

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

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.

Industrial activity and freight carloadings declined further in November, while retail trade showed more than the usual seasonal increase. The general level of wholesale commodity prices after advancing for four months remained practically unchanged in October and November.

Production.

Output of manufactures and minerals was reduced in November, and the combined index of production, after adjustments for customary seasonal variations, fell below the 1923-1925 average for the first time since 1924. The largest decline was in the output of automobiles owing largely to preparation for production of new models. Iron and steel production has also declined further and in November was the lowest since 1924. In December, however, inquiries for ^{iron} and steel increased. Textile mill activity was slightly curtailed in November but continued at a higher level than in previous years. There were decreases in the production of coal, building materials, and leather and shoes. Building contract awards showed seasonal declines in November and the first two weeks of December and were slightly smaller than in the corresponding period of last year.

The total value of about fifty crops in 1927 is estimated by the Department of Agriculture at \$8,430,000,000, an increase of \$635,000,000 over 1926. The greatest increases in value were shown for cotton, corn, barley, and oats, while the largest decrease for any individual crop was shown for potatoes. The physical quantity of production of the seventeen principal crops was about 2

per cent less than last year but 3 per cent above the average of the last ten years.

Trade.

Retail trade increased slightly more than is usual in November. Compared with a year ago, retail trade of department stores, mail order houses, and chain stores was larger, while wholesale trade continued in slightly smaller volume in nearly all reporting lines. Freight carloadings declined during November and in the early part of December were smaller than in the corresponding period for the past four years. There were large decreases in loadings of all classes of commodities.

Prices.

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, after a continuous advance since early in the summer, remained at practically the same level in November as in October. Changes were relatively small in all groups, increases occurring in foods, and hides and leather, and decreases in farm products, textiles, fuels, and building materials. In the first two weeks of December prices of wheat, cattle, hogs, cotton, pig iron, and softwood lumber declined, while those of silk, woolen goods, hides, and sole leather advanced.

Bank Credit.

Between the middle of November and the middle of December total loans and investments of member banks in leading cities showed a considerable increase, reflecting continued growth in the volume of loans on securities and in the banks' investment holdings. In the same period loans chiefly for commercial purposes, which reached a seasonal peak in October, showed a further slight decline.

At Federal reserve banks the seasonal increase in currency requirements and the continued demand for gold for export during the four weeks ending December 21 were reflected in a growth in member bank borrowing. At the end of this period the total volume of reserve bank credit in use was larger than on any other date in the past six years.

Somewhat firmer conditions in the money market in December were reflected in increased rates on call money. Rates on prime commercial paper and bankers acceptances remained unchanged during the month.