

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 in November continued in about the same volume as the month before, and the general level of prices remained unchanged. Activity of wholesale and retail trade was below the record level of October, but larger than in November of last year.

Production.

Output of basic industries included in the Federal Reserve Board's index of production was at about the same rate in November as in October, but owing to a smaller number of working days the index declined by about 1 per cent. Increases occurred in average daily production of pig iron, steel ingots, copper, and bituminous coal, and in the consumption of cotton, while the production of flour, sugar, and meat products declined. Automobile production in November was seasonally less than in October, but continued large for this time of the year. Employment and payrolls in manufacturing industries showed small increases in November as compared with October. Employment and workmen's earnings increased in the machinery industries, while in food products and tobacco and in the clothing industry there were seasonal declines. Building contracts awarded were smaller in November than in October, but were large when compared with the volume for November of previous years.

Final estimates by the Department of Agriculture in 1925 indicate that the acreage of all crops harvested was slightly larger than in 1924, but that the aggregate production of crops was in about the same volume. Yields of cotton, corn and tobacco were considerably larger than last year, while the production of wheat, oats, potatoes, and hay was smaller.

Trade.

Sales in leading lines of wholesale trade showed the usual decline in November from the seasonally high levels in October, but continued larger than in the corresponding month of any of the past five years. Total volume of trade at department stores and mail order houses was smaller than in October, owing largely to the smaller number of business days in November. Compared with earlier years, however, department store sales were the largest on record for November and sales at mail order houses were the largest for that month in the past six years. Merchandise stocks at department stores showed considerably more than the usual increase in November and were 4 per cent larger than in November of last year. Distribution of commodities by railroads during November reached new high levels for the month. Movements of merchandise and miscellaneous commodities, coal, and coke were larger, while those of livestock, grain, and forest products were somewhat smaller than in November of the two preceding years.

Prices.

Wholesale prices, according to the index of the Bureau of Labor Statistics, remained the same in November as in October. Prices of livestock, meats, and cotton goods declined, but these decreases were offset in the general averages by advances in the price of grains, fuel, lumber,

and rubber. In the first three weeks of December prices of wheat, flour, and hardwood lumber were slightly higher than in November, while quotations on cattle, cotton, coke, copper, and hides were lower.

Bank Credit.

At member banks in leading cities the volume of credit outstanding on December 9 was near the high level reached early in November. Loans for commercial and agricultural purposes declined somewhat during the period, and there was also a decrease in the banks' security holdings; continued growth of loans on securities, however, was sufficient to offset these reductions and the total of loans and investments remained practically unchanged.

At the reserve banks the seasonal demand for currency and credit resulted in an increase of total bills and securities in December to the highest level in nearly four years. This increase in reserve bank credit in use has been in the form of discounts for member banks, as the volume of purchased bills held changed but little between the middle of November and the middle of December, and holdings of United States securities also remained constant, except for a temporary increase connected with Treasury financing on December 15. Money in circulation increased by \$71,000,000 between November 1 and December 1 and the continued demand for currency in December was reflected at the reserve banks both in increased Federal reserve note circulation and in a decline in cash reserves.

During the latter part of November and the early part of December open-market rates on commercial paper and acceptances remained substantially unchanged. Later in December increased demand for credit and currency, largely seasonal in character, was reflected in firmer money conditions.