

F E D E R A L R E S E R V E B O A R D

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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 **January** and February, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Industrial activity in January was in slightly smaller volume than in December, and the distribution of commodities showed a seasonal decline. The level of prices remained practically unchanged.

Production.-

The Federal Reserve Board's index of production in selected basic industries was about one per cent lower in January than in December. The output of iron and steel, copper, and zinc increased, while activity in the woolen and petroleum industries declined, and mill consumption of cotton, the cut of lumber, and bituminous coal production increased less than is usual at this season of the year. Automobile production, not included in the index, was slightly smaller than in December, but considerably larger than in January, 1925. Factory employment changed but little in January, but the earnings of workers decreased considerably owing to the closing of plants in most industries at the opening of the year for inventory-taking and repairs. The volume of building contracts awarded in January, although seasonally less than in December, exceeded that of any previous January on record. Contracts awarded were particularly large in the New York and Atlanta districts.

Trade.-

Sales of department stores and mail order houses showed more than the

usual seasonal decline in January, but were larger than in January of last year. Wholesale trade declined considerably and was in smaller volume than a year ago. Stocks at department stores showed more than the usual increase in January and were about 11 per cent larger than at the end of January, 1925. Freight car loadings declined in January and the daily average for the month was approximately the same as a year earlier.

Prices.-

Wholesale prices, as measured by the index number of the Bureau of Labor Statistics, remained practically unchanged from December to January. By groups of commodities, prices of grains, coke, and paper and pulp increased, while dairy products, cotton goods, bituminous coal, and rubber declined. In the first three weeks of February there was a decline in the prices of grains, and following the settlement of the strike in the anthracite region, a drop in the prices of bituminous coal and coke. Price advances were shown for refined sugar, copper, and petroleum.

Bank Credit.-

At member banks in leading cities the seasonal decline in the demand for credit, which began at the turn of the year, came to an end toward the close of January, and in the early part of February the volume of loans and investments at these banks increased considerably. The increase was largely in loans for commercial purposes, which after declining almost continuously from their seasonal peak early in October, advanced by more than \$50,000,000 in February.

The growth in the commercial demand for credit throughout the country, together with some increase in currency requirements, was reflected in a withdrawal of funds from the New York money market and was a factor in the

increase in the demand for reserve bank credit after the end of January. Reserve banks' holdings of bills and securities increased by about \$66,000,000 between January 27 and February 17.

As the result of the withdrawal of funds from New York the rates on call loans became somewhat firmer in February, but commercial paper rates were slightly lower.