

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 October and November, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production of basic commodities and retail trade increased during October, and the volume of freight shipments and wholesale trade continued large. The level of wholesale prices and the volume of employment showed but little change.

PRODUCTION:

The Federal Reserve Board's index of production in basic industries advanced 3 per cent in October, after having declined for four months. The increase for the month, while due in part to the resumption of anthracite coal mining, also reflected increases in textiles, lumber, and sugar, and most other industries included in the index. Employment at industrial establishments showed practically no change between September and October.

Contract awards for new buildings increased throughout the country considerably more than is usual at this season, and were 25 per cent larger than in September. Residential projects formed a larger proportion of the total than in any earlier month of the year.

Crop estimates by the Department of Agriculture on November 1 indicated a substantial reduction from the September forecast in the yield of cotton, but larger yields of corn, potatoes, and apples.

TRADE:

Heavy movement of miscellaneous merchandise and live stock resulted in October in the largest railroad shipments of any month on record. Wholesale trade was 12 per cent larger than a year ago and sales in all leading lines except shoes showed increases. Department store sales were 13 per cent larger than last October and sales of mail order houses were the largest of any month since 1919.

PRICES:

Wholesale prices declined less than one per cent in October, according to the index of the Bureau of Labor Statistics and stood approximately at the level of a year ago. The principal changes for the month were declines in the prices of fuel, clothing, metals, and animal products, while wholesale prices of crops, particularly cotton, increased. During the first half of November the prices of wheat, hogs, pig iron, and hides receded, and prices of cotton and cotton goods, cement, and copper advanced.

BANK CREDIT:

Since the middle of October there has been a slight decline in demand for credit for commercial and agricultural purposes at member banks in leading cities. Considerable decreases in borrowings for these purposes in the New York and Chicago districts were partially offset by increases in other districts. Loans secured by stocks and bonds increased somewhat, while investments continued to decline and reached the low point for the year.

The total member bank accommodation at Federal reserve banks

declined between October 17 and November 21 and on the latter date was the lowest since the middle of the year. The total volume of Federal reserve bank credit outstanding, however, remained relatively constant because of increased purchases of bills in the open market. The volume of Federal reserve note circulation declined by about \$50,000,000 during the period, while other forms of money in circulation increased.

Money rates showed an easier tendency and during the early part of November the open market rate on commercial paper in New York declined from 5 - 5 1/4 to 5 per cent.