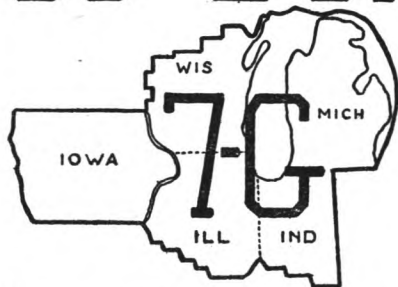


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 8, No. 12

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

December 1, 1925

BUSINESS CONDITIONS IN THE UNITED STATES

INDUSTRIAL activity and the volume of wholesale and retail trade increased in October. Wholesale prices declined somewhat to the level prevailing at mid-year.

PRODUCTION—The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal changes, rose by about 4 per cent in October reflecting increases in the output of most of the 22 commodities included in the index. Particularly large increases in activity were shown for the iron and steel and textile industries, and the output of bituminous coal and of lumber was in large volume. Production of automobiles in October was the largest on record. Payrolls at factories, including industries not covered by the production index, increased in October to the highest level since early in 1924. The value of building contracts awarded declined further in October, contrary to the usual seasonal tendency in building activity between September and October, but the total was considerably larger than in the corresponding month of any other year.

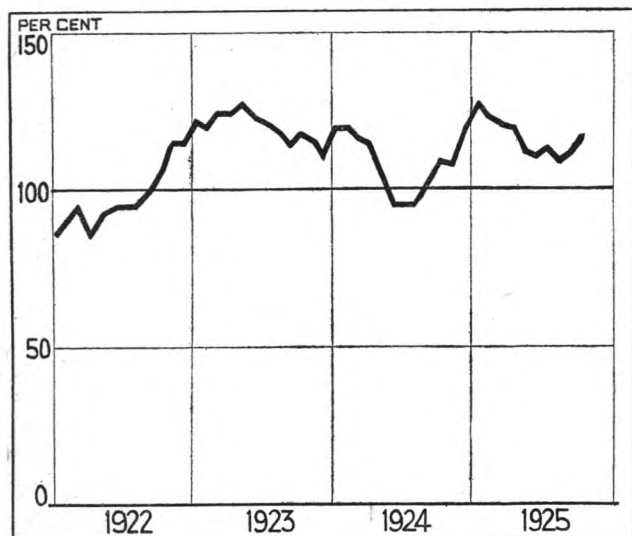
Estimates by the Department of Agriculture in November indicate a corn crop of 3,013,000,000 bushels and a cotton crop of 15,298,000 bales, compared with 2,437,000,000 bushels and 13,628,000 bales in 1924. Marketing of crops was seasonally larger in October than in September but averaged nearly 10 per cent less than a year ago.

TRADE—Wholesale trade, according to the Federal Reserve Board's combined index of sales in six leading lines, reached a seasonal peak in October and was in larger volume than for any month of the past five years. Sales at department stores and mail order houses, owing partly to favorable weather conditions, showed considerably more than the usual increase in October and were the largest on record for that month. Stocks of dry goods, shoes, and hardware at wholesale firms were smaller at the end of October than on September 30, but stocks of groceries were larger. Merchandise stocks at department stores showed slightly more than the usual increase in October, and were somewhat larger than at the end of October a year ago.

Freight car loadings reached a seasonal peak in October and totaled more than in any previous month, notwithstanding reduced shipments of anthracite and of grains and grain products.

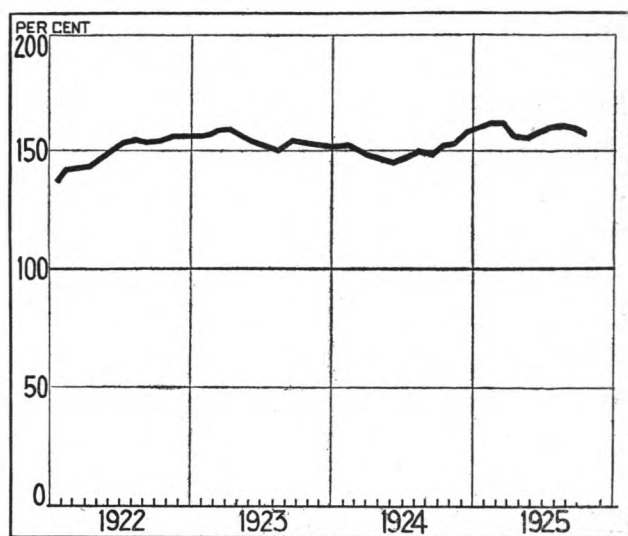
PRICES—The Bureau of Labor Statistics index of wholesale prices, after remaining relatively constant for three months, declined from 160 in September to 158 in October, reflecting declines in the prices of agricultural products, particularly grains, livestock, meats, cotton, and sugar. Since November 1 prices of grains, wool, sugar, pig iron, and rubber have increased.

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, October, 1925: 116.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, October, 1925: 158.

Compiled November 25, 1925.

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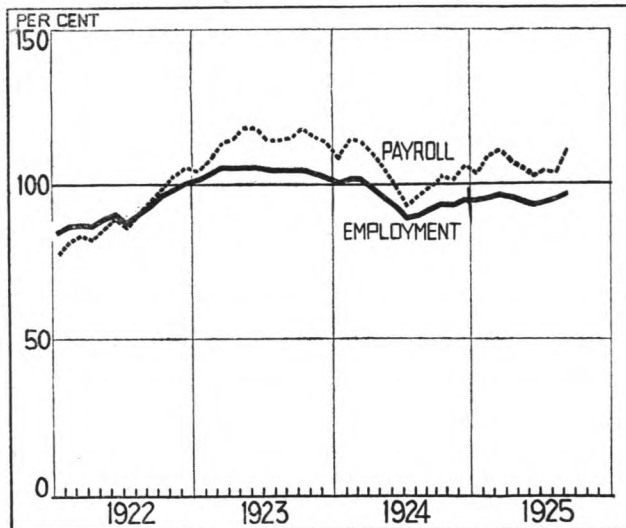
BANK CREDIT—Between the middle of October and the middle of November, loans for commercial and industrial purposes at member banks in leading cities continued in a volume about \$450,000,000 larger than at midsummer. Loans on securities increased further and total loans on November 11 were about \$1,000,000,000 larger than at the opening of the year. Demand deposits increased further during October and early November to a level near the high point of last January.

At the reserve banks total bills and securities in November were in the largest volume for the year and about \$200,000,000 larger than a year ago. Member bank borrowings declined somewhat from the high point reached

early in October, while acceptance holdings continued to increase and on November 18 were larger than at any previous time for the year. The growth in reserve bank credit since midsummer was chiefly in response to the seasonal increase of money in circulation, which on November 1 was about \$180,000,000 larger than on August 1.

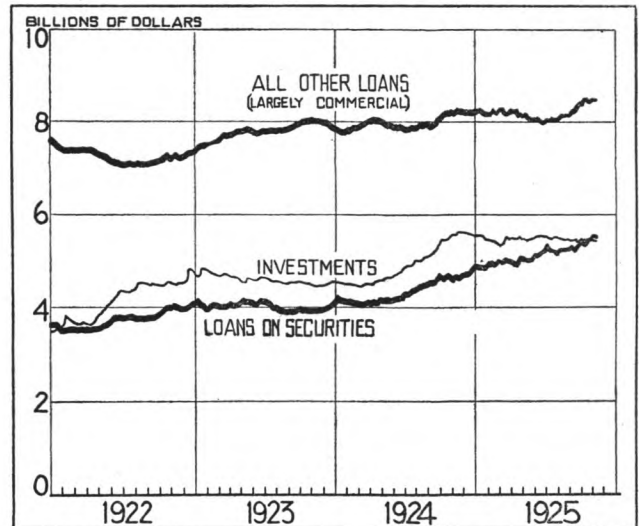
During the latter part of October and early part of November open market rates for commercial paper and bankers' acceptances remained substantially unchanged at the levels reached during the early autumn. Discount rates at the Federal Reserve banks of Boston, Cleveland, Philadelphia, and San Francisco were advanced from $3\frac{1}{2}$ to 4 per cent during November.

FACTORY EMPLOYMENT AND PAYROLL



Index for 33 manufacturing industries (1919=100). Latest figures, October, 1925; Employment, 97.0; Payroll, 111.3.

MEMBER BANK CREDIT



Weekly figures for member banks in 101 leading cities. Latest figures, November 11, 1925: All Other Loans, 8,469 million; Investments, 5,450 million; Loans on Stocks and Bonds, 5,554 million.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

SEASONAL developments were outstanding features during October in the business situation of the Middle West. As usual a period of increased production and enlarged distribution, the month this year registered gains in most of the industrial and mercantile activities covered by the bank's survey.

The demand for iron and steel grew steadily during October, stimulating production and tending to stabilize prices. Automobile output reached the largest volume for the year, with sales at retail heavier than in September or a year ago. Only once before this year has a greater quantity of coal been mined. Manufacture and sales of shoes increased over September; shipments of furniture exceeded both the preceding month and a year ago; and farm machinery production advanced slightly, with the seasonal drop in sales less pronounced than last year. On the whole labor was well employed, with the majority of industries making definite gains in men and payrolls.

Wholesale trade statistics indicated more general increases than in previous years, while the seasonal expansion in retail sales was further quickened by the cold weather. The latter factor exerted an unfavorable influence on the movement of grain, and together with unfavorable prices, reduced the quantity marketed. Live stock shipments, on the other hand, were heavy, arrivals of lambs the largest for the year and cattle receipts exceeding any month in two years.

In the financial situation may be noted the increase in savings deposits and the larger volume of cancelled checks; business failures were considerably below the previous month and last year in amount of liability.

CREDIT CONDITIONS AND MONEY RATES

The Chicago money market has shown no significant developments during the past month, and credit conditions in other sections of the district remain about the same as a month ago. The lower price of corn this year has resulted in heavier purchases of feeder cattle, a condition reflected by moderately heightened demand on banks in some areas. Aside from a general marking-up of brokers' loans one-quarter of one per cent, current rates in Chicago are unchanged, and are as follows: Commercial paper, $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent, collateral loans $4\frac{3}{4}$ to $5\frac{1}{2}$ per cent as against $4\frac{1}{2}$ to $5\frac{1}{4}$ a month ago, and customers' over-the-counter loans $4\frac{3}{4}$ to $5\frac{1}{2}$. Elsewhere in the district rates have been stable throughout the month.

Total bills and securities held by the Federal Reserve Bank of Chicago have exhibited no definite trend, the \$137,687,000 on November 18 comparing with \$148,312,000 on the corresponding reporting date in the preceding month, October 21. Total bills discounted likewise changed relatively little from week to week and on November 18 aggregated \$56,608,000, a reduction from the October 21 total of about \$12,000,000 and of about \$9,500,000 from the preceding week. Federal Reserve notes declined on October 28, after a rising trend of several weeks' duration; since that date small weekly advances have been reported, and the November 18 figure of \$148,251,000 is the highest given for this item since July 22, when \$150,644,000 of Federal Reserve notes were in actual circulation.

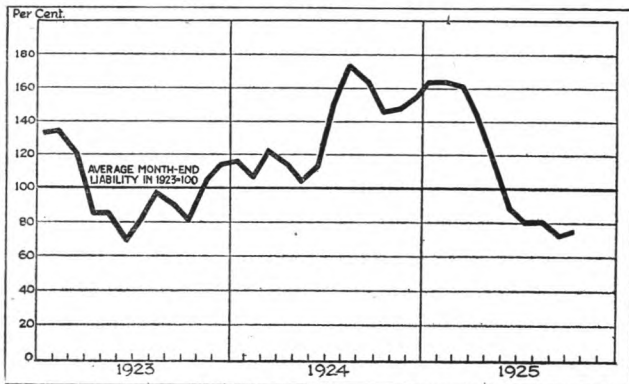
Loans and discounts of reporting member banks have continued the upward trend noted a month ago, following a drop from the high point of October 7; on November 11

the aggregate was \$2,123,936,000. As was the case last month, loans on stocks and bonds in Chicago, and in Detroit to a lesser extent, were responsible for most of this upward movement, loans for commercial purposes having moved slightly downward in both cities. Investments of reporting member banks have decreased in weekly volume, for the most part in Chicago and Detroit. Following a decline after October 14, net demand deposits of reporting members reacted, and on November 11 stood at \$1,805,620,000 as against \$1,808,789,000 on October 14. Time deposits of reporting members continue to increase, aggregating \$1,011,097,000 on November 11 compared with \$992,950,000 October 14.

The turnover of commercial paper by reporting brokers in October was 19.1 per cent less than in the month preceding, and the volume outstanding at the close of October was 3.4 per cent less than on September 30. The prevailing selling rate was unchanged at $4\frac{1}{4}$ @ $4\frac{1}{2}$ per cent, although the top rate moved up slightly from $4\frac{1}{2}$ per cent to $4\frac{1}{2}$ @ $4\frac{3}{4}$ per cent. Demand for paper in October was only fair. The main volume of business continues to come from the country banks. The supply of paper has been fairly good. Outstandings throughout the country, reported by twenty-six dealers aggregated about \$685,000,000 on October 31, as compared with \$708,374,009 at the close of September.

Seventh district accepting banks executed a volume of bills 19.8 per cent less in October than in the month preceding, and purchased only half the volume of acceptances of September. Sales of bills advanced 2.2 per cent, and holdings at the close of October were only 26.5 per cent of those retained on September 30. The banks' holdings of their own acceptances in this comparison were reduced 86.0 per cent. Although the reductions in activities were extensive, maturities in October were not heavy, for the liability of acceptors for acceptances outstanding advanced 3.5 per cent between September 30 and October 31. During October the Federal Reserve bank purchased \$20,741,891 of bankers' acceptances, as compared with \$20,173,328 in September, while month-end holdings advanced from \$35,373,738 to \$36,257,736.

ACCEPTORS' LIABILITY FOR OUTSTANDING ACCEPTANCES
Sixteen 7th District Banks



Data as of month-end. Latest figure, October, 1925: 74.8.

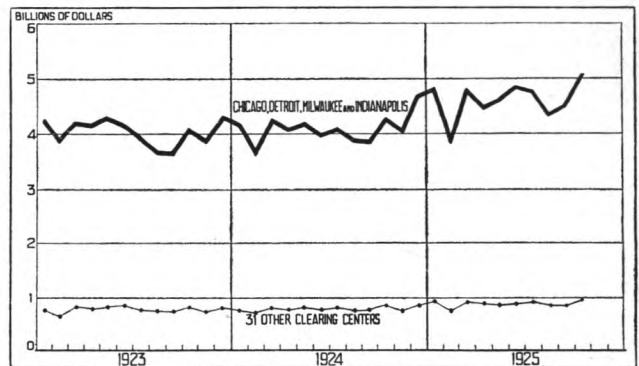
Chicago brokers operating in the open bill market during the period October 22 to November 18 purchased more than double the volume of bills, on a weekly average basis, of the preceding four-week period. Sales of these dealers for the same comparison were reduced 10.1 per cent as a result of the diminished volume bought by local banks and non-banking investors. Bills held on November 18 ag-

gregated 53.3 per cent more than on October 21, the close of the prior period. Rates on prime acceptances held firm at $3\frac{3}{4}$ per cent bid and $3\frac{1}{2}$ per cent offered. The supply of bills was fair to limited, while demand for them was light. The movement of bills at offered rates was fair to poor. Maturities of ninety days and less were in best demand. Commodities principally involved were cotton, packing house products, canned goods, produce, grain, and tobacco.

Agricultural Financing—Twenty-two Joint Stock Land banks reported aggregate loans outstanding on October 31 in the five states including the Seventh district as \$187,005,393, an advance of slightly more than \$2,200,000 over the September 30 total. Four Federal Land banks increased their outstanding loans in the same territory by approximately \$3,300,000, the October 31 aggregate of \$161,002,739 comparing with \$157,658,342 at the end of September. Loans and discounts of four Federal Intermediate Credit banks declined from \$1,898,025 on September 30 to \$1,579,504 at the end of October.

Volume of Payment by Check—Volume of payment by check in thirty-seven clearing house cities of the district totaled \$6,053,470,000 in October, an increase of 12.7 per cent over September, and 16.4 per cent above the aggregate in October, 1924. The gain registered in the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, was 12.5 over September, and 17.6 per cent as compared with October a year ago. The thirty-three smaller clearing house centers reporting the item showed an aggregate increase of 13.5 per cent in volume of check payment over the prior month, and of 10.7 per cent in the year-to-year comparison.

VOLUME OF PAYMENT BY CHECK
Checks Drawn on Clearing House Banks, 7th District



Figures used are estimates for calendar months based on weekly reports to this bank. Latest figures, October, 1925, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 5,056,324; 31 other Clearing House Centers, 967,582.

Savings—The increase in the number of savings accounts, which has been noted each month this year, continued during October, the November 1 total for 194 reporting banks in this district exceeding the previous month by 0.8 per cent and the beginning of the year by 3.8 per cent. Individually two-thirds of the banks reported gains over October 1, and by states all except Indiana set new records.

The amount of deposits for the group rose 0.7 per cent above the preceding month to a point within 0.6 per cent of the peak on July 1, the Indiana, Iowa, Michigan, and Wisconsin totals exceeding their previous high points. The average size of account declined slightly during the month, but was 0.4 per cent larger than a year ago; Illinois and Wisconsin registered decreases in both comparisons, while the other three states showed gains.

Bonds—An outstanding feature of the Chicago bond market has been the general firmness in prices. Despite prevailing quiet in the market—largely attributable to the enormous speculative trading in stocks which tended to divert money from conservative investment—previous price levels have been maintained, as dealers' shelves are comparatively bare and current buying is sufficient to absorb new issues. Of these, domestic offerings have constituted a rela-

tively small volume, so that the numerous foreign loans have been rapidly taken up, the Locarno Pact having a favorable and strengthening effect upon European securities, especially those of Germany; French issues, on the other hand, were adversely affected by political and financial developments. The municipal market is apparently emerging from its period of stagnation; prices have steadied and bonds are again in fair demand.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

The quality of the 1925 corn is considerably better than a year ago inasmuch as the bulk of the crop has matured without frost damage. Moisture content, however, is slightly higher than anticipated on October 1, a condition due to excessive rainfall during the husking period. A majority of farmers in the Seventh district had harvested their potatoes before freezing weather in October, so that there has been little damage to the crop from frost, but the quality is not quite so good as that a year ago. Illinois raised 704,000 bushels of sweet potatoes compared with 864,000 bushels gathered in 1924. Indiana and Illinois produced an aggregate of 1,309,000 gallons of sorghum syrup, a reduction of 46,000 gallons from last year. Pastures have been revived during the last month but the increase in winter wheat acreage does not quite equal expectations on October 1.

CROP PRODUCTION

A preliminary estimate by the Bureau of Agricultural Economics as of November 1.

	SEVENTH DISTRICT		UNITED STATES		5-YR. AV. 1920-24
	PRELIMINARY	FINAL	PRELIMINARY	FINAL	
	1925	1924	1925	1924	
Corn	1,108,867	721,019	3,013,390	2,436,513	2,934,649
Oats	566,695	608,284	1,470,384	1,541,900	1,327,642
Wheat	63,799	67,980	697,272	872,673	837,116
White potatoes.....	55,269	81,801	346,503	454,784	417,848
Tobacco***	46,631	39,248	1,264,226	1,240,513	1,330,876
Hay**	15,832	22,352	98,135	112,450	107,207
Barley	37,811*	31,570*	226,786	187,875	182,382
Apples	26,151*	20,711*	171,264	179,101	181,465
Buckwheat	1,699*	1,696*	16,079	15,956	14,367
Clover seed	561*	444*	1,051	908	1,439
Grapes**	31*	64*	2,138	1,779	2,027

*Five states including Seventh Federal Reserve District.

**In thousands of tons.

***In thousands of pounds.

Flour—Production of flour by mills in this district gained during October but sales continued to show further declines. In the comparisons with a year ago both output and sales were smaller in volume. Figures furnished by the Chicago Board of Trade indicate that shipments and receipts of flour were heavier at Chicago in October than in the preceding month, but declined from the volume of October, 1924.

CHANGES IN OCTOBER, 1925, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	SEPTEMBER 1925	OCTOBER 1924	SEPTEMBER 1925	OCTOBER 1924
Production (bbls.)	+ 7.6	—13.5	34	34
Stocks of flour at end of month (bbls.)	+11.4	+20.7	31	31
Stocks of wheat at end of month (bu.)	—14.0	—27.0	31	31
Sales (volume)	— 3.4	—13.1	17	15
Sales (value)	— 1.3	+ 3.5	17	15

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

Grain Marketing—Weather conditions throughout the country unfavorable to hauling during most of October and prices early in the month unattractive to producers resulted in farmers marketing less than the seasonal quantities of grain. The principal interior terminals in the United States handled much smaller tonnages of wheat, oats, and corn than in the prior month or a year ago. Stocks of rye have increased, but the visible supplies of all other grains in the United States declined during October, and those of wheat, corn, and rye showed a consider-

able reduction from a year ago. Inventories of barley, however, exceeded those for the corresponding date in 1924, while holdings of oats were lower. Grain prices have been showing gradual recovery from the low levels which prevailed late in September and at the beginning of October.

Movement of Live Stock—A continuation of the heavy movement from the ranges together with seasonal marketing of cows and heifers from pastures and dairy sections of the country accounted for public stock yards in the United States receiving a larger number of live cattle during October than in any other month during the past two years, despite a rather limited offering of highly finished corn fed animals. Arrivals of lambs were at the high point of the year, while receipts of hogs were larger than for any month subsequent to June, 1925.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, October, 1925	301,177	719,949	321,503	112,511
Public Stock Yards in U. S. October, 1925	954,075	2,080,836	945,308	456,625
September, 1925	828,645	1,645,136	980,814	397,821
June, 1925	716,138	2,298,010	907,866	474,083
October, 1924	975,091	2,524,608	1,019,669	457,282

Reshipments to feed lots showed a large seasonal increase in October but aggregated less than a year ago because the better grade offerings of cattle and lambs were also wanted for slaughter and commanded a higher price than in 1924.

AVERAGE PRICES OF LIVE STOCK

	Per hundred pounds at Chicago		MONTHS OF	
	WEEK ENDED Nov. 14, 1925	Oct. 1925	SEPT. 1925	OCT. 1924
Native Beef Steers (average).....	\$10.20	\$11.20	\$11.70	\$10.30
Fat Cows and Heifers.....	5.65	5.50	5.90	5.00
Hogs (bulk of sales).....	11.35	11.25	12.40	9.95
Yearling Sheep	11.35	11.40	11.50	9.65
Lambs (average)	15.30	15.20	15.10	13.40

Meat Packing—The production of meats and fats in the United States was seasonally greater during October than in the prior month. Employment increased 2.9 per cent in number, 3.5 per cent in hours worked, and 4.3 per cent in value for the last payroll in the month compared with corresponding figures for September. Domestic demand for fresh pork, veal, smoked meat, and quality beef continued active but the supply of lamb, dry salt pork, and some of the commoner grades of beef was a little larger than required for immediate consumption. Statistics compiled from the data sent this bank by fifty-six meat packing companies in the United States show an increase of 6.2 per cent in aggregate sales in dollars over those for September and a gain of 10.9 per cent above October last year. Slaughtering establishments and cold storage warehouses inventoried slightly greater quantities of beef and lamb but smaller tonnages of pork products on November 1 than at the beginning of the preceding month. Stocks of lard and dry salt pork exceeded those a year ago but holdings of other commodities were smaller. Quotations for pork, lard, lamb, veal, and smoked meats moved downward during October but pork prices strengthened in November, while those for lamb, veal, and beef weakened.

Foreign demand for pork products was only fair in October, partly owing to the lower prices and partly because of the rather limited supply of fat backs, cumberlands, wiltshires, shoulders, bellies, light weight hams, and picnics that could be offered to importers abroad after filling our domestic requirements for hog meats. A smaller tonnage of meat and fat was forwarded in October for export than in September and the American packers report a reduction in their consignment stocks in European markets. Preliminary figures from the Department of Commerce show that clearances from United States ports declined in October.

Dairy Products and Poultry—Butter production in the Seventh district aggregated 2.3 per cent less in October than in September but totaled 0.6 per cent over the corresponding month in 1924, according to a compilation for sixty-four creameries. Data furnished by the American Association of Creamery Butter Manufacturers indicate that production in the United States continued downward during October but exceeded that during the corresponding period last year. Reports from sixty-six creameries in the

district show that sales of creamery butter declined 10.0 per cent from September and were 0.6 per cent smaller than in October a year ago. Factories in Wisconsin supplied primary markets in the state with 12.3 per cent less cheese during the four weeks ended October 31, 1925, than in the prior period, and with 5.9 per cent more tonnage than a year ago, while the sales from those markets showed an 8.4 per cent recession from September and aggregated 8.6 per cent over the total for corresponding weeks of 1924.

Smaller quantities of dairy products but larger tonnages of poultry were on hand at cold storage warehouses and packing plants in the United States on November 1 than at the beginning of the preceding month. Stocks of butter and poultry have been reduced from a year ago but those of cheese and eggs were greater than on November 1, 1924.

October quotations for butter averaged higher at Chicago than those for any other calendar month since the beginning of 1924; prices of eggs and cheese continued the advance begun late in August, while those for live fowl and chickens moved steadily downward from September levels.

COAL

A steady increase has taken place in the production of coal in the Seventh district each week since the first of October. Illinois output for the month totaled 7,365,320 tons, a gain over September of 25.8 per cent, but a decrease from a year ago of 7.2 per cent; with the exception of January when over 8,000,000 tons were mined in the state, the October output exceeded that of any other month this year by almost one and three-quarter million tons. The call for domestic sizes of bituminous coal remained fairly active throughout October and early November. Fine coal is in about the same position as in the previous period;

demand is fairly good but buying remains on a hand-to-mouth policy. The average spot price of bituminous coal according to *Coal Age* was \$2.30 on November 16, compared with \$2.06 on November 17 last year and \$2.21 on November 19, 1923.

Production of bituminous coal in October for the United States aggregated 53,203,000 tons, an increase of 13.6 per cent over the preceding month and 10.0 per cent above a year ago; this figure represents the largest amount mined in any month since December, 1920.

INDUSTRIAL EMPLOYMENT CONDITIONS

The aggregate employment at industrial plants of the district registered a very slight further advance during the period of September 15 to October 15. While a majority of the industrial groups represented made definite gains in both men and payrolls, the increases were counter-balanced by heavy decreases in the manufacture of men's clothing and in a number of food products of a seasonal nature. Thus, the work of canning and preserving has been practically finished for the year, ice manufacturing plants are running on a very low schedule, and the ice cream and beverages group showed abrupt declines. Definite gains were apparent in the metal industries, in wood working industries, in chemicals, and in leather manufacture. A heavy

seasonal gain was shown in the manufacture of musical instruments. Increases in payroll figures reflect to a considerable extent the short week covered by some of the September reports, and are therefore not entirely indicative of a corresponding increase in manufacturing activity.

Outdoor construction work continued on a large scale, giving little sign of a seasonal curtailment, coal mines showed increased activity, and lumber camps are beginning operations. At the Illinois Free Employment offices the ratio of applicants to places available showed a slight increase for the month; this was also the case at the Indiana offices.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS WEEK ENDED			TOTAL EARNINGS WEEK ENDED		
	OCTOBER 15	SEPTEMBER 15	PER CENT CHANGE	OCTOBER 15	SEPTEMBER 15	PER CENT CHANGE
All groups (10)	383,074	381,852	+0.3	\$10,189,391	\$9,550,624	+ 6.7
Metals and metal products (other than vehicles).....	148,477	145,348	+2.2	3,758,844	3,393,396	+10.8
Vehicles	44,058	43,429	+1.4	1,391,674	1,258,692	+10.6
Textiles and textile products.....	28,646	29,145	-1.7	627,092	635,246	- 1.3
Food and related products.....	50,934	55,474	-8.2	1,376,493	1,419,499	- 3.0
Stone, clay, and glass products.....	13,442	12,472	+7.8	400,285	389,722	+ 2.7
Lumber and its products.....	35,666	34,909	+2.2	911,026	854,002	+ 6.7
Chemical products	11,145	10,804	+3.2	300,511	275,358	+ 9.1
Leather products	18,244	17,919	+1.8	408,541	377,416	+ 8.2
Rubber products	3,218	3,260	-1.3	83,496	82,772	+ 0.9
Paper and printing.....	29,244	29,092	+0.5	931,429	864,521	+ 7.7

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Production figures for October indicate that automobile output during that month was higher than for any previous month this year, thereby establishing another record for the industry, inasmuch as April had been the previous peak month. Output of passenger cars by identical American manufacturers in

their plants in the United States totaled 392,598, an increase of 49.8 per cent over September and of 54.3 per cent over the corresponding month a year ago. Canadian production by these American firms gained 34.3 per cent and 121.1 per cent in the same comparisons. Truck output in October by companies that manufactured 56,794 cars in the United

States during the preceding month, totaled 43,038; a year ago these firms produced 30,215 trucks.

The number of cars sold to users in October was only 80.9 per cent of those received by dealers from manufacturers producing 71.6 per cent of total October output; in September the ratio was 86.9 per cent and in October last year 96.9. October retail sales by dealers increased 88.7 per cent over the preceding month while their receipts from manufacturers gained 102.7 per cent; in the comparisons with October, 1924, the increases were 31.0 and 57.1 per cent, respectively.

Although sales of new models in one make of car were largely responsible for the decided increase in the number sold at retail by firms in the Middle West, the majority of sixty-four dealers reporting to this bank indicated gains in the comparisons with the preceding month and a year ago. Deferred payments averaged 42.5 per cent of the total retail sales of thirty-three firms reporting the item, in comparison with a percentage of 40.8 in September and 48.2 in January this year for identical firms. There is a movement on the part of a few manufacturers, for the purpose of stimulating production, to permit dealers to reduce initial payments and to lengthen the period over which deferred payments may extend even to eighteen months.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	Changes in October, 1925, from previous months		COMPANIES INCLUDED	
	PER CENT CHANGE FROM SEPTEMBER 1925	PER CENT CHANGE FROM OCTOBER 1924	SEPTEMBER 1925	OCTOBER 1924
New cars				
Wholesale—				
Number sold	-21.2	+69.3	45	44
Value	-18.4	+36.8	45	44
Retail—				
Number sold	+35.0	+44.7	64	62
Value	+14.2	+33.8	64	62
On hand October 31—				
Number	+21.9	+32.0	67	65
Value	+11.5	+ 9.5	67	65
Used cars				
Number sold	+ 2.4	+ 8.8	65	63
Salable on hand—				
Number	+25.7	+21.1	65	63
Value	+14.3	+ 7.9	65	63

Agricultural Machinery and Equipment—Largely owing to seasonal influences, the value of tractors, threshers, and combined harvesters billed to customers by manufacturers in the United States aggregated 12.6 per cent less for October than for the prior month. The sales of other farm machinery and equipment (exclusive of barn supplies and pumps) showed a recession of 17.8 per cent from September, while those for barn equipment increased 35.0 per cent; pump shipments declined 3.6 per cent.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

	Changes in October, 1925, from previous months		COMPANIES INCLUDED	
	PER CENT CHANGE FROM SEPTEMBER 1925	PER CENT CHANGE FROM OCTOBER 1924	SEPTEMBER 1925	OCTOBER 1924
Domestic sales billed.....	-14.0	+24.4	91	89
Sales billed for export.....	-20.5	+14.0	91	89
Total sales billed.....	-15.5	+22.0	91	89
Production	+ 2.4	+41.5	87	85

Sales based on dollar amounts. Production computed from employment.

Iron and Steel Products—A continuance of the upward trend apparent since August characterized the iron and steel industry during October in the United States and especially in this district. Demand shows a steady increase, some plants being sold to capacity practically through the end of the year; shipments of both pig iron and finished products were heavy during the period; while steel operations averaged 84 per cent of capacity for the country as well as for the Chicago district. Activity in the building, automobile, and implement industries has been well maintained; specifications for rails and accessories from the railroads have been liberal, and there has also

been some increase in the purchase of rolling stock. Unfilled orders of the United States Steel Corporation gained 391,886 tons between September 30 and October 31, and 583,913 tons over a year ago. Average daily ingot production for the United States increased 7.3 per cent in October over the preceding month, as did average daily pig iron output, while gains were reported over October, 1924, of 24.6 per cent for steel ingots and 22.1 per cent for pig iron; in the Illinois and Indiana district pig iron production exceeded that of September by 4.6 per cent in the daily average and the corresponding month a year ago by 40.4 per cent.

The increasing demand has been reflected in a more stable price situation. Following advances in sheets, a stronger position has been reached in plates, shapes, and bars; scrap iron and steel prices have averaged higher since the last week in October; pig iron has gone to \$23 at Chicago. On November 18, *Iron Trade Review* reported the composite average price of fourteen leading iron and steel products as \$38.84, the highest point since the last of April, and comparing with \$37.43 on October 14, and \$39.21 on November 19 last year.

Output and shipments of twenty-eight casting foundries in the district showed improvement over September, but were smaller than for the same month in 1924. Stove manufacturers report continued increases in the month-to-month comparisons, and both shipments and orders booked were heavier than in October, 1924.

Shoe Manufacturing, Tanning, and Hides—The manufacture and shipments of shoes in the Seventh district were seasonally greater in October than in September or the corresponding month of 1924. Forwardings in October exceeded the month's production by 7.4 per cent, while the factories inventoried 61.2 per cent as many shoes on November 1 as they had forwarded to customers during October. About six weeks' production at the current rate would be required to care for the unfilled orders reported at the beginning of November.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	SEPTEMBER 1925	OCTOBER 1924	SEPTEMBER 1925	OCTOBER 1924
Production	+11.2	+ 0.5	30	30
Shipments	+ 5.8	+ 4.6	30	30
Inventories	- 2.8	+12.9	28	27
Unfilled orders	+11.0	-13.0	24	24

Tanning operations increased in the Seventh district during October but sales of leather declined slightly from September. Demand for belting and harness continues to improve. Prices remain steady.

Greater numbers of packer green hides and calf skins were sold on the Chicago market during October than in the preceding month and the volume of shipments from that city was likewise greater. A two months' period of strength in hide prices was followed by recessions during the last week in October which brought quotations to August levels.

Furniture—Activity is being well maintained in the furniture industry of this district. The aggregate volume of orders booked during October by eighteen manufacturers reporting to this bank decreased 4.2 per cent from the preceding month, but increased 6.2 per cent over the corresponding month a year ago and was 21.5 per cent larger than in October, 1923. Shipments also were heavier in all comparisons, gains of 3.8, 19.3, and 6.1 per cent, respectively, being reported over September this year, October last year and 1923. Unfilled orders declined 11.2 per cent

in the comparison with the preceding month, owing to the fact that October shipments were somewhat heavier than the volume of new business received during the month. Operations are continuing at a high rate and were about the same during October as in September; a few firms report that they are running overtime.

Raw Wool and Finished Woolens—A large volume of wool moved at better prices during October according to firms in this district; some reports indicate that sales were the largest of any month this year. Although resisting the tendency toward higher prices, manufacturers bought quite

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Sales by eighty lumber manufacturers and dealers of the district reported for October amounted to \$4,710,934, indicating an increase of 5.9 per cent for the month and a loss of 1.4 per cent in comparison with October, 1924. Reports from manufacturers and wholesalers alone show that the dollar sales of twenty-seven firms aggregated 8.2 per cent more than in September, and 3.3 per cent above October last year. In board feet the gains of these firms were approximately the same—8.8 per cent and 3.9 per cent, respectively, in the monthly and the yearly comparisons. Outstanding accounts reported by seventeen firms indicate a slight increase in relation to sales, the percentage being 140 in October, as against 137 in September and 134 a year ago. Stocks have been somewhat reduced but in many instances are considerably heavier than a year ago.

A generally weakening trend in prices has been to a degree counteracted by the willingness of many lines of industry, especially railroads and car manufacturing companies, to pay good prices for special orders involving immediate shipments.

In the retail trade, fifty-three dealers report for 236 yards that sales in dollars were 2.1 per cent larger than the previous month but 8.9 per cent below the October volume last year. In many sections the bad weather conditions of the month reacted unfavorably on sales. Stocks, consequently, show some accumulation over the prior month as well as a year ago. The ratio of outstanding accounts to sales declined from 282 to 265 per cent during the month;

MERCHANDISING CONDITIONS

Wholesale Trade—Wholesale trade in this district continued during October the sales expansion noted the month before. All reporting hardware firms and the majority of dealers in the other commodity groups included in this survey sold a larger dollar volume of goods than in September; in each of the four preceding years two or more groups averaged declines in the October-September comparisons. For groceries and drugs, however, the rate of increase was less than in 1924 when for both October was the peak sales month of the year.

As compared with October, 1924, over half the shoe dealers and two-thirds of the grocery group reported decreases this year; most of the hardware and, with one exception, all the drug and dry goods firms made gains, the average increase for the last named being the most pronounced of the year.

Reductions in stocks were general during October among the hardware and dry goods firms; for the former the net decrease of 2.9 per cent marks the seventh successive month-to-month decline, and indicates a trend similar to that of 1924. The gain of 7.4 per cent over September 30 in grocery inventories, reflecting increases at eighteen stores and declines at six, continued the stocking-up apparent since July.

All drug firms on October 31 were inventoried higher than a year ago; in the other groups the majority of deal-

ers were carrying lower stocks this year than last, the grocery drop of 3.9 per cent being the first decline in fifteen months.

freely during the month. The low supply of spot wool in this country is partly responsible for the increased strength shown, while the activity in the foreign markets also has caused a response in domestic wools. Demand was more general than in September, so that practically all grades of wool shared in the price advances recorded during the month. Finished woolens occupied a stronger position in October than in the preceding month and sales for next spring developed somewhat more satisfactorily. Worsteds mills, however, still appear to be the most active. Recent price advances have been announced in all lines of worsteds.

this compares with a percentage of 252 at the close of October, 1924.

Brick yards in the Chicago district report an increase in sales but curtailed production on account of frequent rains. Stocks are of the same volume as a month ago and it will be necessary to operate plants throughout the winter to provide sufficient stocks for the expected spring demand. Other sections were more seriously affected by adverse weather conditions and report a considerable drop in orders. In the cement industry, production continued on a high level while shipments experienced a sharp decline, causing a further addition to stocks that are already unusually large. In the country as a whole, stocks are 78 per cent larger than a year ago, according to the reports of the U. S. Geological Survey, while in the Middle West the volume is approximately four times that of a year ago.

Building Construction—Building contracts awarded in the district during October totaled \$89,941,561, a decrease of 23 per cent from the September volume but larger than that of either August or July. The awards for residential building declined 13 per cent from the September high point; they represented otherwise the highest monthly figure since April. For fifty cities of the district the permit figures indicate a decline of about 5 per cent in the number of contemplated buildings but an increase of 15 per cent in the estimated cost. This divergence in trend was somewhat more apparent in the larger cities, the reports for five of these showing a decline of 7 per cent in number and a gain of 20 per cent in valuation.

ers were carrying lower stocks this year than last, the grocery drop of 3.9 per cent being the first decline in fifteen months.

Collections were heavier in October than in September except for drugs. Accounts outstanding at the end of the month, nevertheless, were larger than on September 30, group gains ranging from 3.5 per cent for twenty hardware firms to 8.2 per cent for ten shoe dealers. For groceries, dry goods, and shoes, accounts on the books were below a year ago.

Department Store Trade—The seasonal developments apparent in department store trade during September have become more pronounced: sales continued in October to expand, with an accompanying increase in accounts outstanding; collections were heavier; and inventories enlarged.

Of the eighty-six stores reporting to this bank, only three indicated a smaller volume of goods sold in October than in September, with the average rate of increase for the district about the same as two years ago and more marked than in the other years (1919-1924) for which comparable data are available. Comparison with the corresponding month of 1924 is the most favorable of the year; the increase of 29.6 per cent reflected better sales at seventy-three stores and decreases at seven, and raised the cumula-

tive gain for 1925 over last year from 4 per cent at the end of September to 6 per cent for the ten-month period.

Net additions to inventories during October were reported by all but sixteen stores, aggregate stocks for sixty-one at the end of the month being 4.8 per cent larger than the September 30 total; the 0.1 per cent decline from a year ago is the first since May. This year October sales of forty-five stores represented 36.1 per cent of average stocks during the month, as compared with 27.8 per cent in 1924. Orders for new goods unfilled at the end of the month were 9.7 per cent of total purchases last year, eighteen out of twenty-nine firms reporting reductions from September 30.

With all but five stores receiving larger collections in October than in September, the increase for sixty-five amounted to 27.7 per cent or about the same as in the three preceding years, in each of which the October-September gain was the most marked of the year. Thirty-five stores showed heavier collections than last year and thirteen smaller; for the same group receipts were 45.6 per cent of accounts on the books September 30, which is one point higher than last year. By the end of October accounts receivable had increased 14.8 per cent over the preceding month.

Retail Shoe Trade—With one exception firms reporting to this bank on the dollar volume of shoe sales during October showed gains over the preceding month, the net in-

crease for fifty-five stores amounting to 20.0 per cent. Figures available for twenty-one stores on accounts outstanding at the end of October indicate an increase of 25.2 per cent, representing, however, 73.0 per cent of the month's sales compared with 81.8 per cent for September. Fourteen out of nineteen firms reported heavier collections. Stocks were generally increased during the month, nearly two-thirds of the firms being inventoried higher on October 31 than a month earlier, and the group averaging a gain of 6.2 per cent.

Mail Order Trade—Mail order trade was exceptionally active during October, cold weather accentuating the customary fall increase in business. Combined sales for Chicago's two leading houses exceeded the September volume by 50.2 per cent, a rate of advance more decided than usual. The gain over October, 1924, amounting for each firm to 27 per cent, was the most pronounced of the year and raised the cumulative increase for the first ten months to 15.2 per cent. Purchases, though still conservative, reflect pre-holiday preparation.

Chain Store Trade—Eight chain store systems reporting sales to this bank with one exception set new October records, and four exceeded all previous monthly totals. For the grocery and musical instrument houses, and for two of the drug firms, average sales per store were heavier than last year, a third drug and one shoe firm reporting decreases.

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	Oct. 1925	Sept. 1925	Oct. 1924	Sept. 1924		No. of Firms	Oct. 1925	Sept. 1925	Oct. 1924	Sept. 1924
Meat Packing—(U. S.)—						Wholesale Trade—					
Sales (in dollars) ¹	64	120.8	114.2	108.6	99.9	Net Sales (in dollars):					
Casting Foundries—						Groceries.....	42	82.1	78.3	88.1	81.5
Shipments (in dollars).....	28	70.6	67.5	74.5	71.9	Hardware.....	21	115.1	103.8	107.7	106.1
Stoves and Furnaces—						Dry Goods.....	14	116.0	110.9	93.1	115.2
Shipments (in dollars).....	16	185.9	133.4	159.5	141.3	Drugs.....	14	115.3	110.9	108.3	101.9
Agricultural Machinery—						Shoes.....	7	55.1	51.7	51.4	55.7
& Equipment—(U. S.) ²						Retail Trade (Dept. Stores)—					
Domestic Sales (in dollars).....	117	105.9	124.5	84.1	101.1	Net Sales (in dollars):					
Exports (in dollars).....	117	142.0	194.2	114.1	96.1	Chicago.....	9	184.7	130.9	131.5	115.7
Total Sales (in dollars).....	117	112.7	136.6	89.3	100.2	Detroit.....	4	205.5	204.0	142.4	160.8
Production.....	112	114.6	112.9	80.2	76.6	Des Moines.....	3	151.1	127.2	119.1	124.2
Agricultural Pumps—(U. S.) ³						Indianapolis.....	5	178.0	125.0	143.3	132.3
Shipments (in dollars).....	19	125.3	130.0	100.7	92.2	Milwaukee.....	5	177.3	141.8	150.1	136.6
Furniture ⁴						Outside.....	39	138.0	94.4	111.2	96.2
Orders (in dollars).....	21	142.7	154.3	139.8	134.8	Seventh District.....	65	176.0	146.3	134.3	131.6
Shipments (in dollars).....	21	175.8	168.1	146.8	148.0	Retail Trade—(U. S.)—					
Shoes ⁵						Department Stores.....	359	164	122	141	119
Production (in pairs).....	35	177.4	159.4	176.6	160.2	Mail Order Houses.....	4	170	113	141	106
Shipments (in pairs).....	35	194.1	181.4	184.8	181.1	Chain Stores:					
Electric Energy—						Grocery.....	27	315	243	240	210
Output of Plants (KWH).....	9	200.8	175.3	166.0	151.8	Drug.....	9	179	169	159	145
Industrial Sales (KWH).....	9	228.2	221.0	175.9	171.3	Shoe.....	6	164	129	138	124
Flour Production—						Five and Ten Cent.....	5	237	191	203	169
(In bbls.).....	39	118.8	110.4	138.8	125.9	Candy.....	5	215	202	199	189
Output of Butter by Creameries ⁶						Music.....	4	141	136	124	110
Production.....	81	97.6	102.2	94.9	111.4	Cigar.....	3	151	142	144	137
Sales.....	81	96.3	104.8	99.3	104.2	U. S. Primary Markets—¹⁰					
Freight Carloadings—(U. S.)—						Grain Receipts:					
Grain and Grain Products.....	118.0	137.3	171.8	179.9		Oats.....	97.5	149.0	197.8	291.0	
Live Stock.....	128.2	106.2	125.0	116.7		Corn.....	82.0	86.9	126.5	147.8	
Coal.....	114.8	109.5	117.6	115.7		Wheat.....	109.6	186.4	278.3	263.5	
Coke.....	148.1	129.6	106.1	97.8		Grain Shipments:					
Forest Products.....	123.2	127.2	124.7	123.0		Oats.....	81.6	104.4	102.4	87.9	
Ore.....	133.1	159.0	112.5	132.1		Corn.....	57.9	56.9	79.1	78.3	
Merchandise and Miscellaneous.....	149.7	152.3	143.7	142.0		Wheat.....	80.6	89.3	224.5	184.6	
Total.....	137.6	139.3	135.8	135.2		Building Construction—					
Iron and Steel.....						Contracts Awarded (in dollars):					
Pig Iron Production: ⁷						Residential.....	270.6	309.4	152.0	139.1	
Illinois and Indiana.....	133.2	127.3	94.9	75.8		Total.....	163.7	212.7	116.0	99.3	
United States.....	116.4	108.5	95.4	81.7		Permits:					
Steel Ingot Production—(U. S.) ⁸	127.9	119.1	102.7	96.5		Chicago.....	Number	261.7	280.7	249.7	243.9
Unfilled Orders U. S. Steel Corp.....	68.5	62.0	58.8	57.9		Cost.....	355.0	236.7	274.4	233.0	
Automobiles—(U. S.)—						Indianapolis.....	Number	242.4	231.6	294.8	283.3
Production: Passenger Cars.....	290.7	194.0	188.4	190.2		Cost.....	229.4	124.7	195.0	244.6	
Trucks.....	166.5	219.7	116.9	115.6		Des Moines.....	Number	167.6	173.5	202.0	200.0
Shipments: ⁶ Carloads.....	271.2	243.1	165.4	156.6		Cost.....	91.3	84.6	474.2	96.1	
Driveaways.....	130.1	128.9	76.4	71.7		Detroit.....	Number	212.9	226.2	223.8	209.6
Boat ⁷	295.5	385.1	184.5	210.8		Cost.....	195.6	215.6	216.2	181.1	
Excise Tax Collections ⁸						Milwaukee.....	Number	206.1	237.6	234.0	205.1
New Automobiles.....	70.4	211.1	137.9	168.7		Cost.....	168.4	251.9	195.4	365.7	
New Automobile Trucks.....	21.9	23.3	127.3	20.1		Others (45).....	Number	230.7	235.8	241.4	227.7
Parts and Accessories.....	43.6	50.7	51.4	51.8		Cost.....	219.2	212.9	164.2	157.5	
Stamp Tax Collections ⁹						Fifty Cities.....	Number	223.5	236.0	240.1	223.9
Sales or Transfers of Capital Stock.....	309.5	250.9	122.6	137.3		Cost.....	251.4	218.3	221.3	205.1	
Sales of Produce on Exchange—Futures	54.5	62.9	59.8	56.5							

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