

X-4440

F E D E R A L R E S E R V E B O A R D
S T A T E M E N T F O R T H E P R E S S

For Release in Morning Papers,
Wednesday, October 28, 1925.

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 in basic industries and factory employment increased in September. Distribution of commodities, both at wholesale and ^{at} retail, continued in large volume, and the level of prices remained practically unchanged.

Production.

The Federal Reserve Board's index of production advanced 2 per cent in September, notwithstanding the suspension of anthracite mining. The volume of output increased considerably in the iron and steel, bituminous coal, and textile industries, while the decreases which occurred in some other industries were relatively small. Automobile production was larger than in August, but continued to reflect the effects of curtailment incidental to changes in models. Number of employees on factory payrolls in September was larger than in August in nearly all reporting industries. Building contracts awarded during September did not equal the record level of August, but continued large as compared with earlier months. Total contracts awarded during the first nine months of this year were nearly as large as for the entire year 1924.

Crop conditions, as reported by the Department of Agriculture, showed considerable improvement in September, and the indicated yields of cotton, corn, oats, barley, and hay were larger than a month earlier, while forecasts of wheat and tobacco production were slightly smaller. Marketing of crops increased further in September, but was smaller than last year.

Trade.

Wholesale trade was 9 per cent larger in September than in August, and sales in all lines except dry goods were larger than a year ago. Sales of department store and mail order houses showed considerably more than the usual increase in September and were larger than a year ago. Stocks of merchandise at department stores also increased in September more than usual and at the end of the month were 4 per cent greater than a year ago. Wholesale firms in all leading lines except groceries reported smaller stocks on September 30 than a month earlier.

and
Total merchandise freight car loadings in September were larger than during the same month of any previous year. Coal shipments were smaller than in August, owing to the anthracite strike, and shipments of coal and of grain products were smaller than in September of last year.

Prices.

The level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined slightly in September. Among groups of commodities grains, woolen goods, and furniture showed price declines, while prices of coal and building materials advanced. In the first half of October prices of grains, wool, and rubber increased, while prices of sheep, hogs, sugar, and cotton declined.

Bank Credit.

At member banks in leading cities the volume of loans, both for commercial purposes and on securities, increased further between September 16 and October 14, and at the middle of October total loans of these banks were nearly \$650,000,000 larger than at the end of July. During the same period demand deposits of these banks increased by about \$360,000,000, but were below the level of the beginning of the year, while the volume of their borrowings at the reserve banks increased by about \$200,000,000 to the highest point of the year.

Total volume of reserve bank credit outstanding was larger in October than at any other time during 1925, reflecting increases during the two preceding months both in discounts for member banks and in acceptances bought in open market. This growth has been due primarily to the seasonal increase during the period of about \$100,000,000 in currency in circulation and there has also been a considerable increase in member bank reserve balances, accompanying a growth in their deposits.

In October the rates on prime commercial paper were firmer and the renewal rate on call loans averaged higher than in September.