

## FEDERAL RESERVE BOARD

## 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, based upon statistics for the months of September and October, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production of basic commodities declined during September, wholesale trade continued large, while retail trade, though larger than a year ago, increased less than is usual at this season of the year. Wholesale prices, particularly those of agricultural products, advanced during the month.

PRODUCTION:

Production in basic industries, according to the Federal Reserve Board's index, declined 5 per cent during September, and was 10 per cent below the peak output of May. The principal factors in this decline were the suspension of anthracite coal mining for over two weeks and a substantial reduction in the production of iron and steel. Cement production and sugar meltings were larger than in August. The decline in the production index, which is corrected for seasonal variations and reflects chiefly changes in the output of raw and semi-finished products, was not accompanied by a reduction of employment at industrial establishments. New building construction showed about the usual seasonal decline in September, due to a curtailment in contracts for residences. Contract awards for business and industrial buildings, however, were larger than in August.

Estimates by the Department of Agriculture on October 1 showed some reduction from the September forecasts in the yields of corn, wheat, oats, and tobacco, but increased yields of cotton, potatoes, and hay.

TRADE:

Distribution of all classes of commodities by railroads continued at a high rate throughout September. Wholesale trade, according to the Federal Reserve Board's index, in September reached the largest total in three years and was 9 per cent larger than a year ago. Sales of meat, hardware, and drugs were considerably larger than in last September, while shoe sales were smaller. Retail trade was slightly larger in September, but the increase was much less than is usual at this season of the year. Department store sales were 6 per cent more than in September, 1922, and stocks at the end of the month were 13 per cent larger than a year ago.

PRICES:

Wholesale prices increased over 2 per cent during September, according to the index of the Bureau of Labor Statistics, particularly large increases occurring in the prices of clothing, farm products, and foods. Fuel prices, on the other hand, declined in September for the eighth successive month, and prices of building materials and metals were also lower. During the first three weeks of October prices of certain farm products continued to advance, wheat and cotton reaching the highest points of the current year, while prices of hogs, coal, and metals declined.

BANK CREDIT:

Demand for bank credit showed a seasonal increase in September

and the early part of October, loans of member banks in leading cities increasing by \$116,000,000 between September 12 and October 10. This increase reflected chiefly the demand for commercial loans, which on the latter date stood at a new high point for the year, almost \$100,000,000 above the total on September 12. Increases in the holdings of Government securities by these banks were partly offset by reductions in corporate security holdings.

The demand for accommodation at the Federal Reserve Banks in some of the agricultural districts increased, while at the reserve banks in the East the volume of discounts for member banks declined. Federal Reserve note circulation continued to increase and in the middle of October was about \$100,000,000 above the July level.

In October money rates showed an easier tendency and after the fifteenth of the month rates for commercial paper in the New York market declined from a range of  $5 \frac{1}{4}$  -  $5 \frac{1}{2}$  to  $5$  -  $5 \frac{1}{4}$  per cent