

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

STATEMENT FOR THE PRESS

For release in Morning Papers,
Friday, December 28, 1928.

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 will appear in the forthcoming issue of the Federal Reserve Bulletin and the monthly reports of the Federal Reserve banks.

Industrial activity declined somewhat in November, but continued above the level of a year ago. Wholesale commodity prices declined further, reflecting principally a continued decrease in the prices of farm products. Security loans of member banks declined sharply after the first week of December, while other loans increased.

Production--Total output of manufactures was somewhat lower in November, reflecting primarily a decrease in production of automobiles and steel, larger than is usual at this season, but total output continued larger than a year ago. Production of pig iron and copper continued to increase in November, and textile mills remained active. Meat-packing and sugar refining declined seasonally during the month, and the production of building materials was smaller. Factory employment and payrolls were seasonally reduced but were larger than in 1927. Mineral production was in about the same volume as in October, according to the Federal Reserve Board's index which makes allowance for seasonal variations. Increases occurred in the production of copper, zinc, and tin, while both anthracite and bituminous coal decreased and the output of petroleum was somewhat smaller. The value of building contracts awarded in November and the early part of December receded sharply from the record figures of the two preceding months. The November total was slightly larger than in the corresponding month in 1927, and the volume of contracts for the first two weeks of December was smaller than a year ago.

The December forecast of the Department of Agriculture increased the estimated 1928 production of cotton by 240,000 bales to a total of 14,373,000 bales, which is nearly 11 per cent larger than a year ago. The total value of crops, based on December farm prices, is estimated at \$8,456,052,000 as compared with \$8,522,563,000 in 1927.

Trade--Department store sales showed a seasonal increase in November when allowance is made for the number of business days, and approximated those of a year ago, while inventories continued smaller than in 1927. Sales at wholesale declined seasonally, but were larger than in the same month of last year. Railroad freight shipments decreased in volume during November and the early part of December, but continued larger than in 1927. The decrease from October was especially marked in loadings of miscellaneous freight.

Prices--Wholesale commodity prices decreased further in November and the first two weeks of December. The largest price declines during the six-week period were in farm and food products and leather, while several groups of industrial products, notably iron and steel, nonferrous metals, and cotton goods, were generally higher. Wholesale prices of gasoline and automobile tires declined. Among the agricultural products, prices of raw silk, corn, livestock, and meats were lower during November, while raw cotton and wool, wheat and oats increased somewhat. During the first two weeks of December, however, prices of all these products, with the exception of raw silk, declined. Building materials were generally higher in November, but declined somewhat in the middle of December.

Bank credit--Loans and investments of member banks in leading cities increased \$329,000,000 during the four-week period ending December 19. The advance during the first two weeks reflected chiefly a rapid increase in security loans, which include loans to brokers and dealers in securities. Subsequently, a sharp decline

in loans on securities was more than offset by a rapid increase in all other loans and in holdings of investments. The increase in all other loans, which include loans for commercial purposes, was contrary to the usual movement at this season and carried the total to the highest figure in eight years.

Seasonal growth in the demand for currency in November and December, together with increases in member bank reserve requirements, consequent upon an increase in their deposits, have been reflected in larger borrowings by the member banks from the reserve banks. This recent growth, following upon demand caused by the loss of gold in earlier months, has carried the total volume of reserve bank credit to the highest level in seven years.

The rates on call and time loans on security collateral increased during the last week in November and the first part of December, while rates for commercial paper were generally steady. Rates on certain maturities of bankers bills increased somewhat.