

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

Production of basic commodities and factory employment decreased in November. Distribution of merchandise by wholesalers and retailers was somewhat less active, and wholesale prices showed a slight further recession.

PRODUCTION:

Production in basic industries decreased about 2 per cent in November. The decline was due chiefly to reduced production of iron and steel, and smaller sugar meltings. The Federal Reserve Board's new index of factory employment also declined, due to lessened activity at iron and steel plants and large seasonal reductions at clothing establishments. The volume of employment is now 2 per cent smaller than in the spring, but 3 per cent larger than a year ago. Contract awards for new buildings were smaller in November than in October in all reporting districts except New York, but were 20 per cent larger than a year ago.

Final estimates by the Department of Agriculture show larger yields of corn, oats, tobacco, and cotton than in 1922, and smaller

yields of wheat, hay, and potatoes. The total value of agricultural production at December 1st prices was 12 per cent larger than in 1922. Each of the ten principal crops except wheat showed an increase in value.

TRADE:

Railroad freight shipments in November showed about the usual seasonal decline from October, but were in heavier volume as compared with previous years. Wholesale trade was 13 per cent less in November than in October, which is more than the usual decrease at this season, but sales continued to be slightly larger than a year ago. Sales of hardware, drugs, and meat were larger than in November, 1922, while sales of shoes were smaller. Retail business was smaller than in October in most lines. Sales of mail order houses declined more than sales of department stores, but were 11 per cent larger than a year ago.

PRICES:

The Bureau of Labor Statistics index of wholesale prices declined in November to a point 4 per cent lower than last spring and about 3 per cent lower than a year ago. The chief reductions occurred in prices of animal products, fuel, and house furnishings. Prices of clothing and crops, on the other hand, increased and the latter group averaged higher than in any month since 1920. During the first half of December prices of sheep, beef, sugar, cotton, silk, and rubber declined, while quotations on crude oil, wheat, and wool were slightly higher.

BANK CREDIT:

The total volume of credit extended by member banks in leading cities showed but little change between the middle of November and the middle of December. A seasonal reduction in commercial and agricultural loans in most districts was accompanied by increased loans on securities, with the result that total loans remained practically constant.

During the same period borrowings at the Federal reserve banks were also practically unchanged. Holdings of acceptances increased somewhat, partly in connection with the financing of cotton exports. The increased demand for currency for holiday trade was reflected in both a moderate expansion in Federal reserve note circulation and a reduction in gold certificates held by the reserve banks.

Rates of commercial paper sold in the open market continued to show an easier tendency, as indicated by increased sales at $4\frac{3}{4}$ per cent, particularly in interior districts. The December issues of one year $4\frac{1}{4}$ per cent and six months 4 per cent Treasury certificates, compared with $4\frac{1}{4}$ per cent on a six months issue sold in September, were largely over-subscribed.