

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

Industry and trade were less active in October than in the preceding month and were in smaller volume than a year ago. The general level of wholesale commodity prices showed a further slight advance.

Production

Production of manufactures declined in October, contrary to the usual seasonal tendency, while the output of minerals remained in practically the same volume as in September. In October and November, activity of iron and steel mills and of automobile plants was smaller than at any previous period of the year. There were also decreases during October in cotton consumption and in the production of building materials, crude petroleum, and boots and shoes. The output of bituminous coal and the number of hogs and cattle slaughtered increased by less than the usual seasonal amount. Production of flour, copper, and anthracite coal showed increases in October. Building contracts awarded increased considerably owing to unusually large awards in New York and Chicago in the last week of the month. The increases were largest in contracts for residential and commercial buildings.

Unusually favorable weather during October in agricultural states resulted in increased yield for late fall crops. The indicated production of corn, according to the November crop report of the Department of

Agriculture, was placed at 2,753,000,000 bushels, an increase of 150,000,000 bushels over the estimate of the previous month and 106,000,000 bushels over the yield a year ago. Larger yields, as compared with the previous month's estimates were also indicated for cotton, tobacco, and potatoes.

Trade

Trade at wholesale and retail showed less than the usual seasonal increase in October. Compared with October a year ago wholesale trade in all leading lines, except meats and drugs, was smaller. Department store sales were approximately 3 per cent smaller than in October, 1926, while those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by wholesale firms were smaller in all reporting lines at the end of the month than in September. Compared with a year ago, stocks were smaller in all lines except drugs. Stocks of department stores increased in October in all lines except drugs. Stocks of department stores increased in October in anticipation of the growth in sales that usually occurs in November and December, but at the end of the month they were no larger than a year ago.

Freight car loadings declined in October and the first part of November, and were smaller than in the corresponding period of last year for all classes of freight except grain and grain products.

Prices

Wholesale commodity prices increased slightly in October, continuing the advance which began early in the summer, and the Bureau of Labor Statistics index for October was higher than for any previous month of this year. The advance in the average for all commodities from September to October reflected increases in the prices of livestock, meats, and dairy products. Prices of corn, cotton, coal, metals, paint materials,

and automobile tires, on the other hand, declined. During the first three weeks in November there were increases in the prices of grains, cattle, copper, hides, and rubber, and decreases in hogs, cotton, silk, coal, petroleum, and iron and steel.

Bank credit

Total loans and investments of member banks in leading cities increased by nearly \$300,000,000 during the latter part of October and the first half of November, and on November 16 were the highest ever reported. Investments increased by more than \$200,000,000, reflecting in large part purchases of Treasury certificates issued on November 15, and loans on securities increased by about \$125,000,000. Loans chiefly for commercial and agricultural purposes declined during the period from the seasonal peak reached early in October.

There was a continued increase in the demand for reserve bank credit between October 19 and November 23, arising chiefly out of further exports of gold. Discounts from member banks declined somewhat, while acceptances and holdings of United States Government securities increased.

Conditions in the money market remained moderately easy in November. Call loan rates remained at the level reached in the latter part of October, and rates on prime commercial paper and bankers' acceptances were unchanged.