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FEDERAL RESERVE BOARD  
STATEMENT FOR THE PRESS

For Release in Morning Papers,  
Saturday, November 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 October and November, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Industrial activity and the volume of wholesale and retail trade increased in October. Wholesale prices declined somewhat to the level prevailing at mid-year.

Production.

The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal changes, rose by about 4 per cent in October, reflecting increases in the output of most of the 22 commodities included in the index. Particularly large increases in activity were shown for the iron and steel and textile industries, and the output of bituminous coal and of lumber was in large volume. Production of automobiles in October was the largest on record. Payrolls at factories, including industries not covered by the production index, increased in October to the highest level since early in 1924. The value of building contracts awarded declined further in October, contrary to the usual/<sup>seasonal</sup>tendency in building activity between September and October, but the total was considerably larger than in the corresponding month of any other year.

Estimates by the Department of Agriculture in November indicate a corn crop of 3,013,000,000 bushels and a cotton crop of 15,298,000 bales, compared with 2,437,000,000 bushels and 13,628,000 bales in 1924. Marketing of crops was seasonally larger in October than in September but averaged nearly 10 per cent less than a year ago.

Trade.

Wholesale trade, according to the Federal Reserve Board's combined index of sales in six leading lines, reached a seasonal peak in October and was in larger volume than for any month of the past five years. Sales at department stores and mail order houses, owing partly to favorable weather conditions, showed considerably more than the usual increase in October and were the largest on record for that month. Stocks of drygoods, shoes, and hardware at wholesale firms were smaller at the end of October than on September 30, but stocks of groceries were larger. Merchandise stocks at department stores showed slightly more than the usual increase in October, and were somewhat larger than at the end of October a year ago.

Freight car loadings reached a seasonal peak in October and totaled more than in any previous month, notwithstanding reduced shipments of anthracite and of grains and grain products.

Prices.

The Bureau of Labor Statistics index of wholesale prices, after remaining relatively constant for three months, declined from 160 in September to 158 in October, reflecting declines in the prices of agricultural products, particularly grains, livestock, meats, cotton, and sugar. Since November 1 prices of grains, wool, sugar, pig iron, and rubber have increased.

Bank credit.

Between the middle of October and the middle of November, loans for commercial and industrial purposes at member banks in leading cities continued in a volume about \$450,000,000 larger than at mid-summer. Loans on securities increased further and total loans on November 11 were about \$1,000,000,000 larger than at the opening of the year. Demand deposits increased further during October and early November to a level near the high

point of last January.

At the reserve banks total bills and securities in November were in the largest volume for the year and about \$200,000,000 larger than a year ago. Member bank borrowings declined somewhat from the high point reached early in October, while acceptance holdings continued to increase and on November 18 were larger than at any previous time for the year. The growth in reserve bank credit since mid-summer was chiefly in response to the seasonal increase of money in circulation, which on November 1 was about \$180,000,000 larger than on August 1.

During the latter part of October and early part of November open market rates for commercial paper and bankers acceptances remained substantially unchanged at the levels reached during the early autumn. Discount rates at the Federal reserve banks of Boston, Cleveland, Philadelphia, and San Francisco were advanced from 3 1/2 to 4 per cent during November.