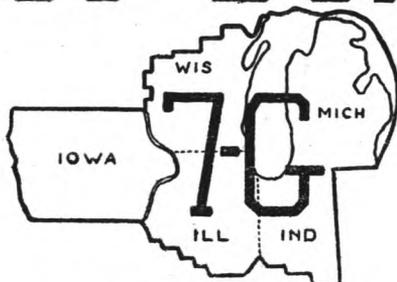


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 9, No. 2

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

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## BUSINESS CONDITIONS IN THE UNITED STATES

**P**RODUCTION and distribution of commodities were in larger volume in December than in November, and the volume of retail trade was larger than in any previous month. Wholesale prices declined to the level prevailing last spring, which was the low point for the year.

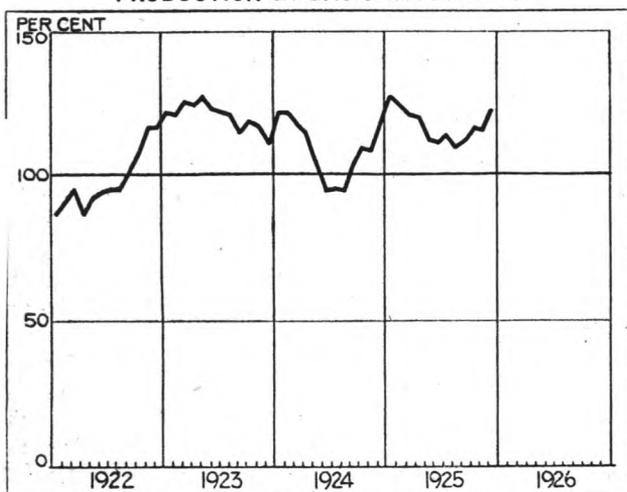
**PRODUCTION**—The Federal Reserve Board's index of production in basic industries advanced 6 per cent in December to the highest level in ten months. The rise in this index has been nearly continuous since last August, when the volume of production was at the low point for 1925. In December the production of iron and steel and bituminous coal and factory consumption of cotton increased considerably, and the production of lumber, cement, and copper was maintained at relatively high levels. The volume of factory employment and payrolls, after increasing during the late summer and autumn months, continued practically unchanged in November and December, with increases in some important industries offsetting seasonal declines in others. Building contracts awarded during December were the largest recorded for that month and exceeded in value those awarded in November, although a seasonal decrease in building activity usually occurs at that time of the year.

**TRADE**—Sales at department stores, chain stores, and mail order houses in December indicated the largest volume

of Christmas trade on record. Trade at wholesale declined seasonally, but continued larger than last year. Stocks at department stores showed less than the usual decline in December and were 4 per cent larger at the end of 1925 than a year earlier. Freight car loadings continued large during December with shipments of merchandise and miscellaneous commodities, coke, and coal particularly heavy.

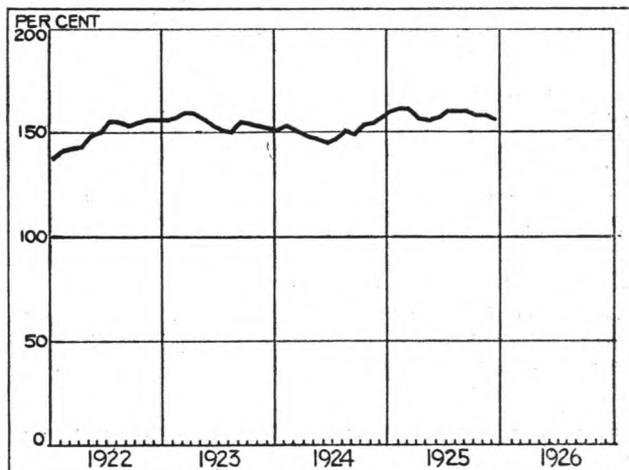
**PRICES**—The general level of prices, as measured by the wholesale price index of the Bureau of Labor Statistics, declined by about one per cent in December and was at the end of the year somewhat lower than a year earlier. The average of wholesale prices for the year 1925 as a whole, however, was the highest in five years, and the changes in the price level during the year were smaller than in any year in more than a decade. Among agricultural commodities, the prices of live stock and dairy products declined in December, while grain prices advanced. Among non-agricultural commodities the principal declines were in the prices of cotton goods, paper, and rubber, while somewhat higher prices were shown for silk, coal, and lumber. In the first three weeks of January quotations on hogs, coke, and hardwood lumber advanced, while prices of corn, cattle, and rubber declined.

PRODUCTION IN BASIC INDUSTRIES



Index of 22 basic commodities adjusted for seasonal variations (1919=100). Latest figure, December, 1925: 122.

WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, December, 1925: 156.

Compiled January 27, 1926

Page 1

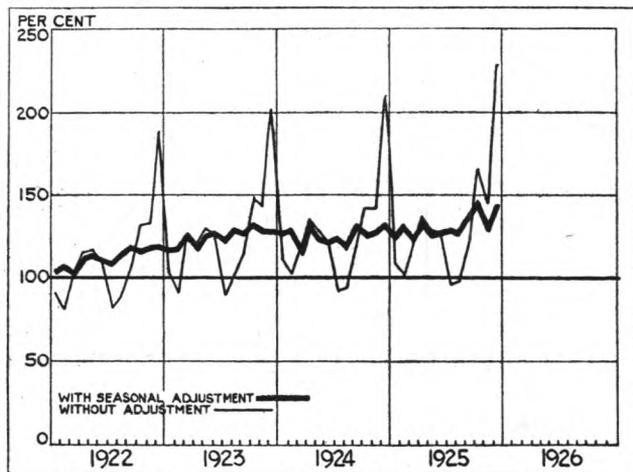
**BANK CREDIT**—Changes in the demand for currency have been the principal factor influencing the volume of reserve bank credit in use since the middle of November. During the five weeks between November 18 and December 23 the reserve banks paid out into domestic circulation a net amount of about \$320,000,000 of currency in the form of gold and gold certificates, Federal Reserve notes, and other kinds of money, and during the following four weeks the return flow of currency from circulation amounted to about \$430,000,000. These currency movements were reflected in corresponding changes in the volume of reserve bank discounts for member banks.

At member banks in leading cities total loans and investments, which had increased almost continuously during 1925, reached the highest level on record at the end of De-

cember, but declined by about \$200,000,000 during the first two weeks of the new year. Both the increase in bank loans in the latter part of December and the decline after the turn of the year were largely in loans on securities, particularly at member banks in New York City. These changes in the demand for loans at member banks were related both to the changes in customers' currency requirements and to end-of-year disbursements by many industrial and financial institutions.

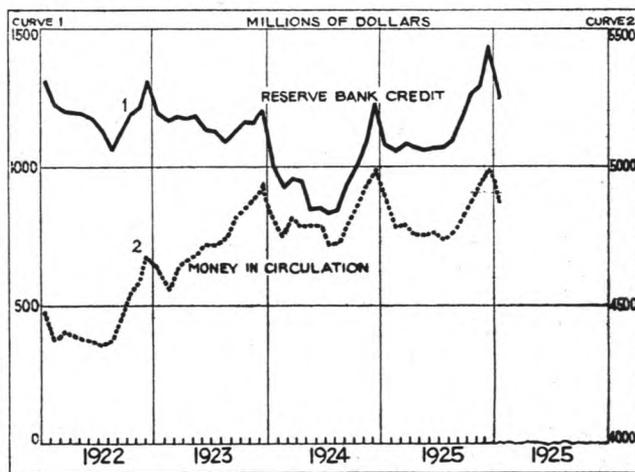
Conditions in the money market, which had become firmer in the last half of December, were easier in January. Rates on bankers' acceptances increased following the advance in the buying rate of the New York Federal Reserve Bank effective January 8, while rates on commercial paper showed little change during the period.

DEPARTMENT STORE SALES



Index of sales of 359 stores (1919=100). Latest figures, December, 1925: adjusted index, 142; unadjusted index, 228.

CURRENCY AND RESERVE BANK CREDIT



Money in circulation data are averages of first of month figures, and reserve bank credit data are monthly averages of daily figures. Latest figures, January, 1926, partly estimated: Reserve Bank Credit, 1,242 million; Money in Circulation, 4,870 million.

## BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

**B**USINESS in the Middle West entered 1926 with a large volume of activity in process and with confidence for the new year reflected in increased future orders.

December operations were on a broad scale. In distribution, the holiday expansion was especially pronounced, mail order business reaching the largest volume in several years, and department and chain store sales setting new records. Wholesale trade registered less than the usual seasonal curtailment, but fell somewhat below 1924.

In production, year-end recessions affected the December-November comparisons, but gains over 1924 were general and in many instances, such as in automobile output, brought totals for the year to new levels. December manufacture of farm equipment exceeded the previous month's volume, and the total for the year reached a new high. In building, for which 1925 was likewise a record year, the increase over November in contract awards was in contrast to the customary slowing down during the last month of other years. Iron and steel operations were maintained at a high rate and contributed largely to the district gain in industrial employment. Production of coal showed an increase over the preceding month.

Savings deposits reached new highs on December 31; check payments exceeded the previous year; and commercial failures were less than in the preceding month or December, 1924.

### CREDIT CONDITIONS AND MONEY RATES

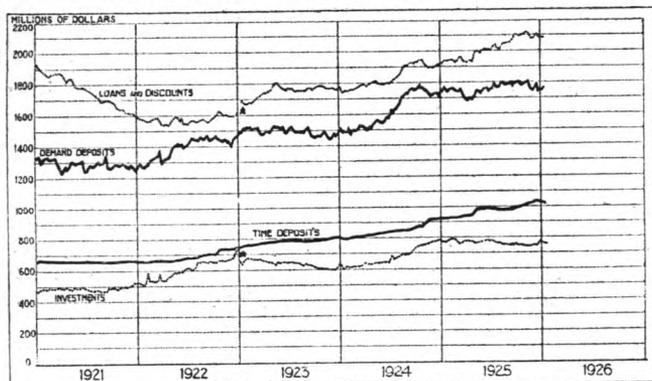
Aside from the customary tightening of the Chicago money market incident to the end of the year, followed by a return to relative ease, credit conditions in the Seventh district have undergone no significant changes in recent weeks. With the declining trend of New York call money rates, banks in Chicago are reported as evincing greater interest in commercial paper, so that demand since the first of the year has been on a larger scale. Many sections of the district report active demand for credit during December, accompanied, however, by no quotable rate changes. Present rates for commercial paper in Chicago are  $4\frac{1}{4}$  to  $4\frac{1}{2}$  per cent, collateral loans carrying  $4\frac{3}{4}$  to  $5\frac{1}{2}$  per cent, and customers' over-the-counter loans  $4\frac{3}{4}$  to  $5\frac{1}{2}$ .

On December 30 total bills and securities held by the Federal Reserve Bank of Chicago were \$201,681,000, the highest aggregate since January 4, 1922, when \$225,176,000 was reported. Prior to the high point December 30, the trend has been steadily upward since the middle of November, but with the turn of the year a decreasing volume of bills and securities has been held, \$144,200,000 on January 20 comparing with \$189,962,000 December 23. A similar movement was shown by loans to member banks, the \$119,777,000 reported on December 30 constituting the highest point since the \$124,444,000 on February 1, 1922. On January 20 loans to member banks totaled \$61,081,000. Federal Reserve notes in circulation on December 30 were

in the greatest amount—\$179,712,000—since February 11, 1925, when the figure was \$179,716,000. Lessened demand for currency has been reflected in the decreasing amounts of Federal Reserve notes recorded each week since the close of the year; \$169,391,000 was given on January 20.

Loans and discounts of reporting member banks in the district have moved generally downward since December 16, though the change since December 30 has been almost negligible. Investments of reporting members underwent a steady though moderate expansion until December 30, the \$770,761,000 reported for that date being the highest since July 1, when the aggregate of investments of reporting members was \$779,498,000. The figure on January 13, however, was very little above that shown December 16, the corresponding reporting date that month, the result of a decreasing trend since the beginning of the year. Demand deposits have been at lower levels during recent weeks than at any time since midsummer; on January 13, however, a marked gain took place over the preceding week. On December 23, the \$1,029,055,000 given as the aggregate of reporting member bank time deposits exceeded any previous figure since this bank began the collection of member bank statistics; since then this item has shown small weekly declines.

**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, 44 in other selected cities. Latest figures, January 13, 1926, in thousands of dollars: Loans and Discounts, 2,085,296; Demand Deposits, 1,770,707; Time Deposits, 1,017,901; and Investments, 754,165.

Sales of commercial paper during December by ten reporting Chicago brokers were 0.3 per cent less than the November volume and 15.8 per cent below a year ago, half the dealers showing declines in the former comparison and practically all in the latter. Reports on demand for paper during the month varied from very poor to moderate and on supply from fair to good. Since the first of the year selling has been heavier. Four firms reported no change in rates during December, two an advance from  $4\frac{1}{2}$  to  $4\frac{3}{4}$  for high, three a change from 4 to  $4\frac{1}{4}$  and one from  $4\frac{3}{4}$  to  $4\frac{1}{2}$  for low, and one a spread to  $4\frac{3}{4}$  for customary; the average for the group remained at  $4\frac{1}{4}$  to  $4\frac{1}{2}$ , and has continued firm thus far in 1926. For five houses the amount of paper outstanding at the end of 1925 averaged a decline of 4.0 per cent from November 30 and 1.3 per cent from the previous year. Outstandings throughout the country, reported by twenty-six dealers, amounted to \$620,000,000, as compared with \$665,952,598 at the close of November.

Average weekly purchases by five Chicago brokers operating in the open bill market in this district during the five-week period ended January 20, 1926, were 52.0 per cent in excess of the average for the four weeks immediately preceding. Sales in the same comparison show a gain of 43.1 per cent. Holdings on January 20 amounted to only half those at the

beginning of the period, the totals affected by inter-office transactions not included in the data for sales and purchases. The movement of bills at offered rates was fair, reports on supply ranging from very small to fair, and on demand from fair to good. Ninety-day maturities were most popular. Commodities principally involved were grain, packing-house products, canned goods, cotton, wool, and produce.

Sixteen reporting banks in this district accepted during December a volume of bills 0.9 per cent in excess of the November total, the pronounced drop by one largely offsetting gains by the majority. Purchases reported during the month were 10.0 per cent heavier than the amount bought in the preceding period; sales averaged a gain of 19.8 per cent. Holdings by the end of the year had declined 66.7 per cent from the November 30 balances, acceptances outstanding 5.5 per cent in amount of liability, and banks' own acceptances 62.0 per cent. December purchases by the Federal Reserve Bank of Chicago amounted to \$19,791,287, an increase of \$4,363,419 over November; holdings on December 31 were \$27,710,990, as compared with \$32,521,134 a month earlier.

**Agricultural Financing**—Twenty-two Joint Stock Land banks reported total loans outstanding on December 31 in the five states including the Seventh district as \$191,134,223, against \$188,696,728 on November 30. Four Federal Land banks with loans outstanding in the same territory totaling \$160,977,355 on December 31, gained slightly over a million dollars as compared with November 30. Loans and discounts (including rediscounts) of four Federal Intermediate Credit banks declined on December 31 to \$1,722,094, whereas the corresponding figure at the close of the preceding month had been \$2,013,460.

**Volume of Payment by Check**—Thirty-seven clearing house centers in the Seventh district reported an aggregate increase in December of 15 per cent in volume of payment by check over November. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis gained 15.7 per cent and thirty-three smaller reporting centers 11.4 per cent over the November totals. Comparisons with December a year ago show a gain of 10.1 for the thirty-seven cities, 9.8 for the four larger centers, and 11.5 per cent for the thirty-three smaller cities reporting debits to individual accounts.

**Savings**—At the close of 1925, the number and amount of savings deposits for 194 reporting banks in this district were the largest on record. In number, each of the five states included in the district exceeded previous levels; in amount Indiana and Wisconsin totals reached new peaks, Michigan was within 0.1 per cent of the December 1 high, and Illinois and Iowa had been equaled but twice before.

For the entire group, gains over the preceding month averaged 1.3 per cent in amount of deposits, 0.3 per cent in number of accounts, and 1.0 per cent in the average size of account; corresponding gains over December 31, 1924, were 3.8 per cent, 3.1, and 0.7 per cent, respectively.

**Bonds**—During the last two weeks of December the bond market reflected holiday influences and year-end readjustments, but since January 1 has broadened definitely. New securities are being offered in considerable volume and being well absorbed. Buying by private investors is stimulated by reinvestment of January maturities and is extending to various classes of loans. Public utilities are active, as are also the better known industrial names; real estate bonds are in excellent demand; less attention has been given to the foreign group. For banks emphasis has been on short-time investments rather than long-term bonds. Prices were firm during December and have remained steady with some advances in January.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

The Bureau of Agricultural Economics in its pig survey for December showed a reduction in the fall crop of 5.1 per cent in Iowa, 4.6 per cent in Illinois, 17.0 per cent in Indiana, 12.9 per cent in Michigan, and 2.4 per cent in Wisconsin from the autumn of 1924. The number of sows bred for spring farrowing increased over a year ago by 13.7 per cent in Iowa, 12.2 per cent in Illinois, 8.0 per cent in Indiana, 8.4 per cent in Michigan, and 17.2 per cent in Wisconsin.

The production and gross valuation of principal crops in the Seventh district and in the United States in 1924 and 1925 are shown in the tabulation below. The values given were computed by the Federal Reserve Bank of Chicago on the basis of December 1 prices; production figures were furnished by the Bureau of Agricultural Economics.

	(In thousands)		UNITED STATES	
	SEVENTH DISTRICT PRODUCTION	VALUE	PRODUCTION	VALUE
1925				
Corn (bu.)	1,092,525	\$642,405	2,900,581	\$1,954,992
Wheat (bu.)	55,960	84,444	669,365	947,821
Oats (bu.)	588,113	217,014	1,501,909	572,227
Hay (tons)	16,118	239,352	99,515	1,319,569
Tobacco (pounds)	45,210	7,640	1,349,660	246,988
Potatoes (bu.)	50,852	91,635	323,243	605,111
1924				
Corn (bu.)	721,792	688,590	2,312,745	2,271,745
Wheat (bu.)	67,301	92,270	862,627	1,120,552
Oats (bu.)	605,795	288,358	1,522,665	727,834
Hay (tons)	22,509	283,163	112,796	1,464,092
Tobacco (pounds)	38,453	5,460	1,242,456	257,188
Potatoes (bu.)	74,119	32,761	425,283	266,227

**Grain Marketing**—Interior primary markets in the United States handled a larger volume of corn and oats and a smaller amount of wheat during December than in November. Receipts of wheat and corn and reshipments of corn and oats from those centers were in excess of a year ago, but the arrivals of oats and reforwardings of wheat totaled less than in December, 1924. Stocks of barley declined, while the visible supply of other grain in the United States showed a gain on January 9 over figures for the corresponding week in December; holdings of wheat, oats, and rye were under a year ago and those of corn and barley totaled slightly above inventories at the beginning of 1925. Chicago prices of wheat, oats, and rye registered a further advance during December; quotations for corn declined during the month, strengthening early in January. Contracts placed in December by the members of the Chicago Board of Trade, calling for deliveries at future dates, represented a greater number of bushels of grain than in November. Exports of wheat and barley failed to reach the level of the prior month, but more corn, rye, and oats were cleared from United States ports than in November.

**Flour**—Receipts and shipments of flour at Chicago were heavier during December this year than in either December, 1924 or 1923, and also exceeded the volume moving through this center in November. Production by mills in the Seventh district increased in December over the preceding month, although the average rate of operations was slightly lower. Reports indicate that trade was very quiet during the month because of irregular grain markets, the holidays, and approaching inventory, but aggregate sales of seventeen firms reporting to this bank showed an increase over November.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	NOVEMBER 1925	DECEMBER 1924	NOVEMBER 1925	DECEMBER 1924
Production (bbls.)	+4.8	- 4.8	35	35
Stocks of flour at end of month (bbls.)	-5.7	+ 3.5	32	31
Stocks of wheat at end of month (bu.)	+2.9	-16.4	32	32
Sales (volume)	+6.7	-16.6	17	15
Sales (value)	+8.7	- 2.8	17	15

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

**Movement of Live Stock**—The volume of live stock receipts was fairly large during three weeks of December, showing, however, a seasonal recession during the holidays. Arrivals of hogs and calves exceeded those for November. The greater proportion of the lambs and cattle marketed came from corn belt feed lots. All animals are carrying better weight than those arriving a year ago because of the more liberal use of feed as a result of the better corn crop.

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
December, 1925	270,103	980,014	290,175	122,921
Public Stock Yards in U. S.,				
December, 1925	842,016	2,775,825	840,109	405,794
November, 1925	843,791	2,300,426	792,779	388,363
December, 1924	876,755	4,335,237	853,790	388,266

Fewer animals were reshipped to feed lots during December than in November, although totals of each class were in excess of those for the corresponding month last year.

	AVERAGE PRICES OF LIVE STOCK			
	Per hundred pounds at Chicago.			
	WEEK ENDED	MONTHS OF		
	JAN. 1926	DECEMBER 1925	NOVEMBER 1925	DECEMBER 1924
Native Beef Steers (average)	\$9.70	\$ 9.75	\$10.15	\$ 9.20
Fat Cows and Heifers	6.60	6.00	5.70	4.50
Hogs (bulk of sales)	11.75	10.95	11.25	9.35
Lambs (average)	15.50	16.10	15.35	15.75
Yearling Sheep	13.00	12.70	11.60	12.25

**Meat Packing**—A slight decline in the output of beef sections at slaughtering establishments in the United States was more than offset by gains in other departments, so that total December production of meats and fats was seasonally greater than in the prior month. Employment declined 0.1 per cent in number, 7.0 per cent in hours worked, and 5.1 per cent in payroll for the last pay-date in December compared with the corresponding period in November. The total value of packing-house products billed to customers declined 1.1 per cent from November and was 5.3 per cent greater than in December, 1924, according to statistics compiled from reports sent direct to this bank by fifty-seven meat packing companies in the United States. Inventories were larger than on December 1, but showed considerable reduction from a year ago and the five-year average for January 1. Quotations for lamb, veal, smoked meat, fresh pork hams and bellies, and the commoner grades of beef advanced slightly in December, although the majority of pork and beef products averaged lower than in the preceding month. Prices of veal, pork, and lard strengthened and quotations for other commodities held steady early in January. Foreign demand for hog meats improved during three weeks of December and then slackened because of the holiday season; the total volume of forwardings for export, however, showed a slight gain for the month as a whole. A larger tonnage of lard, bacon, and cured meats cleared from United States ports during December than in the preceding period. January 1 stocks of consigned goods in Europe were indicated on about a level with the previous inventory. British quotations for lard continued somewhat under the basis in the United States, but prices obtained abroad for a majority of the products from slaughtering establishments were on full parity with those in this country.

**Dairy Products**—Production of creamery butter by seventy-four companies in the Seventh district increased 6.8 per cent in December over that in November and was 7.4 per cent in excess of a year ago. Creameries in the United States likewise manufactured more butter during December than in the corresponding month of 1924, but the volume was slightly smaller than in November this year. The

December sales of creamery butter as reported by seventy-six companies in the district totaled 4.2 per cent above those of the prior month and were 3.4 per cent larger than in December last year. Receipts at primary markets in Wisconsin indicate that cheese factories within the state were operated during the five weeks ended January 2, 1926, at a rate 13.3 per cent lower than in the previous period and 10.3 per cent higher than a year ago. The quantity of cheese distributed from those centers aggregated 9.3 per cent less than the volume for the five weeks ended November 28, but was 2.9 per cent above figures for the corresponding

period in 1924. December receipts of butter and cheese at Chicago were smaller than in the preceding month, but those for eggs were larger. Visible supplies of cheese and eggs in the United States were reduced during December, exceeding previous stocks held at the beginning of January last year; inventories of butter showed a decline from the previous month and a year ago but were larger than the 1921-25 average for January 1. Chicago quotations for butter and eggs have continued to move downward since early in December, while prices of cheese have advanced.

## COAL

Production of bituminous coal in this district showed an increase in December over the preceding month. Illinois output totaled 8,057,520 tons, a gain of 10.6 per cent over November and of 33.1 per cent over December, 1923, and about equal to the amount mined in December last year. Total output in the state for 1925 was less than in either 1924 or 1923. Demand for domestic coals has been influenced almost entirely by the weather, and has been active or quiet according to prevailing temperatures. Steam coals also have been indirectly affected by weather conditions,

an active demand and consequent heavy output of the larger or domestic sizes causing an excess supply of the steam coals, and curtailed production having the opposite effect. Prices have remained firm on all grades of coal.

Output of bituminous coal in the United States for the year 1925 is estimated by the Department of Commerce as 522,967,000 tons, compared with 483,687,000 tons in 1924, and 564,565,000 tons in 1923. Production for December was higher than in the corresponding month of any year since 1920.

## INDUSTRIAL EMPLOYMENT CONDITIONS

December continued the upward trend apparent in industrial employment since last June. The gain, as in previous months, was small, firms with a total employment of about 380,000 workers reporting an increase of 0.5 per cent. The expansion in payrolls was more definite, amounting to 1.7 per cent, the result to some extent of longer time schedules. The most notable increase in employment was shown by the metals and metal products group where the gain since July has been about 8 per cent. Other groups registering increases for several consecutive months were leather and lumber with their products. Textiles reported a definite advance after two months of curtailment. Decreases, on the other hand, were experienced in the food products group, by stone and clay products, chemicals, rubber products, and in the manufacture of vehicles.

Reports from the Detroit Employers' Association for

the second week in January show employment in that city as 0.7 per cent less than the middle of December, and approximately 26 per cent higher than a year earlier. There was a temporary decrease during the holiday week, a number of plants closing down for inventory.

There has been a considerable increase in the number of outdoor workers seeking employment, which is reflected in the records of the free employment offices. For Illinois, the ratio of applicants to positions available advanced from 126 per cent for November to 146 in December. This latter percentage was slightly lower than for December, 1924, when 149 applicants were reported for each 100 available positions. For Indiana, also, there was a steady increase during December, but a decline the second week in January brought the ratio back to the level of early December.

### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED		PER CENT CHANGE	WEEK ENDED		PER CENT CHANGE
	DECEMBER 15	NOVEMBER 15		DECEMBER 15	NOVEMBER 15	
All groups (10).....	379,033	377,319	+0.5	\$10,062,346	\$9,897,959	+1.7
Metals and metal products (other than vehicles).....	153,698	150,663	+2.0	3,902,335	3,770,867	+3.5
Vehicles.....	39,820	40,384	-1.4	1,185,997	1,194,992	-0.8
Textiles and textile products.....	27,377	26,951	+1.6	638,070	605,759	+5.3
Food and related products.....	48,742	49,704	-1.9	1,330,510	1,347,626	-1.3
Stone, clay, and glass products.....	13,175	13,567	-2.9	386,203	392,798	-1.7
Lumber and its products.....	34,666	34,504	+0.5	867,712	870,791	-0.4
Chemical products.....	10,896	11,063	-1.5	294,170	293,817	+0.1
Leather products.....	18,470	18,297	+0.9	425,204	414,172	+2.7
Rubber products.....	3,162	3,214	-1.6	81,122	74,262	+9.2
Paper and printing.....	29,027	28,972	+0.2	951,023	932,875	+1.9

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—Although production of passenger cars by identical manufacturers in the United States showed a decline in December of 15.2 per cent from the November figure, output of 277,689 cars represented an increase of 58.9 per cent over December, 1924. Production for the entire year 1925 exceeded that of 1924 by 17.2 per cent. Truck output by manufacturers producing 36,723 cars in November, aggregated 31,609 for December, a decline of 13.9 per cent, but a gain over a year ago

of 26.9 per cent. Yearly figures show an increase of 33.4 per cent in 1925 over 1924.

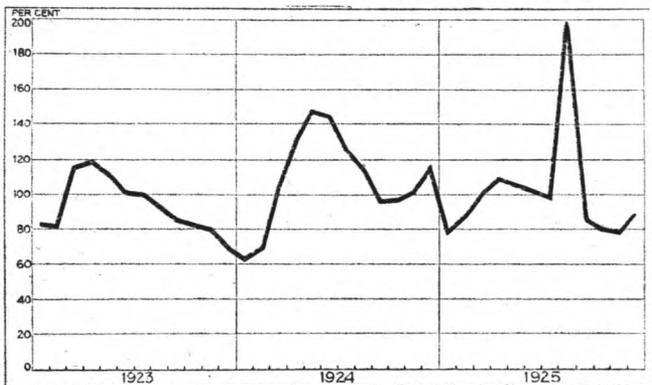
Wholesale distribution of new cars in the Middle West exceeded that in November as well as December a year ago, while retail sales, although declining in the comparison with the preceding month, were considerably higher than in December last year. Inventories of new cars are much heavier than a year ago, but stocks were unusually low at that time.

**MIDWEST DISTRIBUTION OF AUTOMOBILES**  
Changes in December, 1925, from previous months.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	NOVEMBER 1925	DECEMBER 1924	NOVEMBER 1925	DECEMBER 1924
<b>New cars</b>				
Wholesale—				
Number sold .....	+10.5	+75.7	34	33
Value .....	+ 3.7	+48.9	34	33
Retail—				
Number sold .....	-16.5	+17.3	55	54
Value .....	-13.8	+27.0	55	54
<b>On hand December 31—</b>				
Number .....	+15.2	+29.8	56	54
Value .....	+15.6	+22.8	56	54
<b>Used cars</b>				
Number sold .....	-13.1	+19.8	55	54
Salable on hand—				
Number .....	+14.6	+17.6	56	55
Value .....	+ 3.0	+13.2	56	55

The chart below indicates the trend of automobile distribution in the United States since 1923, as reflected by a comparison of retail sales with the receipts of new cars by dealers from manufacturers producing approximately 70 per cent of total passenger car output in the United States.

**RATIO OF RETAIL SALES OF AUTOMOBILES TO RECEIPTS BY DEALERS**



Note: Unusually high ratio shown for August, 1925, due to closing-down of one large company and consequent light shipments to dealers. Latest figure, December, 1925: 88.3.

**Agricultural Machinery and Equipment**—The aggregate value of agricultural machinery billed to customers in December exceeded that for the corresponding period of last year. An increase in domestic sales over November rather than the usual seasonal decline is attributed to the shipments of some of the companies having gone forward earlier this year than is customary. A large number of tractors was billed to foreign customers during the month, partially accounting for the gain in export totals. The gains in sales over November were 5.3 per cent in the heavy group and 31.8 per cent for all other machinery (exclusive of pumps and barn equipment); while the recessions were 34.6 per cent for barn supplies and 0.6 per cent for agricultural pumps. Employment remained at about the same level in December as in the prior month.

**PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES**

Changes in December, 1925, from previous months.

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	NOVEMBER 1925	DECEMBER 1924	NOVEMBER 1925	DECEMBER 1924
Domestic sales billed .....	+ 8.1	+52.8	103	100
Sales billed for export.....	+45.9	+80.9	103	100
Total sales billed.....	+18.7	+61.5	103	100
Production .....	+ 0.9	+28.8	99	96

Sales based on dollar amounts. Production computed from employment.

**Iron and Steel Products**—Specifications against contracts on finished steel were in large volume during December and operations were maintained at a high rate, although in certain sections of the country new business was rather quiet toward the end of December and the early part of January. In the Chicago district, however, not only have specifications and production been heavy but sales volume has shown no decline, mills reporting sold-up conditions in

some departments for the next six months. For the year 1925, sales, orders to mills, and shipments in this district averaged 20 to 30 per cent above the 1924 volume. Unfilled orders of the United States Steel Corporation on December 31 showed a gain of 451,584 tons over November 30, of 216,688 tons over those held a year ago, and of 588,025 tons over December 31, 1923. Steel ingot production in the United States for the year established a record and aggregate output for December was slightly above November, although there was a lowering in average daily production. December pig iron output was heavier in the aggregate than in the prior month, and showed an increase in the daily average for the United States but a decline in the rate for the Illinois and Indiana district.

Prices have been firm for about two months; the composite average price of fourteen leading iron and steel products as compiled by *Iron Trade Review* was \$39.15 on January 20, compared with \$39.10 on December 16. The level is below a year ago, however, as indicated by an average of \$41.10 on January 21, 1925.

Reports from twenty-four iron and steel casting foundries of the Seventh district show that both production and shipments in December gained over November. Orders received by fourteen stove and furnace manufacturers aggregated considerably less than in the preceding month and were also much smaller in amount than in December, 1924; production followed the same trend; shipments declined from November but increased over a year ago; while stocks were below the prior month and December last year.

**Shoe Manufacturing, Tanning, and Hides**—Production of shoes by reporting firms in the Seventh district exceeded shipments by 3.9 per cent in December and both items were seasonally lower than in the prior month. Twenty-eight companies reported inventories equivalent in volume to 71.0 per cent of their forwardings for December. Unfilled orders on the books of twenty-three concerns were in sufficient quantity on January 1 to provide for about eight weeks' operations at the current rate.

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

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	NOVEMBER 1925	DECEMBER 1924	NOVEMBER 1925	DECEMBER 1924
Production .....	-6.3	-12.1	31	31
Shipments .....	-5.0	-13.7	31	31
Inventories .....	+3.4	+ 0.2	27	27
Unfilled orders .....	-4.0	-18.7	23	22

Tanneries in the district operated at a slightly lower rate than during November. Sales of leather increased in December over the preceding month but totaled less than for the corresponding period of 1924. Quotations for offal and some of the lighter shades of kid advanced, while the prices of the principal tannages held steady throughout the month.

Fewer packer green hides and a greater number of calf skins and country hides were sold at Chicago during December than in the prior period. The Chicago Board of Trade reported a slightly heavier volume of receipts and shipments of hides and skins from Chicago than in November. Tanners in the Seventh district, however, continued to restrict their purchases to current needs. Prices declined.

**Furniture**—The usual decline in anticipation of the opening of the January markets was reported in the aggregate of orders booked by seventeen furniture manufacturers in the Seventh district. New business showed a decrease of 33.7 per cent from November, a slight gain over December last year, and an increase of 17.4 per cent over the corresponding month in 1923. Shipments have held up

fairly well, registering a decline of only 7.4 per cent from the preceding month and averaging increases of 26.7 per cent over a year ago and 38.9 per cent above December, 1923. Because shipments were considerably heavier than the amount of orders booked in December, unfilled orders on hand December 31 were 25.9 per cent less than the amount held at the end of November; in comparison with December 31 last year they aggregated 22.5 per cent less in amount. Factories are operating at about 85 per cent of capacity, compared with 89 per cent in the prior month, and 80 per cent in December, 1924.

**Raw Wool and Finished Woolens**—The raw wool market was without feature during December, dullness pre-

vailing practically throughout the month. Prices have been shaded somewhat and are now about 20 to 25 per cent below levels of a year ago. A quiet market is usual during the holidays, however, and light stocks together with the low price basis are regarded by many authorities as constituting an encouraging outlook for a good demand the early part of the year; some fair inquiry has already developed since the first of January. No change took place in foreign markets in December. Sales of finished goods by the mills were also quiet during the month while preparations were being made for the opening of the heavy-weight lines.

## BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

While a number of lumber manufacturers and dealers report an unusually heavy volume of orders booked during December and early January, the demand for lumber throughout the district as a whole has been quiet. A decline of 27 per cent noted in the sales at retail yards for November was followed by a further loss of 25 per cent reported by one hundred and forty-nine yards for December. Stocks held at these yards were slightly reduced but remain somewhat larger than a year ago. Collections have been good and outstanding accounts were lowered 18 per cent; the ratio of these to sales was 390 per cent as against 391 a year ago.

The decline reported by wholesale and manufacturing concerns was somewhat less marked than that shown at retail yards. For twenty of the former, sales averaged 11 per cent less than in November as measured in dollars and 14 per cent less in board feet, a slightly heavier decline than recorded for the previous month when the corresponding changes were 10 and 9 per cent, respectively. Little change was apparent in the volume of stocks on hand. Outstanding accounts were lowered 13 per cent and the ratio to sales decreased slightly to 116 per cent, which compares with 121 per cent a year ago.

The lumber situation varies considerably with different localities and much of the present activity is confined to the larger cities. At Chicago the receipts of lumber, as well as the volume shipped, were larger than in November, and during the greater part of 1925 were considerably

above the level of the preceding year. Price quotations are showing an upward tendency.

In the brick industry, early December kept pace with November in deliveries and production, but the latter part of the month was affected by the cold weather, some plants closing down for the winter. Both in production and sales the year 1925 is reported as a record year.

Conditions in the cement industry remain practically unchanged, stocks continuing greatly in excess of demand. December, however, was reported as better in comparison with 1924 than was November. The large volume of stocks on hand has resulted from heavy production coupled with unexpectedly limited demand on the part of smaller cities and towns, only the larger cities evidencing considerable activity.

**Building Construction**—Contracts awarded in December totaled \$78,537,900, of which amount \$41,717,684 was for residential construction. The total figure represents an increase of 2 per cent over November and of 53 per cent over a year ago. For the entire year 1925, the awards reported for the district amount to \$1,026,694,055 as against \$725,160,434 in 1924. Residential awards constituted practically 45 per cent of the total for each of these years. There was a sharp decline in the permit figures issued during December, fifty cities reporting a decrease of about 26 per cent in both the number of permits and their estimated cost. In comparison with a year ago, the number shows a loss of 5 per cent and the cost a gain of 2 per cent.

## MERCHANDISING CONDITIONS

**Wholesale Trade**—Nearly half the reporting wholesalers in this district maintained during December as large a volume of sales as in the preceding month. For the grocery and hardware groups, in both of which gains and declines were about evenly divided, the net changes from November were similar to those in 1924. Dry goods firms averaged a much more pronounced curtailment than a year ago, while the decrease of 24 per cent for shoes compares with a slight increase last year. Drug dealers, on the other hand, with one exception showed increases raising the sales index to the fourth highest for the year, whereas previously December has been a low month. The last-named group registered the only increase over December, 1924.

Stocks were generally reduced during December in customary preparation for inventory-taking. Individually, three-fourths of the firms showed net declines, group decreases amounting to less than one per cent for shoes, 4 per cent for hardware and dry goods, 6 per cent for groceries, and 8 per cent for drugs. Comparisons with inventories at the close of 1924 vary, with the majority of dry

goods and grocery firms registering increases, and declines predominating in the other commodities.

With seven exceptions, firms reported smaller amounts on their books on December 31 than at the beginning of the month; as compared with a year ago, outstandings for hardware firms were about the same, for drug firms above, and for the three other groups below.

**Department Store Trade**—December trade for reporting stores in this district was the largest on record. As compared with the closing month of 1924, the increase for eighty-four firms amounted to 14.8 per cent and raised the twelve-month cumulative gain for seventy-six to 8.0 per cent.

The increase of 57.2 per cent over the preceding month reflects individual gains at each store and compares with 40 per cent, the average November-December expansion of previous years.

Collections totaled about the same volume as during November, with accounts outstanding reaching their seasonal high December 31; for most of the firms receivables were

heavier than at the beginning of the year. Collections for forty-four were 17.8 per cent larger than in December, 1924, and represented 43.8 per cent of accounts outstanding at the end of November, or one point below the 1924 ratio.

With one exception reporting stores indicated the customary year-end reduction in stocks, so that December 31 inventories aggregated 16.1 per cent lower than on November 30. Half the stores closed the year with heavier stocks than at the end of 1924, with a group gain of 6.7 per cent. In proportion to sales, however, inventories during 1925 were lower, total sales amounting to 391.5 per cent of average stocks as compared with 362.7 per cent in 1924.

Twelve firms showed reductions during December in the amount of unfilled orders, and eight reported increases.

**Retail Shoe Trade**—With five exceptions, reporting retail dealers sold a larger volume of shoes during December than in the preceding month. The aggregate gain for forty-nine firms amounted on a dollar basis to 35.3 per cent. Thirty-two out of forty firms reduced their stocks during the month, so that the group averaged a drop of 11.4 per cent. For nineteen stores collections totaled 5.7 per cent less than during November. Accounts outstanding at the

end of the year were 1.0 per cent lower than on November 30, and represented 82.8 per cent of the month's sales as compared with 96.6 per cent the previous month.

**Chain Store Trade**—Seven chain store systems reporting December sales to this bank averaged an increase over November of 18.8 per cent and over December, 1924, of 23.7 per cent. For six of the firms December trade exceeded any other month in 1925, as well as setting new levels for the closing month of the year. With one exception cumulative sales for the twelve months totaled the largest on record (since 1919), aggregates for the entire group averaging 25.1 per cent over 1924 and 46.5 per cent above 1923.

**Mail Order Trade**—Holiday mail order trade was reported satisfactory, with the substantial and higher-priced merchandise in special demand. As compared with the previous year, December sales for Chicago's two leading houses showed a gain of 15.1 per cent, or practically the same as the average increase for the twelve months over 1924. Inventories according to one firm were only slightly heavier than a year ago, the result of a fairly conservative policy of purchasing.

## MONTHLY 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	Dec. 1925	Nov. 1925	Dec. 1924	Nov. 1924		No. of Firms	Dec. 1925	Nov. 1925	Dec. 1924	Nov. 1924
<b>Meat Packing—(U. S.)—</b>						<b>Wholesale Trade—</b>					
Sales (in dollars) <sup>1</sup>	64	100.9	102.0	96.0	97.3	Net Sales (in dollars):					
<b>Casting Foundries—</b>						Groceries	41	67.9	73.2	71.7	76.9
Shipments (in dollars)	28	71.2	64.1	81.0	69.7	Hardware	20	88.9	91.6	90.0	92.2
<b>Stoves and Furnaces—</b>						Dry Goods	14	62.0	82.9	70.5	85.9
Shipments (in dollars)	16	84.2	115.1	78.8	110.1	Drugs	14	105.6	98.5	91.2	94.1
<b>Agricultural Machinery &amp; Equipment—(U. S.)—<sup>2</sup></b>						Shoes	7	28.5	36.9	48.4	48.3
Domestic Sales (in dollars)	117	93.1	83.1	61.8	69.3	<b>Retail Trade (Dept. Stores)—</b>					
Exports (in dollars)	117	201.2	133.8	114.6	107.1	Net Sales (in dollars):					
Total Sales (in dollars)	117	111.9	91.9	71.0	75.9	Chicago	9	259.7	153.6	225.5	144.5
Production	112	119.4	119.3	87.7	86.7	Detroit	4	302.3	181.5	234.1	173.6
<b>Agricultural Pumps—(U. S.)—<sup>3</sup></b>						Des Moines	3		135.0	186.7	136.3
Shipments (in dollars)	19	106.6	107.3	96.8	100.5	Indianapolis	5	231.6	159.4	221.0	166.9
<b>Furniture—<sup>4</sup></b>						Milwaukee	5		166.9	235.8	162.5
Orders (in dollars)	21	105.0	158.3	92.2	165.9	Outside	39	179.7	116.5	165.8	117.6
Shipments (in dollars)	21	140.7	152.4	119.6	127.9	Seventh District	65	245.2	155.6	212.9	153.0
Shoes— <sup>4</sup>						<b>Retail Trade—(U. S.)—</b>					
Production (in pairs)	34	154.1	163.7	177.3	158.7	Department Stores	359	224	145	210	141
Shipments (in pairs)	34	151.6	154.8	157.8	163.5	Mail Order Houses	4	166	144	148	131
<b>Electric Energy—</b>						<b>Chain Stores:</b>					
Output of Plants (KWH)	9	210.0	192.4	180.5	164.3	Grocery	27	330	268	253	232
Industrial Sales (KWH)	9	211.7	214.7	167.9	166.5	Drug	9	220	167	187	145
<b>Flour Production—</b>						Shoe	6	188	136	186	146
(In bbls.)						Five and Ten Cent	5	427	220	366	199
Output of Butter by Creameries— <sup>5</sup>	39	105.8	100.9	111.1	107.3	Candy	5	280	195	282	186
Production	81	85.9	80.8	78.6	71.9	Music	4	214	139	184	111
Sales	81	90.4	85.0	89.2	85.6	Cigar	3	212	136	192	138
<b>Freight Carloadings—(U. S.)—</b>						<b>U. S. Primary Markets—<sup>10</sup></b>					
Grain and Grain Products		130.1	130.6	121.1	145.5	Grain Receipts:					
Live Stock		100.6	110.6	114.1	125.7	Oats		83.6	73.7	106.5	95.2
Coal		108.8	118.1	112.8	117.3	Corn		220.3	129.1	196.8	102.8
Coke		181.0	175.3	131.9	114.6	Wheat		110.3	111.8	108.4	189.4
Forest Products		111.3	121.4	110.3	126.4	Grain Shipments:					
Ore		31.6	90.3	26.7	49.3	Oats		70.1	68.5	67.6	76.2
Merchandise and Miscellaneous		123.4	143.2	113.5	134.2	Corn		83.2	53.7	66.5	45.7
Total		115.4	132.5	109.7	126.2	Wheat		67.2	74.9	97.8	159.0
<b>Iron and Steel—</b>						<b>Building Construction—</b>					
Pig Iron Production— <sup>6</sup>						Contracts Awarded (in dollars):					
Illinois and Indiana	141.0	143.2	122.1	97.5		Residential		259.5	222.2	193.6	263.4
United States	125.1	120.3	114.0	99.8		Total		142.9	140.1	93.2	128.8
Steel Ingot Production—(U. S.)— <sup>6</sup>	135.6	138.6	121.8	110.7		<b>Permits:</b>					
Unfilled Orders U. S. Steel Corp.	84.0	76.4	80.4	67.3		Chicago	Number	182.9	243.2	202.0	260.5
<b>Automobiles—(U. S.)—</b>						Cost	222.2	381.7	254.7	337.0	
Production: Passenger Cars	205.6	242.6	129.5	146.9		Indianapolis	Number	124.6	144.9	120.9	189.9
Trucks	122.3	142.0	96.4	100.4		Cost	152.6	253.4	109.9	151.9	
Shipments: <sup>8</sup>						Des Moines	Number	66.7	114.7	152.9	160.8
Carloads	193.9	222.6	134.1	130.8		Cost	66.9	58.9	259.1	77.6	
Driveaways	72.4	87.9	46.2	50.8		Detroit	Number	120.3	136.7	124.5	158.8
Boat <sup>7</sup>	34.7	216.0	21.7	140.2		Cost	205.2	198.4	143.9	165.2	
<b>Excise Tax Collections—<sup>9</sup></b>						Milwaukee	Number	142.1	178.5	145.3	157.6
New Automobiles			231.1	153.3	69.7	Cost	93.6	172.6	117.3	164.2	
New Automobile Trucks			22.5	18.2	15.8	Others (45)	Number	88.1	153.1	94.7	175.9
Parts and Accessories			55.1	43.2	28.9	Cost	132.3	143.8	128.9	152.2	
<b>Stamp Tax Collections—<sup>9</sup></b>						Fifty Cities	Number	116.2	160.1	123.4	175.0
Sales or Transfers of Capital Stock	276.8	208.6	211.1	131.1		Cost	176.6	239.0	173.5	214.4	
Sales of Produce on Exchange—Futures	54.5	54.4	69.2	60.2							

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