

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 October and November, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Industrial activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding declined in recent weeks reflecting the continued liquidation of loans on securities.

Production

Production in basic industries, as measured by the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, showed little change in October as compared with September. Textile-mill activity and the daily average output of iron and steel was maintained during October but in November there was a decrease in steel production. The output of bituminous coal was stimulated by export and bunker demand and attained new high records in October and November, and petroleum production was also large. There was a sharp decline in automobile production and the output of cars was smaller in October than in any month since January. The volume of building activity, as indicated by the value of contracts awarded, has declined for the past three months, as is usual at this season of the year, and has been throughout the period at a slightly lower level than during the exceptionally active autumn season of 1925. Residential contracts during the same period have been smaller than a year ago, while those for engineering projects and public works have been larger.

Trade

Distribution of commodities at wholesale declined in October, contrary to the usual trend for that month, and was in smaller volume than in October of any year since 1922. Sales of department stores showed the usual seasonal growth in October, but owing partly to less favorable weather conditions and to a smaller number of trading days, were at a somewhat lower level than in the same month of last year. Sales of mail order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms were slightly smaller than a year ago, while department store stocks increased more than is usual in September and October and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, because of unusually large shipments of coal and ore and a continued heavy movement of other commodities.

Prices

Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the result of foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of non-agricultural commodities, as classified in the Bureau of Labor Statistics price indexes, declined slightly between September and October, while those of agricultural products declined about 2 per cent to the lowest level since the summer of 1924.

Bank credit

Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier.

At the reserve banks the decline in the volume of member bank credit has been reflected in a reduction of the total bills and securities to a level \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller.

Easier conditions prevailed in the money market in November. Rates on prime commercial paper declined from $4\frac{1}{2}$ - $4\frac{3}{4}$ per cent in October to $4\frac{1}{2}$ per cent in November, and there was also a reduction of $\frac{1}{8}$ per cent in the rates on bankers' acceptances.