the United States inventoried greater quantities of cheese but smaller amounts of butter, eggs, and poultry on October 1, 1925, than at the beginning of the preceding month. Egg, poultry, and cheese stocks exceeded those for October 1, 1924; holdings of butter declined. Net receipts of butter, cheese, and eggs at Chicago failed to equal those in August but September arrivals of dressed poultry were heavier.

Quotations for dairy products have shown a seasonal advance this autumn; poultry prices strengthened somewhat early in September, followed by a decline. Early October quotations for butter, cheese, eggs, live ducks, and geese were higher than those prevailing in September; prices of butter, fowls, and chickens trended slightly downward after October 1.

COAL

in the bituminous districts, so that after the first of September sufficient supplies were on hand for all current needs. Since October 1 and the advent of cool weather, however, demand for domestic sizes of coal has again increased and prices in some sections have been advanced. Smokeless coals are moving well and prices are up. The screenings situation shows little change; although industrial concerns are buying more freely, they appear to control conditions and prices are firm or decline slightly according to the making or withholding of purchases by these firms.

on an hourly basis, payroll figures were greatly affected by the inclusion of Labor Day in the period for which many of the returns were made. Consequently, only one of the industrial groups records a gain in the earnings for this period, the seasonal expansion in certain food products more than offsetting the shorter number of working hours. For firms whose reports did not include this holiday the change in payrolls corresponded closely to that shown by the volume of employment.

Reports issued by the Employers' Association of Detroit show that employment in that city the second week in October was 7 per cent larger than for the same week in September. The effect of the general though moderate expansion in manufacturing activity, coupled with weather conditions favorable for outdoor work, was apparent at the free employment offices of Illinois where the number of applicants for each 100 places available decreased from 139 to 120 during September.

and of 2.0 per cent over September, 1924. Canadian production by these American firms also exceeded figures for the prior month and a year ago. Output of 56,794 trucks in September by firms manufacturing 35,261 cars in August, represented a gain of 61.1 per cent in the month-to-month and of 90.1 per cent in the yearly comparison, establishing a record.

That manufacturers are beginning to stock up their dealers with new cars is evidenced in data furnished by firms producing 52.7 per cent of total September output. Shipments by these concerns to their dealers increased 60.8 per cent over August, while sales by these dealers to users declined 28.5 per cent; the ratio of retail sales to receipts from manufacturers receded from 196.3 in August to 87.3 for September. In the comparisons with a year ago, shipments to dealers decreased 24.7 per cent and sales to consumers fell off 31.6 per cent.

Reports received by this bank from sixty-five dealers and distributors in the Middle West indicate that distribution at both wholesale and retail was less during September than in the prior month, while the sales data show gains in both over a year ago. Of the retail sales by forty firms reporting the item, 48.7 per cent were made on the deferred payment plan. The used car situation appears not to be so favorable as in earlier months.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in September, 1925, from previous months.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1925	SEPTEMBER 1924	AUGUST 1925	SEPTEMBER 1924
New cars				
Wholesale—				
Number sold	-10.8	+117.0	40	39
Value	-20.6	+ 74.7	40	39
Retail—				
Number sold	- 9.2	+ 11.8	62	61
Value	- 3.4	+ 36.0	62	61
On hand Sept. 30—				
Number	+16.5	- 7.6	65	64
Value	+17.9	- 12.0	65	64
Used cars				
Number sold	-11.1	+ 13.6	63	62
Sable on hand—				
Number	+ 5.7	+ 7.4	63	62
Value	+ 8.5	+ 0.9	63	62

Iron and Steel Products—Further progress toward bettered conditions was made in the iron and steel industry during September and even greater activity has been apparent since October 1. Both production and orders have been steadily increasing. Buying of rails and track fastenings has been especially prominent, maintenance of building activity has extended later than usual, bar and tin plate bookings have been heavy, and in recent weeks sheets have strengthened. A greater number of mills report that incoming orders are larger than shipments and a reflection of this may be seen in the unfilled orders of the United States Steel Corporation, which on September 30 totaled 3,717,297 tons, an increase of 5.8 per cent over August 31. September steel operations averaged 77.5 per cent for the United States and between 80 and 85 per cent for the Chicago district. Daily average ingot output in the country increased 2.0 per cent over the preceding month and was 23.5 per cent above a year ago; the average was about the same as that of September, 1923. A net gain of eight was made in the number of blast furnaces blown in during September. Pig iron production in the United States averaged 90,873 tons daily, or 4.2 per cent more than in August; last year the increase in September over the preceding month was 12.4 per cent. In the Illinois and Indiana district daily average iron output was greater by 3.2 per cent than in August, but the total volume declined slightly in this comparison.

Although prices are not yet satisfactory they are firmer on the present basis and recently there has been some slight improvement. Price advances have been announced in sheets, hoops, bands, and strip. Scrap iron continues low in price though the week ended October 20 saw a few increases. Pig iron prices are stronger. The average price of fourteen iron and steel products as reported by *Iron Trade Review* was \$37.61 on October 21, compared with \$37.40 on September 23, and \$38.65 on October 22, 1924.

Iron and steel casting foundry operations in this district

continued to contract during September but remained better than a year ago, the total amount of metal consumed by twenty-eight firms declining 6.6 per cent from August and increasing 1.4 per cent over September, 1924; shipments likewise were less than in the preceding month and smaller also in the comparison with last year. Reports from fifteen stove and furnace manufacturers indicate a heavier volume of shipments and orders than in August with diminishing stocks, but declines were shown in the comparisons of the first two items with a year ago; production was greater than in the preceding month or September last year.

Agricultural Machinery and Equipment—Preliminary reports indicate a decrease in September from August of 28.7 per cent in total sales value of threshers, tractors, and combined harvesters billed to customers by manufacturers in the United States. Other kinds of farm machinery and equipment (exclusive of pumps and barn supplies) increased 7.9 per cent; pumps and barn equipment declined 2.0 and 5.7 per cent, respectively. More complete reports for July and August show that sales of heavy machinery have been receding slightly since June. September production was equivalent to 70.5 per cent of the estimated normal rate for that month and there has been a small increase in the number employed since August.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

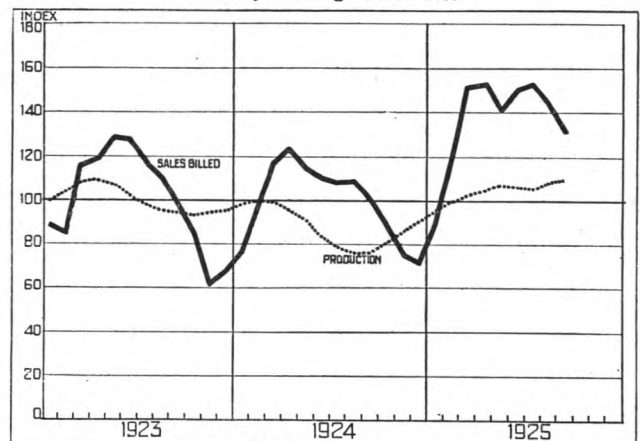
Changes in September, 1925, from previous months.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1925	SEPTEMBER 1924	AUGUST 1925	SEPTEMBER 1924
Domestic sales billed.....	-10.2	+ 27.9	102	99
Sales billed for export....	- 4.0	+117.4	102	99
Total sales billed.....	- 8.9	+ 41.2	102	99
Production	+ 1.8	+ 43.2	95	93

Sales based on dollar amounts. Production computed from employment.

SALES AND PRODUCTION OF AGRICULTURAL MACHINERY AND EQUIPMENT IN THE UNITED STATES

Monthly Average 1923=100.



Sales are based on value and represent amounts billed to domestic and foreign customers by 117 manufacturers. Production is based on the number of persons employed by 112 manufacturers. Latest figures, September, 1925: Sales Billed, 131.5; Production, 110.2.

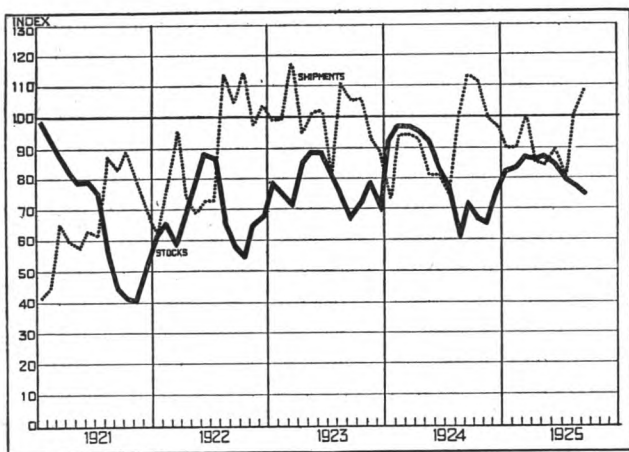
Shoe Manufacturing, Tanning, and Hides—Production of shoes showed a slight gain during September, and a considerably larger volume was shipped by factories in the Seventh district than in August. Shipments rose 13.9 per cent above current output, while the quantity of unfilled orders assured the companies of nearly six weeks' business at the September rate. Manufacturers held 69.0 per cent as many shoes for inventory on October 1 as were forwarded to their customers during September.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1925	SEPTEMBER 1924	AUGUST 1925	SEPTEMBER 1924
Production	+0.04	-3.1	30	30
Shipments	+7.1	-1.8	30	30
Inventories	+2.0	-1.6	25	25
Unfilled orders	+7.1	-9.1	22	23

Tanneries in the Seventh district operated at a higher rate during September than in the prior month and their sales output also increased. Sales of harness continue to expand, while there has been a slight improvement in the demand for sole and upper leather; shipments of belting were about on a level with those in August. Prices remain firm.

STOCKS AND SHIPMENTS OF SHOES IN THE SEVENTH DISTRICT



Based on reports from 14 manufacturers (monthly average shipments 1923=100). Latest figures, September, 1925: Stocks, 74.6; Shipments, 108.9.

Furniture—Manufacturers of furniture in the Seventh district reported continued activity through September; the

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Lumber sales as reported for the month of September by eighty-nine manufacturers and dealers of the district aggregated \$3,640,170, or 0.5 per cent more than for August and 5.4 per cent in advance of the September, 1924, volume. Sixty-four retail concerns reporting for 178 yards showed gains of 3.4 per cent and 4.2 per cent in the same comparisons. Sales in board feet for the forty-one firms who reported on this item, both manufacturing and dealers, totaled 3.4 per cent over the previous month and 4.0 per cent more than for September a year ago. Stocks have been replenished and remain practically the same as a month earlier. The outstanding accounts increased 3.7 per cent during the month according to the reports of fifty-four retail firms, while thirteen manufacturers and wholesalers showed a decline of 5.7 per cent for this item. At Chicago, receipts and shipments of lumber decreased slightly, but the net receipts, while 9 per cent below the August volume, were larger than for any other month of the year. Prices showed little variation until the latter part of the month when a slightly downward trend became apparent.

Brick yards generally are still being operated at capacity and, although demand shows a definite falling-off from the spring and earlier summer months, the volume of business for September was reported as about normal. Manufacturers and dealers in Iowa, however, state that the month

MERCHANDISING CONDITIONS

Wholesale Trade—Distribution of goods at wholesale in this district during September was seasonally larger than the August volume. For the second time this year all five commodity groups covered by the bank's survey registered expansion over the preceding month, and of the separate firms only seventeen reported declines. With the exception of groceries, however, the group increases were not so pronounced as last year.

For nearly half of the firms September sales were smaller

majority of companies booked a larger volume of business than in the preceding month, and the total amount of orders received by nineteen firms increased 4.0 per cent over August. Comparisons with last year and September, 1923, were very favorable, orders booked gaining 17.9 per cent in the first comparison and 28.6 per cent in the latter. Gains in shipments were recorded over the prior month, September a year ago, and the corresponding month of 1923, the increases being 10.5, 16.6, and 27.0 per cent, respectively. Because September forwardings were slightly less than orders booked, the volume of unfilled orders increased 0.3 per cent between August 31 and September 30; orders still on hand exceeded those of the same date in 1924 by 39.2 per cent. Production continues to expand; the average operating rate for September of sixteen firms was 87.9 per cent of capacity compared with 84.9 in August and 76.9 a year ago.

Raw Wool and Finished Woolens—The majority of reports received by this bank indicate that demand for raw wool expanded somewhat during September and that the improvement has continued in greater degree through the early weeks of October. Buying of worsted wools by manufacturers for rush shipment has been fairly active. Prices, although irregular the first part of September, became more or less stabilized later in the month and now tend to slightly higher levels; this is especially noticeable in the medium grades of wool, where some advances have already been recorded. The strength displayed at the London sales has been partly responsible for the growing feeling of confidence in the domestic wool market; a considerable amount of buying took place at the openings, with France the heaviest purchaser.

was below expectations and the demand less than that of September, 1924. In the cement industry, production and shipments are slowing up; stocks have been considerably reduced. The decreases in September, as reported for the United States, were 2.9 per cent in production, 3.7 per cent in shipments, and 14.6 per cent in stocks as compared with the previous month; in the yearly comparison, these items show increases of 10, 8, and 21 per cent, respectively.

Building Construction—Building contracts awarded in the Seventh district during September aggregated \$116,917,424, an increase of 47.9 per cent over the August total, and 114 per cent larger than the volume recorded for September a year ago; residential construction alone registered approximately the same percentage increases.

Of the states including the district, only Michigan did not share in the heavy expansion shown, while in the state of Iowa residential building showed a decline, more than offset, however, by the unusually large amount of other construction work for which contracts were awarded. The number of permits as reported for fifty cities of the district increased 6.4 per cent over August and 5.4 per cent in comparison with September, 1924. The estimated cost of these permits was 8.8 per cent below the August figure, but 6.5 per cent larger than that of a year ago. Chicago declined over 33 per cent in its estimated cost for the month, greatly affecting the total figures.

than in the corresponding month of 1924, drugs alone averaging a gain. By the end of the third quarter of 1925 cumulative sales were 5 per cent larger for drugs, and slightly ahead of a year ago for hardware, but 4 per cent lower for dry goods, 5 per cent for groceries, and 13 per cent smaller for shoes.

As in 1924, the upward movement in trade increased the accounts outstanding so that, despite heavier collections, all groups reported amounts on their books at the close of

September in excess of the August 31 balances. Comparisons with a year ago show declines in collections for the grocery and dry goods groups and in accounts receivable for the shoe group as well.

Reporting dry goods houses with one exception, the majority of hardware, and about half the shoe and drug dealers reduced their stocks during the month, so that as in 1924 grocery firms were the one group in which inventories were generally higher on September 30 than at the beginning of the month. For twenty-six out of fifty-four firms, stocks were heavier than a year ago.

Department Store Trade—Department store reports for September reflect the usual seasonal developments—a marked gain in sales compared with the preceding month, general additions to stocks, and heavier collections.

Of the total number of firms reporting to this bank for both August and September, sixty-two indicated a larger volume of trade during the second month, while twenty-eight showed declines. In comparison with September last year slightly less than half registered gains. Cumulative sales for the first nine months of 1925 for seventy-nine stores are 4.7 per cent ahead of a year ago.

With two exceptions reporting stores made net additions to inventories during September, aggregate stocks for sixty-three firms at the end of the month exceeding the August

31 balance by 7.3 per cent. For forty-eight firms inventories were 0.2 per cent below a year ago, twenty-one showing declines; in proportion to sales, also, goods on hand this September are lower, the month's business representing 31.8 per cent of average stocks as compared with 28.4 last year.

For over sixty per cent of the firms collections during September exceeded the August receipts, the district gain amounting to 5.4 per cent; accounts outstanding by the end of the month had increased 12.9 per cent, with only twelve stores reporting reductions. Forty-seven firms furnishing both 1924 and 1925 data collected in September this year 40.5 per cent of accounts outstanding at the beginning of the month, or one-half of one per cent below the corresponding ratio last year; for two-thirds of these stores collections were larger than in 1924, and for a larger proportion accounts on the books were heavier.

Retail Shoe Trade—Twenty-two firms furnishing data on retail shoe sales during September averaged a gain of 11.9 per cent over August. For twelve of these firms collections totaled 11.5 per cent larger than receipts in the preceding month, although individually the majority showed decreases. Accounts outstanding rose 9.2 per cent during the month, only two out of thirteen firms reporting reductions. In stocks the increase of 2.6 per cent reflects gains at ten stores and declines at four.

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	Sept. 1925	Aug. 1925	Sept. 1924	Aug. 1924		No. of Firms	Sept. 1925	Aug. 1925	Sept. 1924	Aug. 1924	
Meat Packing—(U. S.)—						Wholesale Trade—						
Sales (in dollars) ¹	64	114.3	109.1	99.9	97.3	Net Sales (in dollars):						
Casting Foundries—						Groceries	43	78.8	69.5	81.6	74.1	
Shipments (in dollars).....	28	67.5	73.1	71.9	74.4	Hardware	21	105.3	96.7	106.1	93.2	
Stoves and Furnaces—						Dry Goods	14	107.3	96.2	115.2	91.2	
Shipments (in dollars).....	16	136.3	90.5	141.3	92.6	Drugs	14	110.9	103.7	101.9	93.0	
Agricultural Machinery						Shoes	7	53.8	46.9	55.7	47.2	
& Equipment—(U. S.) ²						Retail Trade (Dept. Stores)—						
Domestic Sales (in dollars).....	117	125.6	136.9	101.1	108.5	Net Sales (in dollars):						
Exports (in dollars).....	117	172.4	179.6	96.1	115.0	Chicago	9	130.9	119.6	115.7	135.9	
Total Sales (in dollars).....	117	131.5	144.3	100.2	109.6	Detroit	4	204.0	130.6	160.8	118.6	
Production	112	110.2	108.3	76.6	76.3	Des Moines	3	127.2	106.4	124.2	99.1	
Agricultural Pumps—(U. S.)²—						Indianapolis	5	125.0	106.6	132.3	98.8	
Shipments (in dollars).....	19	129.6	132.2	92.2	97.8	Milwaukee	5	141.8	114.2	136.6	113.3	
Furniture ³						Outside	39	94.4	95.1	96.2	86.1	
Orders (in dollars).....	21	151.2	145.7	134.8	108.7	Seventh District	65	146.3	113.8	131.6	107.3	
Shipments (in dollars).....	21	163.1	147.6	148.0	118.6	Retail Trade—(U. S.)—						
Shoes ⁴						Department Stores	359	122	98	119	93	
Production (in pairs).....	35	158.6	158.5	160.2	133.2	Mail Order Houses	4	113	89	106	74	
Shipments (in pairs).....	35	180.4	168.4	181.1	162.2	Chain Stores:						
Electric Energy—						Grocery	27	243	241	210	201	
Output of Plants (KWH).....	9	175.3	171.8	151.8	148.3	Drug	9	170	171	145	152	
Industrial Sales (KWH).....	9	221.0	222.7	171.3	170.2	Shoe	6	134	120	124	108	
Flour Production—						Five and Ten Cent.....	5	191	195	169	172	
(In bbls.).....	39	110.3	108.4	125.9	120.7	Candy	5	202	202	189	180	
Output of Butter by Creameries ⁵ —						Music	4	136	128	110	91	
Production	81	102.3	136.2	111.4	134.9	Cigar	3	142	142	137	138	
Sales	81	99.2	118.9	104.2	119.2	U. S. Primary Markets¹⁰—						
Freight Carloadings—(U. S.)—						Grain Receipts:						
Grain and Grain Products.....		137.3	139.8	179.9	157.8	Oats		149.0	258.2	291.0	150.4	
Live Stock		106.2	91.5	116.7	94.6	Corn		86.9	117.9	147.8	126.3	
Coal		109.5	121.0	115.7	95.5	Wheat		186.4	139.6	263.5	296.1	
Coke		129.6	107.6	97.8	78.1	Grain Shipments:						
Forest Products		127.2	125.7	123.0	120.5	Oats		104.4	100.2	87.9	51.8	
Ore		159.0	168.5	132.1	134.6	Corn		56.9	62.2	78.3	75.7	
Merchandise and Miscellaneous.....		152.3	140.2	142.0	128.1	Wheat		89.3	85.3	184.6	171.0	
Total		139.3	134.2	135.2	120.7	Building Construction—						
Iron and Steel—						Contracts Awarded (in dollars):						
Pig Iron Production ⁵						Residential		309.4	206.3	139.1	165.2	
Illinois and Indiana.....		127.3	123.4	75.8	65.9	Total		212.7	143.8	99.3	113.4	
United States		108.5	104.1	81.7	72.7	Permits:						
Steel Ingot Production—(U. S.) ⁵		119.1	116.8	96.5	87.1	Chicago		Number	280.7	258.5	243.9	223.3
Unfilled orders U. S. Steel Corp.....		62.0	58.6	57.9	54.9	Cost.....		236.7	357.7	233.0	252.7	
Automobiles—(U. S.)—						Indianapolis		Number	231.6	262.3	283.3	249.6
Production: Passenger Cars		194.0	158.7	190.2	184.0	Cost.....		124.7	154.4	244.6	301.8	
Trucks		219.7	136.4	115.6	102.5	Des Moines		Number	173.5	172.5	200.0	188.2
Shipments ⁶ : Carloads			232.3	156.6	144.0	Cost.....		84.6	73.0	96.1	139.5	
Driveaways			109.8	71.7	72.0	Detroit		Number	226.2	206.4	209.6	204.4
Boat ⁷			433.4	210.8	222.2	Cost.....		215.6	223.6	181.1	172.2	
Excise Tax Collections ⁸ —						Milwaukee		Number	237.6	208.3	205.1	208.7
New Automobiles		211.1	185.9	168.7	103.7	Cost.....		251.9	160.0	365.7	224.5	
New Automobile Trucks.....		23.3	22.4	20.1	27.7	Others (45)		Number	235.8	225.0	227.7	204.0
Parts and Accessories.....		50.7	45.8	51.8	41.3	Cost.....		212.9	164.9	157.5	185.4	
Stamp Tax Collections⁹—						Fifty Cities		Number	236.0	221.7	223.9	210.0
Sales or Transfers of Capital Stock.....		250.9	124.6	137.3	87.2	Cost.....		218.3	239.4	205.1	210.3	
Sales of Produce on Exchange—Futures		62.9	59.0	56.5	45.1							

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.