

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

Industrial activity continued in December at a relatively low level and railroad distribution of commodities declined further, while the general level of prices remained unchanged. Holiday trade at retail stores was in somewhat larger volume than in the previous year.

Production.

Production of manufactures remained in practically the same volume in December as in November, while output of minerals, when allowance is made for usual seasonal changes, showed a slight increase. Activity in the textile, shoe, and tobacco industries was reduced in December, while the output of steel, nonferrous metals, and petroleum increased. Production of automobiles continued in small volume during December, but increased considerably in January, and within recent weeks there has been also a further increase in the activity of steel mills.

Building contract awards were slightly larger in December than in November, but smaller than in December of the two preceding years. Total awards for the year 1927 in 37 Eastern States, as reported by the F. W. Dodge Corporation, were valued at about \$6,300,000,000, which is slightly less than the 1926 total of \$6,380,000,000. December awards for residential and commercial buildings were larger than in December, 1926, while those for industrial buildings and public works were smaller. During the first three weeks of January contract awards were in approximately the same volume as during the corresponding weeks of last year.

Trade.

Retail trade of department stores and mail order houses increased slightly more than is usual in December and were somewhat larger than a year ago. Inventories of merchandise carried by department stores were reduced in December and at the end of the year were slightly smaller than at the end of 1926. Wholesale trade in nine leading lines continued smaller than in the corresponding month of last year. Stocks of groceries, shoes, hardware and furniture carried by wholesale firms were smaller at the end of December than a year earlier and stocks of dry goods and drugs were slightly larger. Freight car loadings declined further in December and were in smaller volume during that month and the early part of January than at any time in four years. The decrease in loadings occurred in practically all groups of commodities.

Prices.

The Bureau of Labor Statistics index of wholesale commodity prices remained practically unchanged in December and was at the end of the year about 1 per cent lower than a year ago. Prices of grains, hide and leather products, nonferrous metals, and rubber increased in December, while prices of livestock, cotton, and lumber declined. In the first three weeks of January, there were increases in prices of iron and steel, grains, and wool, while prices of cattle, hogs, and cotton declined.

Bank Credit.

At the reserve banks the seasonal demand for currency after reaching its peak on December 24 was followed by a return flow of money from circulation, which amounted to about \$440,000,000 between December 24 and January 18. This decline in the demand for currency, which was approximately the same as a year ago, was reflected in a decrease for the same period of about \$360,000,000 in bills and securities of the reserve banks.

the first half of January, but were still at a higher level than at any time last year. The decline of about \$200,000,000 between January 4 and January 18 reflected a decrease of about \$280,000,000 in the volume of loans on securities, offset in part by a considerable increase in the banks' investment holdings.

Call loan rates showed the usual seasonal decline at the turn of the year but other money rates were slightly firmer. The rate on bankers' acceptances increased during the second week of January from 3 1/4 to 3 3/8 per cent and there was also a slight advance in rates on time money in the open market.