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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 September and October, as will appear in the forthcoming issue of the Federal Reserve Bulletin and the monthly reports of the Federal reserve banks.

Volume of production and distribution of commodities increased seasonally in September and was larger than a year ago. There was a further advance in the general price level. Loans of member banks in leading cities increased in September and October in response to the seasonal demand for commercial credit.

Production--Industrial production increased further in September, and the output of manufactures was in larger volume than in any previous month. Factory employment and payrolls also increased. Production of iron and steel and of automobiles was unusually large during September and October, although there has recently been some curtailment of operations in these industries. There were also increases in September in the activity of the textile, meat-packing, and tire industries, and in the output of coal, petroleum, and copper, while lumber production showed a decline.

Building contracts awarded, after declining in volume for three months, increased considerably in September and exceeded all previous records for that month. The increase was due chiefly to certain large contracts for industrial plants and subway construction. During the first three weeks of October awards exceeded those for the same period last year, the excess being especially large in the eastern districts.

Department of Agriculture estimates of this year's crop yields indicate that the production of all crops in the aggregate will exceed last year's output by about 5 per cent. The corn crop is estimated at 2,903,000,000 bushels, or 5 per cent above last year's production. The October 8 estimate indicated a cotton crop of 13,993,000 bales, or 446,000 bales less than was forecast on September 8, compared with a yield of 12,955,000 in 1927.

Trade--Department store sales increased considerably in September and were larger than a year ago, reflecting in part the influence of cooler weather. Inventories of department stores at the end of the month were smaller than on the same date of last year. Wholesale distribution in all leading lines except meats was somewhat smaller than in September 1927. Freight-car loadings showed more than a seasonal increase in September and continued large in October. Shipments of miscellaneous commodities in recent weeks have continued in larger volume than in previous years.

Prices--Wholesale commodity prices increased further in September and the Bureau of Labor Statistics index advanced to 100.1 per cent of the 1926 average. Increases, which were largest in farm products and foods, occurred in nearly all groups except hides and leather and textiles, which showed slight declines. Since the latter part of September there have been decreases in the prices of livestock and meats, grains, wool, and hides, and increases in cotton, silk, rubber, and iron and steel.

Bank Credit--Demand for bank credit for commercial purposes increased between the middle of September and the middle of October reflecting seasonal activity in trade and the marketing of crops. There was also a growth in loans to brokers and dealers in securities, though total loans on securities of reporting member banks showed little change.

During the four weeks ending on October 24, a growth of about \$40,000,000 in the total volume of reserve bank credit in use was due chiefly to continued increase in the demand for currency, offset in part by a small inflow of gold from abroad. Reserve bank holdings of acceptances increased by about \$140,000,000 during the period, while the volume of discounts for member banks declined by about \$100,000,000. United States security holdings remained practically unchanged.

Open market rates on commercial paper and on bank acceptances remained unchanged between the middle of September and the latter part of October, while rates on security loans declined in October.