

## 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.

Industrial and trade activity increased in September and is at present in considerably larger volume than in mid-summer. The price of cotton has declined sharply within recent weeks while prices of most groups of commodities have advanced. Volume of bank credit has increased seasonally, and money rates have remained firm.

Production

Production in basic industries and factory employment and pay rolls, according to the Federal Reserve Board's indexes, after changing but little for about four months, advanced in September to the highest points since last spring. The increase has been particularly large in textile mill activity. Consumption of cotton has increased considerably, woolen mill activity is the largest since January, and employment has increased in nearly all branches of the textile industry. Iron and steel production was maintained from early in August until the latter part of October at a level higher than for the corresponding period of previous years. Automobile output was reduced in September but continued larger than a year ago. Mining of coal has steadily increased since mid-summer, and the weekly run of crude petroleum from wells in October reached the highest level since June of last year. Building contracts awarded during August and September were only slightly smaller in value than the awards for the corresponding period of last year and in the first half of October far exceeded those of a year ago. A substantial decline in contracts for residential structures has been largely offset by increases in awards

for industrial and engineering projects. The Department of Agriculture's <sup>258</sup> October 18 estimate placed cotton production at 17,454,000 bales, an increase of about three-quarters of a million over the estimate made on the first of the month and of 1,350,000 bales more than last year's crop.

#### Trade

Wholesale and retail trade increased in September and was slightly larger than last year. Inventories of Department stores increased slightly more than is usual in September, and at the end of the month were in about the same volume as a year ago. Railroad freight car loadings reached new high weekly records in September, and shipments were maintained during the early weeks of October in much larger volume than in previous years. A great part of the increase as compared with last year is due to shipments of coal and ore, but loadings of manufactured commodities have also been larger.

#### Prices

The general level of wholesale prices advanced slightly in September and October, notwithstanding the drop in the price of cotton to the lowest level since 1921. The Bureau of Labor Statistics index of wholesale prices was about one per cent higher in September than in August, reflecting advances both in agricultural and in non-agricultural commodities. In recent weeks prices of corn, nonferrous metals, and paper have declined, while prices of livestock, meats, poultry and dairy products, and bituminous coal have increased.

#### Bank Credit

Between September 22 and October 20 the seasonal increase in the demand for credit for agricultural and commercial purposes was reflected in a continued growth in the commercial loans of member banks in leading cities. Loans on securities and holdings of investments declined, but the bank's total loans and investments were about \$60,000,000 larger on October 20 than four weeks earlier.

At the reserve banks, the volume of member bank borrowing, after considerable fluctuations, in response to temporary conditions, was in October at about the same average level as in September. There was little change in the banks' holdings of United States securities, while acceptance holdings continued to increase, as is usual at this season.

Except for a temporary firming around the first of October, there has been little change in the condition of the money market. Rates on commercial paper and on acceptances have remained at the levels established in September.