

FEDERAL RESERVE BOARD

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STATEMENT FOR THE PRESS

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October 17, 1920.

October 16, 1920.

In view of the representations which have recently been made to the Board as to the unavailability of credit in agricultural sections the Board requested information concerning credit conditions throughout the Country from the Chairmen and Governors of Federal Reserve Banks at their usual autumn conference here this week. The Board is advised that credit has been steadily available for the successive seasonal requirements of agriculture, as well as for the needs of commerce and industry, and that there is no ground for expecting that its availability for these purposes will not continue. The present improved credit situation is due in part to the timely steps taken last spring, following conferences between the Board and Governors and Directors of Federal Reserve Banks to provide credit for crop moving requirements, and in part to the subsequent improvement in transportation reported from all districts except in a few localities.

Between January 2 and October 1 of the present year about 800 leading member banks from all sections of the country which report their condition to the Board weekly and which represent approximately 70 per cent of member bank resources, have increased their loans for agricultural, industrial and commercial purposes by an amount exceeding \$1,800,000,000. This great increase in the credit extended to their customers has in the main been made possible by the accommodation extended member banks by the Federal Reserve Banks.

During the same period, the twelve Federal Reserve Banks have increased their holdings of agricultural and commercial paper by more than \$500,000,000, and from January 23 to October 1, 1920 increased their issues of Federal Reserve notes by over \$460,000,000. At the same time, Federal Reserve Banks having surplus funds have extended accommodation to Federal Reserve Banks in agricultural and livestock districts by means of discounts, aggregating on October 1, over \$225,000,000.

The disturbances in price and demand which have recently manifested themselves in markets for various agricultural and other commodities, not only in the United States but in other countries as well, are inevitable and unavoidable consequences of the economic derangements occasioned by the World War. The United States continue to have a heavy volume of exports although foreign demand for certain agricultural staples has somewhat decreased. But the chief market for our raw and manufactured products is at home, and our present huge crops of immense value may be expected gradually and in regular course to move from producers to consumers. The recent census, reckoning our population at 105,000,000 emphasizes anew our own capacity as consumers irrespective of the demands of other countries.