

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

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The following is a summary of general business and financial conditions throughout the several Federal Reserve Districts during the month of December, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production, employment and trade continued to show an upward trend in November and prices registered a further advance.

Production:

Contrary to the usual trend at this season of the year, production in basic industries is still increasing. Since July, 1921, when production was lower than at any time in recent years, there has been an almost uninterrupted rise month by month. The index, in which allowance has been made for seasonal changes, shows that production in basic industries during November was 52 per cent higher than in July, 1921, and 7 per cent higher than in October, 1922. The chief advances from October to November were in mill consumption of cotton which reached a monthly total exceeded only once since 1917, and in the production of pig iron which was larger than at any time in the past two years. Construction operations were maintained on a large scale despite the approach of winter, due to a substantial expansion in residential building.

The total farm value of crops grown in 1922, based on prices paid to farmers on December 1, was estimated to be 25 per cent more than in 1921, but was still 17 per cent less than in 1920. The value of all important crops, except potatoes, was larger this year than last year, and the farm value of the cotton crop was much greater than in 1921 or in 1920.

Increased production was accompanied by continued heavy freight movement. The total number of railroad cars loaded during November was only 5 per cent less than in October, and was substantially larger than in the corresponding month of previous years. The decline in the demand for cars and a further decrease in the proportion of cars out of repair have resulted in a considerable reduction in the freight car shortage.

Demand for labor continued to increase, as shown by the volume of employment at industrial establishments. Local shortages of labor were reported by steel mills, textile mills, and building contractors in eastern districts, but there was a small surplus of common labor in the agricultural districts.

Wholesale Prices:

Wholesale prices advanced during November and reached the highest level since March, 1921. The rise of two points in the Bureau of Labor Statistics index to 150 was due chiefly to advances in the prices of farm products, foods and clothing, which rose to the highest points of the year. These advances more than offset the declines in the prices of fuels and metals.

Volume of Trade:

The volume of payments by check, ordinarily a measure of business turnover, decreased slightly in every Federal Reserve District except Atlanta. The total for 140 cities, not including New York, was 7 per cent smaller in November than in October, but was 10 per cent larger than in November, 1921.

Wholesale trade was smaller in November in almost all lines and all sections, but the trend is usually downward at this season of the year. Sales were substantially larger than in last November, for all reporting lines except shoes. Retail trade showed a small improvement in November, and the Christmas business is reported to have been larger than in any previous year.

Bank Credit:

Larger demand for bank credit in the interior during recent weeks was accompanied by liquidation of both loans and investments in New York and Boston. The demand for bank funds was most pronounced in the Cleveland, Richmond, St. Louis, and San Francisco Districts. In the aggregate, member banks in leading cities show for the period between November 15 and December 13 an increase of \$25,000,000 in loans and a reduction of \$9,000,000 in investments.

During the period between November 22 and December 20 Federal Reserve Banks have been called upon to supply the extra currency needs of holiday trade, and this demand is reflected in an increase of \$157,000,000 in Federal Reserve note circulation,

bringing the total to the highest point for the year. A decline of \$43,000,000 in gold reserve was also largely due to increased use of gold for currency purposes. The total earning assets of the Federal Reserve Banks rose during the period \$145,000,000 partly in response to the demand for currency, and partly in consequence of the heavy government operations on December 15.

In the four weeks prior to December 13, the loans and investments of member banks in leading cities were little changed, though in the latter part of the period a renewed demand was manifested for commercial loans, offset to some extent by a decline in investments.