

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, factory employment, and distribution of merchandise increased in September. During September and early in October there was a considerable increase in the volume of borrowing for commercial purposes.

PRODUCTION:

The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, rose 9 per cent in September, the first advance since last January. Increased activity was reported in many lines of industry including textiles, iron and steel, and coal. Factory employment increased 2 per cent during September, reflecting larger working forces in nearly all reporting industries. Average weekly earnings of industrial workers increased slightly, owing to a decrease in the extent of part-time employment. Building contracts awarded showed a small seasonal decline in September, but were considerably larger than a year ago.

Crop conditions, as reported by the Department of Agriculture, showed a further slight improvement during September, and the estimates of production for spring wheat, oats, barley, and white potatoes on October 1 were larger than the month before. Estimates of the yields of corn, tobacco, and cotton, however, were reduced. Marketing of wheat was exceptionally

heavy in September and exports of wheat and cotton were larger than for the same month of any recent year.

TRADE:

Distribution of commodities, as reflected in railroad shipments, increased during September and was greater than last year, owing to larger loadings of miscellaneous merchandise, grain, and coal.

Wholesale trade was 11 per cent larger than in August, as a result of increased business in almost all reporting lines. Sales of groceries and drugs were larger than a year ago, while sales of meat and shoes were smaller. Retail trade showed more than the usual seasonal increase in September, and sales of department stores and mail order houses were considerably larger than last year. Merchandise stocks at department stores increased more than usual during September, but continued to be slightly smaller than a year ago.

PRICES:

Wholesale prices of farm products, clothing, fuel, and metals declined somewhat in September, while prices of food products, building materials, and chemicals advanced. The general level of prices, as measured by the Bureau of Labor Statistics' index, was slightly lower in September than in August. During the first half of October quotations on wheat, flour, cattle, hogs, wool, and rubber increased, while prices of cotton, lumber, and gasoline declined.

BANK CREDIT:

During the five weeks ending October 15 loans and investments of reporting member banks in leading cities increased by more than \$600,000,000. Credit demand for financing the marketing of crops and the fall activity of trade was reflected in increased commercial loans throughout the country and the

total volume of these loans rose to a level considerably above the peak of October, 1923. Member bank investments in securities continued to increase and loans on stocks and bonds also advanced. A further growth of demand deposits carried their total to the highest figure on record.

At the Federal reserve banks, discounts changed but little in September and declined in the first three weeks of October, while holdings of acceptances increased considerably and there was also some increase in United States securities. As a consequence, total earning assets were larger than at any time since early in the year. Larger currency requirements partly seasonal in character were reflected between August 1 and October 1 in an increase of \$140,000,000 in the total volume of money in circulation.

Money rates in the New York market remained relatively constant in the latter part of September and the early part of October. On October 15 the discount rate of the Federal Reserve Bank of Minneapolis was reduced from 4-1/2 to 4 per cent.